

Half-year financial report 2021

Letter from the Chairwoman of the Managing Board

**Dear Shareholders,
Dear Readers,**

The VIG Group has achieved satisfying interim results for 2021. Business development is continuing at the level before the coronavirus pandemic, and our customers and business partners remained loyal to us even during the pandemic, which I see as recognition of the dedicated service provided by all our companies and their teams. Our efforts to promote digital services also paid off for the Group and will provide further leverage for our operations in the future.



Our business development for the 1st half of 2021 shows that growth was achieved in both premium volume and the result before taxes versus the same period in the previous year. The combined ratio was also further improved. These favourable results were achieved in an environment that remains challenging, as the pandemic continued during the 1st half of 2021 and affected our everyday lives to varying degrees. As the largest international insurance group in Central and Eastern Europe, we can see how differently the situation is being dealt with in the individual countries of our region, and how important it is to act locally and react independently and appropriately based on local conditions. This is precisely what our business model, based on the values of diversity, customer proximity and responsibility, allows us to do. We have always given our local Group companies the entrepreneurial freedom they need to achieve success by tailoring their insurance solutions to meet the needs of the local market, thereby contributing to the sustained positive performance of the Group as a whole.

To continue this success story for the Group, we intensively analysed the trends and developments in the insurance industry, and worked together with the CEOs of our Group companies to develop our “VIG 25” strategic programme, which runs until 2025. The areas our entrepreneurial activities will be focusing on until 2025 include further optimisation of our business model to increase efficiency, strengthening alternative distribution channels and expanding services. We intend to make use of technical opportunities and further promote the digital transformation in order to

effectively address changing market conditions, increased customer expectations and the ongoing need for risk coverage. Our goal is to further expand our leading market position in the CEE region, in which we also include Austria, and create sustainable value for all our stakeholder groups. We aim to increase our premium volume to around EUR 12.3 billion by 2025 and further improve our combined ratio to a value below 95%.

“VIG 25” includes specific ESG-related goals that underscore our efforts to combine economic objectives with social and environmental factors, which are of great importance in our Group far beyond the sustainability strategy explicitly introduced in 2017. The recent severe weather events that have occurred provide clear evidence of the importance of every step taken to protect climate and environment. Our promise of “protecting what matters” not only applies to the people and companies we insure, but we see it as an obligation to help ensure a future worth living on our planet. In my view, our “VIG 25” strategic programme and its goals put the Group on the right path to allow us to tailor our actions more flexibly, individually and sustainably to the benefit of our stakeholders.

Yours sincerely,

A handwritten signature in black ink that reads "Stadler".

Elisabeth Stadler

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Interim management report

Business development and economic position

ECONOMIC ENVIRONMENT

Austria recorded a 6.3% year-on-year decrease in GDP in 2020 due to the pandemic, a historic low for economic performance in Austria. The expectations for a recovery in 2021 were accordingly high. Due to another wave of the pandemic and the resulting containment measures, however, the 1st quarter of 2021 also recorded a decrease of 5.5%, with losses particularly large in winter tourism. The loosening of measures starting in May 2021 was the forerunner of a significant recovery. Exports and investments were already showing signs of a recovery since the beginning of the year, and the opening of the services sector in the 2nd quarter of 2021 is expected to increase private consumption by 15.9% year-on-year, thereby contributing significantly to an upswing after reporting a decrease of 7.8% in the 1st quarter of 2021.

Unlike Austria, Central and Eastern Europe recorded better economic performance than expected in the 1st quarter, it was nevertheless also negative, averaging -0.7% for the region compared to the same period in the previous year. The largest decreases were recorded in the Czech Republic, which saw a drop of 2.4%, and Hungary, with a decrease of 2.1%. Serbia and Slovenia, on the other hand, already showed positive growth in the 1st quarter of 2021 (+1.7% and +1.6%). The region is expected to record GDP growth of 11.4% in the 2nd quarter of 2021.

BUSINESS DEVELOPMENT AND FINANCIAL PERFORMANCE INDICATORS

VIG Insurance Group wrote EUR 5,772.9 million in premiums in the 1st half of 2021, an increase of 3.5% compared to the same period in the previous year (1st half of 2020: EUR 5,577.4 million). The increase was mainly due to the good performance in other property and casualty insurance and the motor lines of business.

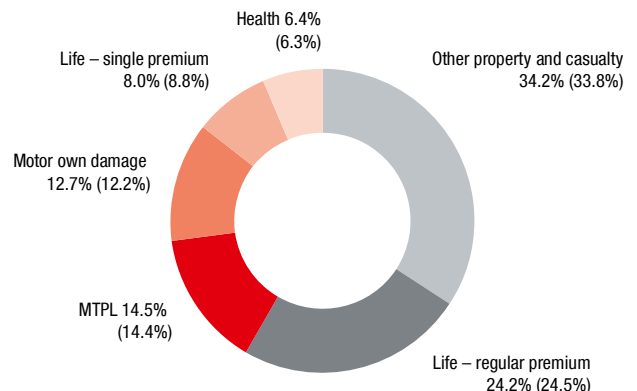
Expenses for claims and insurance benefits less reinsurers' share were EUR 3,633.5 million in the first six months of 2021 (1st half of 2020: EUR 3,600.0 million) corresponding to an increase of 0.9% compared to the same period in the previous year.

1st half of 2021 at a glance

- Premiums increased 3.5% to EUR 5,772.9 million
- Result before taxes rose to EUR 251.4 million, representing a significant increase of 25.0%
- The combined ratio is 95.2%

Acquisition and administrative expenses less reinsurance commissions rose to EUR 1,237.1 million in the 1st half of 2021 due to higher commission expenses (1st half of 2020: EUR 1,136.9 million).

PREMIUM SHARE BY LINES OF BUSINESS IN THE 1ST HALF OF 2021



Values for 1st half of 2020 in parentheses

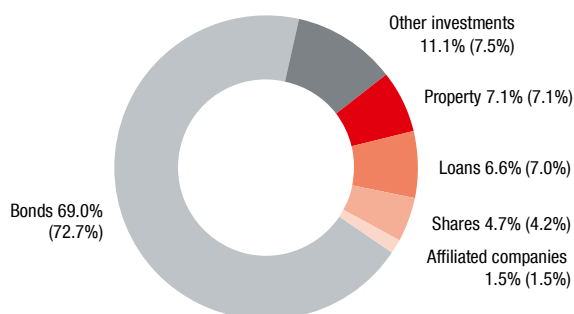
The Group result before taxes rose 25.0% in the 1st half of 2021 to EUR 251.4 million (1st half of 2020: EUR 201.2 million). The significant year-on-year increase was due to the goodwill impairment of EUR 118.1 million performed in the first half of 2020. This was partially offset by a decrease in the financial result and provisions for Covid-19 and adverse weather events in the first half of the current year, among other things.

The Group combined ratio after reinsurance (not including investment income) improved compared to the same peri-

ode in the previous year to 95.2% primarily due to an improved claims development (1st half of 2020: 95.5%).

Group investments including cash and cash equivalents were EUR 37,534.0 million as of 30 June 2021 (31 December 2020: EUR 36,646.3 million). The year-on-year increase was primarily due to the increase in cash and cash equivalents resulting from the issue of additional debt and hybrid capital.

BREAKDOWN OF INVESTMENTS AS OF 30 JUNE 2021



Values as of 31 December 2020 in parentheses

VIG Insurance Group earned a financial result of EUR 353.6 million in the 1st half of 2021 (1st half of 2020: EUR 388.0 million). This corresponds to a decrease of 8.9%, which was mainly due to a reduction in realised gains and losses.

BUSINESS DEVELOPMENT AND FINANCIAL PERFORMANCE INDICATORS BY SEGMENT

Austria

The Austrian VIG insurance companies generated EUR 2,279.7 million in premiums written in the first six months of 2021, representing a year-on-year decrease of 1.6% (1st half of 2020: EUR 2,316.2 million). This was primarily due to a decrease in premiums in the life lines of business.

PREMIUMS WRITTEN BY SEGMENT

| | 1.1.-30.6.21 | 1.1.-30.6.20 | Δ in % | Δ absolute |
|--------------------------------|----------------|----------------|-------------|--------------|
| <i>in EUR million</i> | | | | |
| Austria | 2,279.7 | 2,316.2 | -1.6% | -36.4 |
| Czech Republic | 945.6 | 879.5 | 7.5% | 66.0 |
| Slovakia | 367.5 | 383.2 | -4.1% | -15.8 |
| Poland | 640.7 | 590.5 | 8.5% | 50.2 |
| Romania | 266.4 | 229.1 | 16.3% | 37.3 |
| Baltic States | 258.7 | 251.0 | 3.1% | 7.7 |
| Hungary | 175.9 | 153.7 | 14.5% | 22.2 |
| Bulgaria | 114.2 | 111.7 | 2.3% | 2.6 |
| Turkey/Georgia | 126.2 | 127.4 | -0.9% | -1.1 |
| Remaining CEE ¹ | 252.9 | 231.3 | 9.3% | 21.5 |
| Other Markets ² | 142.9 | 142.0 | 0.7% | 1.0 |
| Central Functions ³ | 1,014.8 | 930.6 | 9.1% | 84.2 |
| Consolidation | -812.6 | -768.8 | 5.7% | -43.9 |
| Total | 5,772.9 | 5,577.4 | 3.5% | 195.6 |

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

² Other Markets: Germany, Liechtenstein

³ Central Functions: VIG Holding, VIG Re, Wiener Re, VIG Fund, corporate IT service providers and intermediate holding companies

RESULT BEFORE TAXES BY SEGMENT

| | 1.1.-30.6.21 | 1.1.-30.6.20 | Δ in % | Δ absolute |
|--------------------------------|--------------|--------------|--------------|-------------|
| <i>in EUR million</i> | | | | |
| Austria | 105.8 | 104.0 | 1.8% | 1.9 |
| Czech Republic | 96.9 | 108.0 | -10.3% | -11.1 |
| Slovakia | 30.0 | 28.8 | 4.2% | 1.2 |
| Poland | 33.8 | 35.5 | -4.9% | -1.7 |
| Romania | 9.6 | 9.5 | 0.7% | 0.1 |
| Baltic States | 9.9 | 8.4 | 17.6% | 1.5 |
| Hungary | 5.1 | 4.8 | 5.2% | 0.3 |
| Bulgaria | 13.9 | -48.4 | n/a | 62.3 |
| Turkey/Georgia | 5.7 | -3.5 | n/a | 9.2 |
| Remaining CEE ¹ | 15.3 | -24.9 | n/a | 40.2 |
| Other Markets ² | 16.5 | 15.3 | 7.9% | 1.2 |
| Central Functions ³ | -90.6 | -36.9 | n/a | -53.7 |
| Consolidation | -0.5 | 0.5 | n/a | -1.0 |
| Total | 251.4 | 201.2 | 25.0% | 50.2 |

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

² Other Markets: Germany, Liechtenstein

³ Central Functions: VIG Holding, VIG Re, Wiener Re, VIG Fund, corporate IT service providers and intermediate holding companies

After adjusting for the effects of single premium life insurance, on the other hand, the Austria segment recorded a 1.5% increase in premiums written.

The result before taxes increased 1.8% year-on-year to EUR 105.8 million due to an improved combined ratio and a higher underwriting result in the life lines of business (1st half of 2020: EUR 104.0 million). The combination of these two effects overcompensated for the reduction in realised gains from the disposal of investments.

The combined ratio improved to 93.7% in the first six months of 2021, primarily due to a better claims ratio (1st half of 2020: 94.4%).

Czech Republic

The VIG insurance companies in the Czech Republic segment wrote EUR 945.6 million in premiums in the 1st half of 2021, an increase of 7.5% compared to the same period in the previous year (1st half of 2020: EUR 879.5 million). This was primarily due to good performance in the motor lines of business and other property and casualty insurance. Health insurance also recorded double-digit growth rates.

The result before taxes was EUR 96.9 million in the 1st half of the current year, corresponding to a year-on-year decrease of 10.3% (1st half of 2020: EUR 108.0 million). This was mainly caused by a decrease in the result recorded in the life insurance lines of business due to higher acquisition costs in connection with the increase in new business.

The combined ratio was at a very good level of 91.5% in the 1st half of 2021 due to an improvement in the claims ratio resulting primarily from the absence of large losses (1st half of 2020: 94.1%).

Slovakia

The VIG insurance companies in the Slovakia segment wrote EUR 367.5 million in premiums in the first six months of the current year (1st half of 2020: EUR 383.2 million). This corresponds to a year-on-year decrease of 4.1%, which was primarily due to a decrease in premiums from single premium life insurance.

After adjusting for this, the segment recorded an increase of 1.5%.

The result before taxes rose 4.2% in the 1st half of 2021 to EUR 30.0 million (1st half of 2020: EUR 28.8 million). The improvement was due to an improvement in the combined ratio.

The combined ratio improved to an excellent 89.0% in the first six months of 2021 due to a reduction in high recurrent claims in the motor lines of business and an improved claims development in the other property and casualty line of business (1st half of 2020: 89.2%).

Poland

The VIG insurance companies in the Poland segment wrote EUR 640.7 million in premiums in the 1st half of 2021, representing a year-on-year increase of 8.5% (1st half of 2020: EUR 590.5 million). This increase was mainly due to positive performance in the other property and casualty, single premium life insurance and motor third party liability lines of business.

The result before taxes fell in the first six months of the current year due to a 4.9% decrease in the financial result to EUR 33.8 million (1st half of 2020: EUR 35.5 million).

The combined ratio was 94.4% in the 1st half of 2021 (1st half of 2020: 94.1%).

Romania

The VIG insurance companies in the Romania segment wrote EUR 266.4 million in premiums in the 1st half of 2021, representing an increase of 16.3% (1st half of 2020: EUR 229.1 million). This increase was primarily due to good performance in the single premium life insurance and motor own damage lines of business.

The Romania segment recorded a result before taxes of EUR 9.6 million in the 1st half of 2021, which was largely at the level of the same period in the previous year (1st half of 2020: EUR 9.5 million).

The combined ratio was 99.9%, mainly due to higher claims ratios (1st half of 2020: 96.4%).

Baltic States

The Baltic States segment consists of the countries Estonia, Latvia and Lithuania.

The VIG insurance companies in the Baltic States wrote EUR 258.7 million in premiums in the first six months of 2021, representing a year-on-year increase of 3.1% (1st half of 2020: EUR 251.0 million). The increase in premiums was mainly due to growth in the life insurance lines of business and good performance in health insurance.

The result before taxes in the Baltic States segment increased year-on-year to EUR 9.9 million (1st half of 2020: EUR 8.4 million). The increase was primarily due to an improvement in the financial result.

Due to increases in claims frequencies and large losses, the combined ratio was 96.4% in the 1st half of 2021 (1st half of 2020: 94.8%).

Hungary

Premiums written in the Hungary segment rose 14.5% in the 1st half of 2021 to EUR 175.9 million (1st half of 2020: EUR 153.7 million). The increase was primarily the result of strong premium growth for single-premium life insurance.

The result before taxes increased 5.2% year-on-year to EUR 5.1 million due to the significant growth in business volume (1st half of 2020: EUR 4.8 million).

The combined ratio was 96.9% in the 1st half of 2021, mainly as the result of increased IT expenses in connection with digitalisation measures and mobile work (1st half of 2020: 94.4%).

Bulgaria

EUR 114.2 million in premiums were written in the Bulgaria segment in the 1st half of 2021. This increase of 2.3% compared to the same period in the previous year (1st half of 2020: EUR 111.7 million) was due to positive performance in the motor lines of business and growth in single premium life insurance.

The result before taxes improved year-on-year to EUR 13.9 million in the Bulgaria segment in the 1st half of 2021 (1st half of 2020: loss of EUR 48.4 million). It must be noted that the result in the same period of the previous year was negatively affected by a goodwill impairment of EUR 59.8 million.

The combined ratio improved compared to the same period in the previous year to an excellent 87.4% in the 1st half of 2021, mainly due to a lower expense ratio resulting from a decrease in allowances for receivables and an increase in reinsurance commissions (1st half of 2020: 90.9%).

Turkey/Georgia

The VIG insurance companies in the Turkey/Georgia segment recorded premiums written of EUR 126.2 million in the first six months of 2021. This slight year-on-year decrease of 0.9% (1st half of 2020: EUR 127.4 million) was caused by negative exchange rate effects. After adjusting for these effects, the segment recorded a significant increase in premiums of 29.2%.

The result before taxes rose to EUR 5.7 million in the Turkey/Georgia segment in the 1st half of 2021 (1st half of 2020: loss of EUR 3.5 million). The result for the same period in the previous year was decreased by a goodwill impairment of EUR 13.3 million in Georgia.

The combined ratio was 99.8% in the 1st half of 2021, mainly due to increased losses in the motor lines of business and fire and natural hazards insurance in Turkey (1st half of 2020: 84.5%).

Remaining CEE

The Remaining CEE segment includes the countries Albania incl. Kosovo, Bosnia-Herzegovina, Croatia, North Macedonia, Moldova, Serbia and Ukraine.

The VIG insurance companies in the Remaining CEE countries wrote EUR 252.9 million in premiums in the 1st half of 2021. The year-on-year increase of 9.3% was mainly due to good performance in other property and casualty insurance and the increase in premiums from single premium life insurance.

The Remaining CEE segment recorded a result before taxes of EUR 15.3 million in the 1st half of 2021 (1st half of 2020: loss of EUR 24.9 million). The result for the same period in the previous year was reduced by a goodwill impairment of EUR 45.0 million in Croatia.

The combined ratio continued at a very good level of 91.5% in the 1st half of 2021 (1st half of 2020: 90.4%). The small increase was the result of isolated large losses in Croatia and Bosnia-Herzegovina and a negative development in the motor lines of business in North Macedonia.

Other Markets

The Other Markets segment includes the countries of Germany and Liechtenstein.

The VIG insurance companies in the Other Markets segment wrote EUR 142.9 million in premiums in the first six months of 2021 (1st half of 2020: EUR 142.0 million). The small year-on-year increase of 0.7% was mainly due to good performance in the other property and casualty line of business in Germany.

The result before taxes increased 7.9% to EUR 16.5 million in the 1st half of 2021 due to an increase in the financial result and improvement in the combined ratio (1st half of 2020: EUR 15.3 million).

The combined ratio was an outstanding 76.5% in the 1st half of 2021 due to an improvement in the claims ratio in the other property and casualty line of business (1st half of 2020: 77.5%).

Central Functions

The Central Functions segment includes VIG Holding (including the branches in Northern Europe), VIG Re (including the branches in Germany and France), Wiener Re, the VIG Fund, corporate IT service providers and intermediate holding companies.

Premiums written in the Central Functions segment rose 9.1% in the 1st half of 2021 to EUR 1,014.8 million (1st half of 2020: EUR 930.6 million). This was mainly the result of an increase in premiums generated by VIG company VIG Re entering new business areas (Western Europe) for active

reinsurance and an increase in corporate and large customer business in VIG Holding.

The Central Functions segment reported a loss of EUR 90.6 million in the first six months of the current year (1st half of 2020: loss of EUR 36.9 million). The decrease was due to a variety of provisions related to adverse weather events, COVID-19 and strategic projects and an increase in scheduled amortisation resulting from a reduction in the useful life of software.

BUSINESS DEVELOPMENT BY BALANCE SHEET UNIT

Further information on business development by balance sheet units is provided in the additional disclosures in accordance with the Austrian Insurance Supervision Act (VAG) starting on page 45.

MATERIAL RELATED PARTY TRANSACTIONS

Information on related party transactions is provided in the notes to the consolidated financial statements starting on page 43.

Expected development and risks of the Group

SIGNIFICANT RISKS AND UNCERTAINTIES

Economic recovery from the COVID-19 pandemic continued in the 1st half of 2021. The general VIG Insurance Group risk profile remains unchanged. Market risks and underwriting risks continue to be the most important risks for the 2nd half of 2021. Further information on the significant business risks to which the VIG Insurance Group is exposed and the effects of the COVID-19 pandemic is available in the risk report section in the VIG Insurance Group Annual Report for 2020 and in the Solvency and Financial Condition Report for 2020.

Austria and Central and Eastern Europe also experienced many extreme weather events during and after the 1st half of 2021. VIG Insurance Group expects the intensity and frequency of storms to continue increasing as a result of climate change and is therefore devoting more attention to the issue. Furthermore, VIG Insurance Group will continue to focus strongly on cyber risk, which will become even more important in the future due to the rapid progress of digitalisation.

The VIG Insurance Group regulatory solvency ratio was 238.1% on 31 December 2020. Due to the economic recovery and an issue of supplementary hybrid capital (tier 1 restricted) with a nominal value of EUR 300 million, the VIG Insurance Group solvency ratio increased in the 1st half of 2021 to 267% on 30 June 2021.

The Group's excellent level of regulatory capital and A+ rating from Standard & Poor's demonstrate its high risk-bearing capacity.

VIG Insurance Group will maintain its current investment policy of holding a conservative, security-oriented asset allocation.

EXPECTED DEVELOPMENT – OUTLOOK

ECONOMIC OUTLOOK

Erste Group analysts expect the recovery to continue in the 2nd half of 2021 and forecast a GDP growth rate of 3.8% for Austria in 2021 and 4.3% in 2022. A broad global recovery is expected to continue contributing to good export performance, and the Erste Group analyst outlook also continues to view private consumption and the services sector as important drivers. They are also the reason for further recovery in Central and Eastern Europe during the course of 2021. The relative effects of the EU rescue fund (RRF) alone could have a greater impact here, although these are not expected to reach their full effect until 2022. Regional growth of 5.8% and 5.1% is expected for the 2nd and 3rd quarters of 2021, respectively, and the Erste Group expects an overall GDP growth rate of 5.1% for the region in 2021.

The risks for the expected recovery in both Austria and the CEE region are essentially the risk of new waves of infections that might be impossible to counteract with further progress in vaccinations, thereby making containment measures necessary. In addition, the question remains as to whether inflation will turn out to be a temporary phenomenon or not. The Erste Group analysts expect the base effects to flatten out in the 2nd half of 2021 – depending on further changes in energy prices – resulting in an average inflation rate of 2.0% for Austria in 2021.

These base effects, reinforced by a surprisingly tight labour market, are why an inflation rate of 3.4% is also expected for Central and Eastern Europe in 2021. Even though the unemployment rate in the region rose from 4.6% in 2019 to 5.2% in 2020 and is expected to rise to 5.6% in 2021, this does not appear to be having a sustained dampening effect on consumer prices. The expected inflation rate for 2021 in the Czech Republic, Hungary, Poland and Romania would therefore be above the local tolerance thresholds, so that further central bank reactions cannot be ruled out.

Stock markets in Austria and Central and Eastern Europe have largely reflected this recovery, which is now priced in to a large extent. The Erste Group analysts therefore expect stock market momentum to weaken. Although market sentiment should remain generally positive, potential risks are being increasingly perceived as dampening. Central bank communication will also be particularly important for capital markets.

OUTLOOK FOR VIG INSURANCE GROUP

As a market leader in Central and Eastern Europe, VIG Insurance Group with its more than 25,000 employees is in an excellent position to take advantage of the opportunities available in this region and the long-term growth options they offer. To this end, it is implementing its "VIG 25" strategic programme, which was developed and initiated together with the CEOs of the VIG insurance companies based on trends and developments in the insurance industry, and is aimed at generating a premium volume of around EUR 12.3 billion by the end of 2025 and a combined ratio of less than 95%. Based on the new strategy and current conditions, a range of 150 to 200% was specified for the VIG Group solvency ratio without taking transitional measures into account. It was also specified that the operating return on equity (operating RoE) would be included as a new key figure in external communications starting with full year 2021 results. The dividend policy, which foresees a distribution in the range of 30 to 50% of Group net profits, will remain unchanged. The dividend per share will continue to be aligned with the Company's performance. In addition to creating sustainable value and achieving ESG-related goals, one of the key objectives of the programme is to ex-

pand the leading market position in Central and Eastern Europe, with the aim of achieving at least a top 3 position in each CEE market, with the exception of Slovenia.

VIG Insurance Group signed a share purchase agreement with the Dutch company Aegon N.V. in November 2020 to acquire its companies in Hungary, Poland, Romania and Turkey. The European Commission granted approval in accordance with competition law on 12 August 2021. Hungary is currently still prohibiting the acquisition by a foreign company. Management is still in a constructive dialogue with the Hungarian Ministry of Finance to clarify the possibilities for a positive conclusion of the acquisition.

Due to the fact that there is still no foreseeable end to the COVID-19 pandemic, estimates of business development for the financial year 2021 are still highly uncertain. Taking this and current parameters into account, VIG Insurance Group expects premium volume to remain stable at the level of 2020 and profit before taxes to be in the range of EUR 450 to 500 million. The combined ratio is expected to remain at a sustainable level of around 95%.

Business development in the second half of 2021 will be affected not only by the ongoing COVID-19 pandemic and the great uncertainty about the further course and impact of the rapidly spreading delta variant but also by other storms and natural disasters, such as the flooding seen most recently in July 2021. Taking this and its prudent allocation policy into account, VIG Insurance Group is confirming the outlook for 2021 with premium volume remaining stable at the level of 2020 and profit before taxes in the range of EUR 450 to EUR 500 million. The combined ratio is expected to sit at a sustainable level of around 95%.

Current topics

VIG Insurance Group initiates a new strategy programme

The “VIG 25” strategic programme was developed and initiated together with the CEOs of the VIG insurance companies based on trends and developments in the insurance industry. In addition to expanding its leading market position in the CEE region, including Austria, the programme also aims to create sustainable value and to achieve ESG-related goals.

Changes in the Managing Board

The Supervisory Board of Vienna Insurance Group AG Wiener Versicherung Gruppe appointed Hartwig Löger as a member of the Vienna Insurance Group Managing Board for the period from 1 January 2021 to 30 June 2023. He contributes his 35 years of insurance experience and extensive knowledge of the CEE region. The VIG Holding Managing Board has had the following 8 members since 1 January 2021: Elisabeth Stadler (CEO), Liane Hirner (CFRO), Peter Höfingler, Gerhard Lahner (COO), Gábor Lehel (CIO), Hartwig Löger, Harald Riener and Peter Thirring (CTO).

VIG Insurance Group joins the UN Global Compact

Vienna Insurance Group AG Wiener Versicherung Gruppe joined the United Nations Global Compact, the world's largest initiative for corporate responsibility and sustainability, in March 2021. By joining, the VIG Group committed itself to the ten universal principles of the UN Global Compact in the areas of environmental protection, labour standards, human rights and anti-corruption and is already implementing numerous measures in these areas. This makes the VIG Group one of the more than 13,000 companies worldwide that have joined this initiative. VIG Insurance Group is also committed to the UN Sustainable Development Goals (SDGs) and is actively promoting them in its area of influence.

VIG share listings in sustainability indices

VIG shares continue to be listed in the VÖNIX sustainability index for 2020/2021. They have been included since the year the index was launched in 2005. VÖNIX is the sustainability benchmark of the Austrian stock market. It includes domestic companies listed on the Vienna Stock Exchange that are leaders with respect to environmental and social activities.

VIG shares were also listed in the international “FTSE4Good” sustainability index starting in mid-2007. In June 2021, FTSE Russell announced that VIG shares would be removed from the index. Although the ESG rating of VIG shares still exceeds the required threshold, due to its low market capitalisation, VIG Insurance Group was downgraded to a small cap company in March and was therefore no longer included in the FTSE All World index that forms the basis for the index series and only includes large and mid cap companies.

VIG Holding places a senior sustainability bond and improves its capital structure

Based on the Group's long-term capital planning and the interest rate situation, the Managing Board initiated capital optimisation measures for the Group. The focus was on expanding investments in socially and environmentally sustainable projects. Vienna Insurance Group AG Wiener Versicherung Gruppe placed a senior sustainability bond with a volume of EUR 500 million with domestic and foreign investors in March 2021. The senior sustainability bond will be redeemed after 15 years. A subordinated bond with a volume of EUR 300 million was also placed as a restricted tier 1 instrument with the principal shareholder Wiener Städtische Versicherungsverein.

Weather-related claims

In total, gross weather-related claims were around EUR 211 million in the 1st half of 2021 (1st half of 2020: gross EUR 91 million). VIG Insurance Group retained around EUR 98 million after reinsurance (1st half of 2020: EUR 76 million).

Virtual Annual General Meeting 2021

The 30th Annual General Meeting of Vienna Insurance Group AG Wiener Versicherung Gruppe was held virtually on 21 May 2021. The Annual General Meeting approved the Managing Board and Supervisory Board proposal to pay a dividend of EUR 0.75 per share. This corresponds to a dividend payout ratio of 41.5% of the profit after taxes and non-controlling interests. The dividend yield is 3.6%. Further information on the Annual General Meeting is available here: www.vig.com/annual-general-meeting

VIG Group invests in the deeptech start-up scene

Vienna Insurance Group AG Wiener Versicherung Gruppe holds an indirect investment in the venture capital fund IST cube (EuVECA) GmbH & Co KG (IST CUBE), which is based in Klosterneuburg, Lower Austria. IST CUBE provides funding for projects by start-ups that focus on Austria and have science-based innovations in the areas of science, engineering and technology.

VIG Group establishes VENPACE insurtech fund

Vienna Insurance Group AG Wiener Versicherung Gruppe formed the VENPACE insurtech fund with three other investors.

The goal is to search for, financially support and make use of young international technology companies. The focus is on insurtechs.

AWARDS

VIG Insurance Group once again included in the FORBES list of the largest public companies

Vienna Insurance Group AG Wiener Versicherung Gruppe was included in the FORBES list of the 2000 largest public companies in the world for the first time in 2020. The VIG Group is included again in 2021. A total of nine Austrian companies made it into the Top 2000. The VIG Group rating as number 1,186 in the list makes it the top Austrian insurance company. The rating is based on revenues, premium volume, net profit, volume of investments and market capitalisation.

VIG Holding with top ranking in Gender Diversity Index

In 2021, VIG Holding achieved second place in Austria in the 2020 Gender Diversity Index ranking by the Boston Consulting Group.

Bulgarian Doverie is pension insurer of the year again

The Bulgarian pension fund Doverie received the "Pension Insurer of the Year" award in the supplementary mandatory pension insurance category for the tenth time in a row in May 2021. The award is given each year by the Prof. Dr. Veleslav Gavriiski Foundation, the Association of Bulgarian Insurance Companies, the Higher Insurance & Finance School, the Bulgarian Association of Supplementary Pension Insurance Companies and the Bulgarian Association of Insurance Brokers.

"Iosleben" app wins silver in the Digital Impuls Award

The innovative Iosleben app of Austrian VIG insurance company Wiener Städtische received second place in the "Transformation" category during the "Digital Impuls Award" held by the "Die Presse" daily newspaper in June 2021. The "Digital Impuls Award" recognises innovations that transform products and services, create clear competitive advantages, serve customers better and expand business models.

Capital markets & investor relations & share

CAPITAL MARKETS

International overview

The 1st half of 2021 was favourable for international stock markets, as shown by the positive performance achieved by almost all stock exchanges and sectors. Equities were popular with investors. Wall Street soared from record to record, thanks to the multi-billion dollar economic programmes implemented by the US government and Federal Reserve. The stock market rally was also driven by the progress achieved in the fight against the pandemic.

Most stock markets recorded double-digit price gains and record highs in the first six months of 2021. The global MSCI World equity index reached an interim all-time high in June, recording a gain of almost 12.2% in the 1st half of 2021. The technology-oriented NASDAQ Composite Index and benchmark Dow Jones Industrial (DJI) index rose 12.5% and 12.7%, respectively, in the first six months of 2021. The S&P 500 also followed the upward trend in stock markets, gaining around 14.4% since the beginning of the year. The pan-European Eurostoxx 50 index ended the first half of the year 14.4% above its closing value for the previous year. The German DAX equity index recorded an increase of around 13.2% in the first six months of 2021. The Eastern European CECE index, calculated in EUR, rose just as strongly to end the 1st half of 2021 with a gain of 14.2%.

The STOXX Europe 600 sector index was somewhat weaker due to a loss of 6.2% in the 2nd quarter of 2021, but nevertheless managed to end the first six months of 2021 with an overall gain of 5.3%. Although the MSCI Emerging Markets Index recorded positive performance of 6.5%, this was also below the increase recorded by the MSCI World equity benchmark.

Vienna Stock Exchange

The Austrian benchmark index ATX, that suffered strongly from the economic collapse in the previous year, outperformed international stock markets. The Austrian stock market is now benefiting from the economic upswing, as is trading volume on the Vienna Stock Exchange, which reached EUR 38.9 billion in the first six months of this year,

the 250th anniversary year of the Vienna Stock Exchange. The ATX outperformed all of the developed markets with a gain of 22.4% in the 1st half of 2021. Including dividends, the ATX Total Return index rose 24.5% in the 1st half of the current year and reached an all-time high of 7,109.60 points on 14 June 2021.

INVESTOR RELATIONS

Due to the ongoing COVID-19 restrictions, events related to IR activities were also held virtually in the 1st half of 2021. Management took part in a total of eight telephone and videoconferences during the first six months of 2021 to inform existing and potential investors about current developments in the Group. In addition to virtual events by well-known investment banks and research providers, such as Autonomous, Baader Bank, Erste Group, J.P. Morgan, Kepler Cheuvreux and RCB, the VIG Insurance Group also participated in the Insurance meets Capital conference calls by ABN AMRO Bank N.V. for the first time this year. The events and the presentation documents used there are available online at www.vig.com/events > Roadshows & Bank Conferences. In addition separate bond roadshow meetings were held with potential investors for the bond issue.

More services for investors on the VIG Group website

In addition to the Stock Price Ticker, Fact Sheet, Interactive Key Figures Tool and Share Price Monitor with Share Graph and Investment Calculator that were previously implemented, a tool for calculating the Total Shareholder Return (TSR Tool) has also been available since April 2021. Go to vig.com > Investor Relations > Share > Dividend to see the dividend history and the total return including the annual dividend. The tool allows investors to calculate the total return on their individual investments.

VIG SHARE PERFORMANCE

VIG shares got off to a good start in 2021. They kept pace with the ATX at times and outperformed the sector indices until the beginning of March. Market participants were disappointed by the proposed dividend announced on

9 March 2021 and what was perceived as a very cautious outlook for 2021, causing a temporary interruption in the upward trend being followed by the shares. VIG shares largely recovered in subsequent days, but fell again on 19 March 2021, the first major expiry date of the year. VIG shares rose again in the 2nd quarter of 2021, recording a gain of 4.8% to close at a price of EUR 23.15 on 30 June 2021. This corresponds to an increase of around 11.3% compared to the beginning of the financial year. VIG shares reached their interim high of EUR 24.15 in the 1st half of the current year on 18 May 2021. On the editorial deadline of 13 August 2021, VIG shares had a price of EUR 25.20.

Key share information for the 1st half of 2021

| in EUR | |
|---|---------|
| High | 24.150 |
| Low | 20.800 |
| End-of-period price | 23.150 |
| Market capitalisation (in EUR millions) | 2,963.2 |
| Dividend 2020 | 0.75 |
| Book value per share* | 34.38 |

*The value is calculated using shareholders' equity less non-controlling interests and revaluation reserve as well as hybrid capital.

Overview of VIG shares

| | |
|----------------------------|--------------------|
| Initial listing (Vienna) | 17 October 1994 |
| Initial listing (Prague) | 5 February 2008 |
| Number of common shares | 128 million |
| Free float | around 28% |
| ISIN | AT0000908504 |
| Securities symbol | VIG |
| Bloomberg | VIG AV / VIG CP |
| Reuters | VIGR.VI / VIGR.PR |
| Rating – Standard & Poor's | A+, stable outlook |

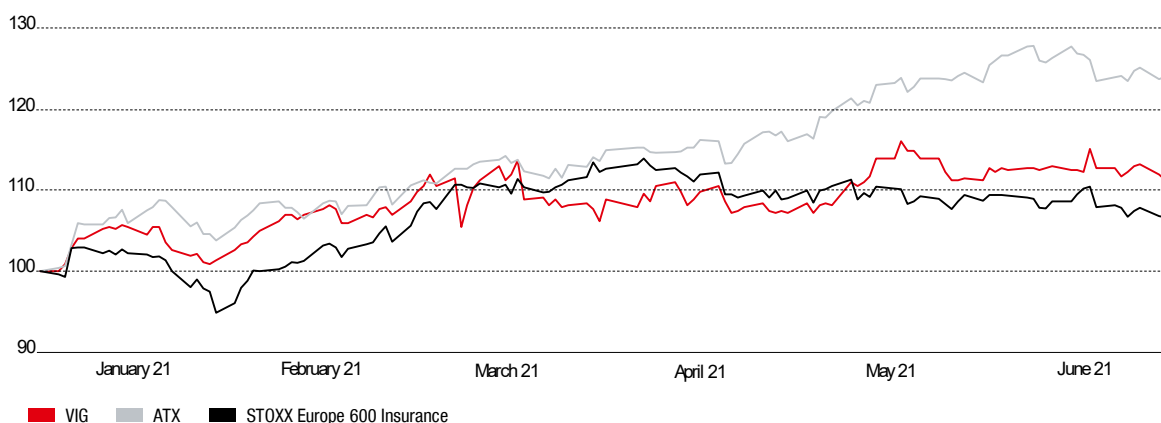
VIG financial calendar*

| | |
|--------------------------------------|------------------|
| Results for the 1st–3rd quarter 2021 | 18 November 2021 |
|--------------------------------------|------------------|

* Preliminary schedule

VIENNA INSURANCE GROUP (VIG) COMPARED TO THE ATX AND STOXX EUROPE 600 INSURANCE INDEX 1 JANUARY 2021 TO 30 JUNE 2021

Indexed (basis =100)



Consolidated interim financial statements in accordance with IFRS

PRIMARY FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

| Assets | Notes | 30.6.2021 | 31.12.2020 |
|---|----------|-------------------|-------------------|
| <i>in EUR '000</i> | | | |
| Intangible assets | 1 | 1,739,988 | 1,733,077 |
| Right-of-Use assets | | 168,558 | 185,354 |
| Investments | 2 | 34,561,630 | 34,901,186 |
| Property | | 2,536,830 | 2,507,413 |
| Owner-occupied property | | 476,271 | 477,469 |
| Investment property | | 2,060,559 | 2,029,944 |
| Shares in at equity consolidated companies | | 291,184 | 291,561 |
| Financial assets | | 31,733,616 | 32,102,212 |
| Financial investments for unit-linked and index-linked life insurance | | 8,367,439 | 7,968,039 |
| Reinsurers' share in underwriting provisions | 3 | 1,548,013 | 1,396,492 |
| Receivables | 4 | 1,806,886 | 1,699,159 |
| Tax receivables and advance payments out of income tax | | 182,067 | 275,041 |
| Deferred tax assets | | 234,605 | 136,728 |
| Other assets | | 403,639 | 387,845 |
| Cash and cash equivalents | | 2,972,357 | 1,745,147 |
| Total | | 51,985,182 | 50,428,068 |

| Liabilities and shareholders' equity | Notes | 30.6.2021 | 31.12.2020 |
|---|----------|-------------------|-------------------|
| <i>in EUR '000</i> | | | |
| Shareholders' equity | 5 | 5,599,213 | 5,285,766 |
| Share capital and reserves | | 5,489,233 | 5,162,738 |
| Non-controlling interests | | 109,980 | 123,028 |
| Subordinated liabilities | | 1,460,779 | 1,463,909 |
| Underwriting provisions | 6 | 32,614,290 | 32,230,055 |
| Underwriting provisions for unit-linked and index-linked life insurance | | 8,012,302 | 7,617,216 |
| Non-underwriting provisions | 7 | 844,662 | 876,809 |
| Liabilities | 8 | 2,736,317 | 2,254,306 |
| Tax liabilities out of income tax | | 309,091 | 290,998 |
| Deferred tax liabilities | | 267,668 | 267,870 |
| Other liabilities | | 140,860 | 141,139 |
| Total | | 51,985,182 | 50,428,068 |

The numbers for the individual items in the consolidated balance sheet and consolidated income statement refer to detailed disclosures for these items in the "Notes to the consolidated balance sheet" section and the "Notes to the consolidated income statement" section starting on page 27 of the notes to the consolidated financial statements.

CONSOLIDATED INCOME STATEMENT AND CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| Consolidated income statement | Notes | 1.1.-30.6.2021 | 1.1.-30.6.2020 |
|--|-----------|-----------------------|-----------------------|
| in EUR '000 | | | |
| Net earned premiums – retention | | 4,822,628 | 4,738,622 |
| Premiums written – retention | | 5,106,212 | 4,947,004 |
| Premiums written – gross | 9 | 5,772,935 | 5,577,364 |
| Premiums written – reinsurers' share | | -666,723 | -630,360 |
| Change in unearned premiums – retention | | -283,584 | -208,382 |
| Change in unearned premiums – gross | | -393,170 | -332,273 |
| Change in unearned premiums – reinsurers' share | | 109,586 | 123,891 |
| Financial result excl. result from shares in at equity consolidated companies | 10 | 350,902 | 389,491 |
| Income from investments | | 579,548 | 691,936 |
| Expenses for investments and interest expenses | | -228,646 | -302,445 |
| Result from shares in at equity consolidated companies | | 2,698 | -1,503 |
| Other income | 11 | 80,768 | 99,640 |
| Expenses for claims and insurance benefits – retention | 12 | -3,633,534 | -3,599,957 |
| Acquisition and administrative expenses | 13 | -1,237,099 | -1,136,939 |
| Other expenses | 11 | -134,960 | -288,190 |
| Result before taxes | | 251,403 | 201,164 |
| Taxes | | -60,715 | -68,538 |
| Result of the period | | 190,688 | 132,626 |
| thereof attributable to Vienna Insurance Group shareholders | | 186,332 | 126,350 |
| thereof non-controlling interests | | 4,356 | 6,276 |
| Earnings per share (annualised)* | 5 | 2.91 | 1.97 |
| Result of the period (carryforward) | | 190,688 | 132,626 |
| *The undiluted earnings per share equals the diluted earnings per share (in EUR). | | | |
| Consolidated statement of comprehensive income | | 1.1.-30.6.2021 | 1.1.-30.6.2020 |
| in EUR '000 | | | |
| Result of the period (carryforward) | | 190,688 | 132,626 |
| Other comprehensive income (OCI) | | | |
| Items that will not be reclassified to profit and loss in subsequent periods | | 3,499 | 4,845 |
| +/- Underwriting gains and losses from provisions for employee benefits | | 6,262 | 8,445 |
| +/- Deferred profit participation | | -1,595 | -1,998 |
| +/- Deferred taxes | | -1,168 | -1,602 |
| Items that will be reclassified to profit or loss in subsequent periods | | -65,655 | -232,821 |
| +/- Exchange rate changes through equity | | 39,151 | -105,445 |
| +/- Unrealised gains and losses from financial instruments available for sale | | -358,282 | -410,128 |
| +/- Cash flow hedge reserve | | -20 | -11 |
| +/- Share of other reserves of at equity consolidated companies | | 475 | 1,471 |
| +/- Deferred mathematical reserve | | 118,991 | 34,431 |
| +/- Deferred profit participation | | 108,932 | 204,499 |
| +/- Deferred taxes | | 25,098 | 42,362 |
| Total OCI | | -62,156 | -227,976 |
| Total profit | | 128,532 | -95,350 |
| thereof attributable to Vienna Insurance Group shareholders | | 124,597 | -97,607 |
| thereof non-controlling interests | | 3,935 | 2,257 |

CONSOLIDATED SHAREHOLDERS' EQUITY

| Development | Share capital | Capital reserves | | Retained earnings | Other reserves | | Subtotal* | Non-controlling interests | Total |
|---|---------------|------------------|----------------|-------------------|------------------|----------|-----------|---------------------------|-----------|
| | | Other | Hybrid capital | | Currency reserve | Other | | | |
| in EUR '000 | | | | | | | | | |
| As of 1 January 2020 | 132,887 | 2,109,003 | 0 | 2,426,765 | -133,088 | 538,547 | 5,074,114 | 116,579 | 5,190,693 |
| Changes in scope of consolidation/ownership interests | | | | -13,106 | 0 | 0 | -13,106 | 13,125 | 19 |
| Other comprehensive income | | | | 126,350 | -103,904 | -120,053 | -97,607 | 2,257 | -95,350 |
| Other comprehensive income excluding currency changes | | | | | | -120,053 | -120,053 | -2,478 | -122,531 |
| Currency change | | | | | -103,904 | | -103,904 | -1,541 | -105,445 |
| Result of the period | | | | 126,350 | | | 126,350 | 6,276 | 132,626 |
| Dividend payment | | | 0 | 0 | | | 0 | -4,385 | -4,385 |
| As of 30 June 2020 | 132,887 | 2,109,003 | 0 | 2,540,009 | -236,992 | 418,494 | 4,963,401 | 127,576 | 5,090,977 |
| As of 1 January 2021 | 132,887 | 2,109,003 | 0 | 2,484,899 | -241,168 | 677,117 | 5,162,738 | 123,028 | 5,285,766 |
| Issuance of hybrid capital | | | 300,000 | | | 0 | 300,000 | | 300,000 |
| Changes in scope of consolidation/ownership interests | | | | -2,102 | 0 | 0 | -2,102 | -1,542 | -3,644 |
| Other comprehensive income | | | | 186,332 | 38,271 | -100,006 | 124,597 | 3,935 | 128,532 |
| Other comprehensive income excluding currency changes | | | | | | -100,006 | -100,006 | -1,301 | -101,307 |
| Currency change | | | | | 38,271 | | 38,271 | 880 | 39,151 |
| Result of the period | | | | 186,332 | | | 186,332 | 4,356 | 190,688 |
| Dividend payment | | | 0 | -96,000 | | | -96,000 | -15,441 | -111,441 |
| As of 30 June 2021 | 132,887 | 2,109,003 | 300,000 | 2,573,129 | -202,897 | 577,111 | 5,489,233 | 109,980 | 5,599,213 |

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

In view of the available capacities and the current favourable environment, a subordinated bond with a volume of EUR 300 million was issued as a restricted tier 1 instrument as defined in Solvency II in the first half of 2021. The subordinate bond therefore satisfies the IFRS criteria for a hybrid bond. The placement was made with the principal shareholder of Vienna Insurance Group, Wiener Städtische Versicherungsverein.

CONSOLIDATED CASH FLOW STATEMENT

| Additional information on the statement of cash flows | 1.1.-30.6.2021 | 1.1.-30.6.2020 |
|---|----------------|----------------|
| in EUR '000 | | |
| Received interest ¹ | 357,005 | 372,104 |
| Received dividends ¹ | 53,680 | 58,768 |
| Interest paid ² | 37,501 | 36,904 |
| Income taxes paid ¹ | 8,942 | 59,563 |

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

² Interest paid result primarily from financing activities.

| Change in cash and cash equivalents | 1.1.-30.6.2021 | 1.1.-30.6.2020 |
|--|------------------|------------------|
| in EUR '000 | | |
| Result of the period | 190,688 | 132,626 |
| Change in underwriting provisions net | 334,280 | -170,263 |
| Change in underwriting receivables and liabilities (incl. deposits on assumed reinsurance business) | -244,047 | -317,977 |
| Change in other receivables and other liabilities (excl. leases) | 225,896 | 191,173 |
| Change in financial assets recognised at fair value through profit and loss (incl. held for trading) | -1,349 | 34,007 |
| Gain/loss from disposal of investments | -45,141 | -108,627 |
| Appreciation/depreciation of investments | 31,310 | 54,687 |
| Change in provisions for pensions and similar obligations and provisions for other employee benefits | -8,201 | -9,884 |
| Change in deferred taxes | -71,526 | -70,995 |
| Change in intangible assets | 69,200 | 165,626 |
| Change in right-of-use assets and lease receivables and liabilities | 3,468 | -1,688 |
| Change in other balance sheet items | -40,050 | -56,407 |
| Other cash-neutral income and expenses ¹ | -47,961 | 333,728 |
| Cash flow from operating activities | 396,567 | 176,006 |
| Payments for the acquisition of at equity consolidated companies | -931 | 0 |
| Cash inflow from the sale of available for sale financial assets | 1,984,114 | 1,595,223 |
| Payments for the acquisition of available for sale financial assets | -1,732,708 | -2,053,814 |
| Cash inflow from disposals/repayments of held to maturity financial assets | 45,573 | 117,638 |
| Payments for the acquisition of held to maturity financial assets | -55,058 | -33,497 |
| Cash inflow from the sale of property | 11,939 | 7,136 |
| Payments for the acquisition of property | -51,903 | -72,525 |
| Cash inflow for the sale of intangible assets | 722 | 951 |
| Payments for the acquisition of intangible assets | -60,443 | -55,480 |
| Change in financial investments for unit-linked and index-linked life insurance | 146,549 | 422,628 |
| Change of loans | 109,024 | -106,280 |
| Change in other investments (excl. deposits on assumed reinsurance business) | -220,789 | 46,081 |
| Cash flow from investing activities | 176,089 | -131,939 |
| Cash inflows from the issuance of hybrid capital | 300,000 | 0 |
| Cash outflows from subordinated liabilities | -38,250 | -34,491 |
| Dividend payments | -111,441 | -4,385 |
| Cash inflow from other financing activities | 523,000 | 121,239 |
| Cash outflow from other financing activities | -7,620 | -14,585 |
| Cash outflows from lease liabilities | -13,429 | -15,338 |
| Cash flow from financing activities | 652,260 | 52,440 |
| Change in cash and cash equivalents | 1,224,916 | 96,507 |
| Cash and cash equivalents at beginning of period ² | 1,745,147 | 1,443,358 |
| Change in cash and cash equivalents | 1,224,916 | 96,507 |
| Change in the scope of consolidation | 184 | 30,277 |
| Effects of foreign currency exchange differences on cash and cash equivalents | 2,110 | -12,004 |
| Cash and cash equivalents at end of period² | 2,972,357 | 1,558,138 |

¹ The non-cash income and expenses are primarily from 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated interim financial statements for the 1st half of 2021 were prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union, and the applicable commercial law provisions of § 245a(1) of the Austrian Commercial Code (Unternehmensgesetzbuch – UGB) and Chapter 7 of the Austrian Insurance Supervision Act (Versicherungsaufsichtsgesetz – VAG). The IFRS accounting policies were the same as those used for the last financial statements in the previous financial year.

Similarly, the estimates and discretionary assessments needed to prepare the consolidated financial statements were made in the same way. This does not include newly applicable or amended standards.

Adoption of new standards and new interpretations

The amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 that were applicable for the first time on 1 January 2021 (IBOR Reform Phase 2) and amendments to IFRS 4 (deferral of first-time application of IFRS 9) had no or no material effect on these half-year financial statements.

New standards and changes to current reporting standards

| 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 |
| Amendments to IFRS 3 | Changes to the references to the framework concept | 1.1.2022 |
| IAS 37 | Onerous contracts: costs of contract performance | 1.1.2022 |
| all IFRS | Annual improvements (2018–2020 cycle) | 1.1.2022 |
| IAS 16 | Income before qualified use | 1.1.2022 |
| Those which are not or not yet adopted by the EU | | |
| IFRS 14 | Regulatory Deferral Accounts | EU decided this standard shall not be transferred into EU law |
| IFRS 17 incl. amendments to IFRS 17 | Insurance contracts | 1.1.2023 |
| 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 | 1.1.2023 |
| Amendments to IAS 1 and IFRS Practice Statement 2 | Definition of materiality in connection with accounting policies | 1.1.2023 |
| Amendments to IAS 8 | Definition of accounting estimates and distinguishing them from changes in accounting policies | 1.1.2023 |
| Amendments to IFRS 16 | Rent reductions from 30 June 2021 in connection with COVID-19 | 1.4.2021 |
| Amendments to IAS 12 | Deferred taxes relating to assets and liabilities arising from a single transaction | 1.1.2023 |

¹ VIG insurance group is not planning early adoption of the standards listed in the table.

² The first time adoption for insurance companies can be delayed to 1 January 2023.

IFRS 9 – FINANCIAL INSTRUMENTS AND IFRS 17 – INSURANCE CONTRACTS

For information on the project for implementing IFRS 9 and IFRS 17 in VIG Insurance Group, please see the Group Annual Report for 2020 starting on page 73.

Foreign currency translation

Transactions and separate financial statements in foreign currencies were translated in the interim report for the 1st half of 2021 as indicated on page 75 of the Group Annual Report for 2020.

| Currency | | End-of-period exchange rate | | Average exchange rate | |
|---------------------------|-----|-----------------------------|------------|-----------------------|----------------|
| | | 30.6.2021 | 31.12.2020 | 1.1.-30.6.2021 | 1.1.-30.6.2020 |
| 1 EUR € | | | | | |
| Albanian lek | ALL | 122.6700 | 123.7000 | 123.2280 | 123.6714 |
| Bosnian convertible marka | BAM | 1.9558 | 1.9558 | 1.9558 | 1.9558 |
| Bulgarian lev | BGN | 1.9558 | 1.9558 | 1.9558 | 1.9558 |
| Georgian lari | GEL | 3.7608 | 4.0233 | 3.9993 | 3.3435 |
| Croatian kuna | HRK | 7.4913 | 7.5519 | 7.5504 | 7.5336 |
| Macedonian denar | MKD | 61.6950 | 61.6940 | 61.6355 | 61.6530 |
| Moldovan leu | MDL | 21.3989 | 21.1266 | 21.2921 | 19.4657 |
| Turkish new lira | TRY | 10.3210 | 9.1131 | 9.5226 | 7.1493 |
| Polish zloty | PLN | 4.5201 | 4.5597 | 4.5374 | 4.4120 |
| Romanian leu | RON | 4.9280 | 4.8683 | 4.9050 | 4.8173 |
| Swiss franc | CHF | 1.0980 | 1.0802 | 1.0946 | 1.0642 |
| Serbian dinar | RSD | 117.5660 | 117.5802 | 117.5761 | 117.5746 |
| Czech koruna | CZK | 25.4880 | 26.2420 | 25.8119 | 26.3333 |
| Ukraine hryvnia | UAH | 32.3018 | 34.7396 | 33.4936 | 28.6091 |
| Hungarian forint | HUF | 351.6800 | 363.8900 | 357.8797 | 345.2607 |

IMPORTANT INFORMATION CONCERNING THE COVID-19 PANDEMIC

On 20 May 2020, the European Securities and Markets Authority (ESMA) published a statement addressing the implications of the COVID-19 pandemic on IFRS interim reports. The statement focuses on transparency and consistent application of the European requirements for the information provided in consolidated interim financial statements in connection with COVID-19. Since the COVID-19 pandemic is still ongoing, the disclosures published in the 2020 annual financial statements were reviewed again for these interim financial statements. If no further information is provided below due to insignificant changes, please refer to the 2020 Annual Report.

Insurance business

PREMIUM DEVELOPMENT

In the property lines of business, premiums written are showing a recovery towards the level prior to the COVID-19 pandemic. Health insurance also continues to show an increase this year. VIG Insurance Group is focusing on this line of business and sees the COVID-19 pandemic as having a reinforcing effect on this fundamental focus.

CLAIMS AND COST DEVELOPMENT

The stable development of the claims ratio is due to a fundamentally better claims experience and lower recurrent claims and large losses, among other things. It is still not possible to directly determine any positive effects of the COVID-19 pandemic. More detailed discussions at the segment level can be found in the interim management report starting on page 4.

The COVID-19 pandemic and decline in claims in the previous year led to an increase in reinsurance commissions, which were once again at the pre-COVID-19 level in the 1st half of 2021.

UNDERWRITING PROVISIONS

In the area of reserves for incurred but not reported (IBNR) claims, additional reserves were included due to an increase in expected late claim notifications and uncertainty about future developments. The Group subsidiaries are holding around EUR 140.0 million in provisions. The adequacy of the underwriting provisions is checked in detail each year as part of the

liability adequacy test during preparation of the consolidated financial statements. During the year, a comparison of the best estimate (after reinsurance) calculated based on Solvency II principles without taking into account transitional measures and the IFRS provisions (after reinsurance) showed a significant buffer of EUR 4.9 billion. As before, the IFRS provisions can therefore be considered adequate.

UNDERWRITING RECEIVABLES

The Group formed allowances for underwriting receivables at the start of the COVID-19 pandemic. Those allowances are now decreasing again.

Investments

MARKET RISK

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 instruments that are measured as available for sale or at fair value through profit or loss (incl. held for trading).

| Value-at-Risk | 30.6.2021 | 31.12.2020 |
|-----------------------|-----------|------------|
| in EUR million | | |
| 10-day holding period | 379.0 | 603.4 |
| 20-day holding period | 536.0 | 853.3 |
| 60-day holding period | 928.4 | 1,478.0 |

DISCLOSURES ON SEASONAL AND ECONOMIC INFLUENCES

Within VIG Insurance Group, seasonal fluctuations mainly occur in premiums, claims and the financial result. Due to the large number of insurance contracts beginning in January, the 1st half of the year is also normally the strongest in terms of premiums. In terms of claims, the 1st half also normally shows a higher level of charges, mainly due to adverse environmental influences (snow, snowmelt, storms, floods). Adverse weather events, such as storms, can also occur during the summer and autumn. With respect to the financial result, most of the dividend income occurs in the first half of the year.

The 1st half of financial year 2021 was affected by the COVID-19 pandemic and was not subject to the full normal seasonal and economic influences. Therefore, please also see the “Important information concerning the COVID-19 pandemic” section for information on atypical developments starting on page 19.

CHANGES IN THE SCOPE OF CONSOLIDATION

Acquired companies are added to the scope of consolidation based on an internal Group guideline. The guideline includes quantitative thresholds and criteria. Detailed information is available in the Group Annual Report for 2020 starting on page 96.

| Expansion of the scope of consolidation* | Acquisition/formation | Shares | First time consolidation | Method |
|--|-----------------------|--------|--------------------------|--------------------|
| | Date | in % | Date | |
| VIG Offices, s.r.o. | 2020 | 100.00 | 1.1.2021 | full consolidation |

*Unless indicated otherwise, no goodwill exists.

| Change in significant minority interests | Change | Change of interest | Change of non-controlling interests |
|--|-----------|--------------------|-------------------------------------|
| | Date | in % | in EUR '000 |
| Asirom | 31.3.2021 | 0.06 | -54 |
| ČPP | 30.6.2021 | 2.72 | -3,893 |
| SMARDAN 5 DEVELOPMENT S.R.L. | 31.3.2021 | 0.01 | 0 |
| VIG Fund | 30.6.2021 | 0.02 | -44 |
| V.I.G. ND, a.s. | 30.6.2021 | 0.32 | -287 |

On 29 November 2020, VIG Insurance Group reached agreement with Aegon N.V. to acquire its insurance business in Hungary, Poland, Romania and Turkey. Due to the lack of closing for the transaction and lack of control over the companies, they had not yet been added to the scope of consolidation as of the balance sheet date. The closing is still expected to take place in the 2nd half of 2021.

Effect of the changes in the scope of consolidation

| Balance sheet | Additions |
|--|-----------|
| in EUR '000 | |
| Intangible assets | 1 |
| Investments | 11,101 |
| Receivables (incl. tax receivables and advance payments out of income tax) | 4 |
| Other assets (incl. deferred tax assets) | 191 |
| Cash and cash equivalents | 184 |
| Liabilities (incl. tax liabilities out of income tax) | 983 |
| Other liabilities (incl. deferred tax liabilities) | 39 |

The figures shown in the table above reflect the actual dates of first consolidation, as shown in the expansion of the scope of consolidation table.

| Contribution to result before taxes in reporting period | Additions |
|---|-------------|
| in EUR '000 | |
| Financial result excl. result from shares in at equity consolidated companies | -220 |
| Result before taxes | -220 |

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

SEGMENT REPORTING

The statements made in the Group Annual Report for 2020 are still valid and can be read starting on page 100 of that report.

Consolidated balance sheet by segment

| Assets | Austria | | Czech Republic | | Slovakia | |
|---|-------------------|-------------------|------------------|------------------|------------------|------------------|
| | 30.6.2021 | 31.12.2020 | 30.6.2021 | 31.12.2020 | 30.6.2021 | 31.12.2020 |
| in EUR '000 | | | | | | |
| Intangible assets | 523,376 | 497,293 | 498,968 | 487,109 | 127,306 | 126,749 |
| Right-of-Use assets | 72,489 | 75,523 | 55,295 | 57,583 | 6,671 | 6,837 |
| Investments | 22,931,942 | 23,655,203 | 3,091,306 | 2,937,473 | 1,597,757 | 1,603,118 |
| Financial investments for unit-linked and index-linked life insurance | 5,127,842 | 4,918,309 | 462,478 | 418,286 | 191,944 | 180,756 |
| Reinsurers' share in underwriting provisions | 492,750 | 487,996 | 133,023 | 149,599 | 44,410 | 40,573 |
| Receivables | 580,225 | 559,737 | 141,117 | 166,645 | 47,503 | 47,231 |
| Tax receivables and advance payments out of income tax | 15,909 | 18,024 | 7,433 | 37,735 | 485 | 135 |
| Deferred tax assets | 4,432 | 4,871 | 167,515 | 85,389 | 8,572 | 6,065 |
| Other assets | 89,338 | 102,357 | 170,089 | 160,467 | 7,952 | 9,150 |
| Cash and cash equivalents | 878,631 | 451,307 | 53,135 | 144,332 | 84,226 | 87,218 |
| Total | 30,716,934 | 30,770,620 | 4,780,359 | 4,644,618 | 2,116,826 | 2,107,832 |

| Assets | Poland | | Romania | | Baltic States | |
|---|------------------|------------------|------------------|------------------|------------------|------------------|
| | 30.6.2021 | 31.12.2020 | 30.6.2021 | 31.12.2020 | 30.6.2021 | 31.12.2020 |
| in EUR '000 | | | | | | |
| Intangible assets | 161,486 | 158,164 | 21,196 | 20,845 | 134,201 | 135,652 |
| Right-of-Use assets | 4,858 | 5,466 | 3,295 | 3,642 | 7,790 | 8,872 |
| Investments | 1,408,339 | 1,431,462 | 752,472 | 754,751 | 707,815 | 697,135 |
| Financial investments for unit-linked and index-linked life insurance | 712,416 | 680,712 | 104,244 | 109,020 | 121,056 | 101,210 |
| Reinsurers' share in underwriting provisions | 121,359 | 121,345 | 48,142 | 47,214 | 46,814 | 44,839 |
| Receivables | 225,580 | 212,916 | 185,495 | 192,185 | 108,058 | 92,650 |
| Tax receivables and advance payments out of income tax | 4,329 | 4,291 | 0 | 0 | 514 | 549 |
| Deferred tax assets | 6,810 | 0 | 5,192 | 4,992 | 306 | 32 |
| Other assets | 9,919 | 7,710 | 10,063 | 4,625 | 16,972 | 18,910 |
| Cash and cash equivalents | 35,525 | 24,680 | 31,487 | 21,379 | 62,656 | 73,230 |
| Total | 2,690,621 | 2,646,746 | 1,161,586 | 1,158,653 | 1,206,182 | 1,173,079 |

| Assets | Hungary | | Bulgaria | | Turkey/Georgia | |
|---|----------------|----------------|----------------|----------------|----------------|----------------|
| | 30.6.2021 | 31.12.2020 | 30.6.2021 | 31.12.2020 | 30.6.2021 | 31.12.2020 |
| in EUR '000 | | | | | | |
| Intangible assets | 28,327 | 27,062 | 126,851 | 126,405 | 2,586 | 2,533 |
| Right-of-Use assets | 2,975 | 2,820 | 2,606 | 2,555 | 437 | 605 |
| Investments | 150,028 | 162,639 | 263,800 | 248,030 | 91,049 | 96,334 |
| Financial investments for unit-linked and index-linked life insurance | 567,977 | 518,110 | 18,237 | 14,950 | 0 | 0 |
| Reinsurers' share in underwriting provisions | 14,462 | 14,757 | 22,642 | 22,041 | 75,789 | 91,236 |
| Receivables | 34,431 | 31,351 | 57,191 | 45,269 | 85,166 | 86,031 |
| Tax receivables and advance payments out of income tax | 117 | 36 | 768 | 0 | 2,286 | 4,517 |
| Deferred tax assets | 1,159 | 1,025 | 750 | 232 | 1,083 | 804 |
| Other assets | 13,439 | 11,031 | 6,716 | 6,132 | 898 | 1,135 |
| Cash and cash equivalents | 10,280 | 1,575 | 35,895 | 41,808 | 27,271 | 24,780 |
| Total | 823,195 | 770,406 | 535,456 | 507,422 | 286,565 | 307,975 |

| Liabilities and shareholders' equity | Austria | | Czech Republic | | Slovakia | |
|---|-------------------|-------------------|------------------|------------------|------------------|------------------|
| | 30.6.2021 | 31.12.2020 | 30.6.2021 | 31.12.2020 | 30.6.2021 | 31.12.2020 |
| in EUR '000 | | | | | | |
| Subordinated liabilities | 339,200 | 342,950 | 21,579 | 20,959 | 0 | 0 |
| Underwriting provisions | 22,224,095 | 22,446,551 | 2,968,010 | 2,792,390 | 1,325,939 | 1,281,092 |
| Underwriting provisions for unit-linked and index-linked life insurance | 4,947,403 | 4,744,433 | 299,275 | 249,729 | 204,632 | 191,127 |
| Non-underwriting provisions | 611,088 | 649,509 | 10,755 | 10,038 | 4,227 | 3,288 |
| Liabilities | 712,063 | 679,644 | 334,742 | 414,588 | 95,782 | 102,332 |
| Tax liabilities out of income tax | 213,678 | 255,222 | 77,013 | 20,479 | 1,325 | 2,012 |
| Deferred tax liabilities | 193,883 | 188,113 | 5,912 | 5,700 | 19,397 | 25,605 |
| Other liabilities | 63,700 | 73,880 | 6,533 | 3,300 | 5,263 | 3,257 |
| Subtotal | 29,305,110 | 29,380,302 | 3,723,819 | 3,517,183 | 1,656,565 | 1,608,713 |

| Liabilities and shareholders' equity | Poland | | Romania | | Baltic States | |
|---|------------------|------------------|----------------|----------------|----------------|----------------|
| | 30.6.2021 | 31.12.2020 | 30.6.2021 | 31.12.2020 | 30.6.2021 | 31.12.2020 |
| in EUR '000 | | | | | | |
| Subordinated liabilities | 0 | 0 | 0 | 0 | 0 | 0 |
| Underwriting provisions | 1,349,457 | 1,275,020 | 686,319 | 660,413 | 700,957 | 666,167 |
| Underwriting provisions for unit-linked and index-linked life insurance | 697,586 | 671,126 | 103,370 | 107,690 | 121,054 | 101,215 |
| Non-underwriting provisions | 11,915 | 11,996 | 41,186 | 42,631 | 2,189 | 2,677 |
| Liabilities | 155,913 | 154,361 | 88,445 | 94,931 | 90,234 | 91,774 |
| Tax liabilities out of income tax | 2,054 | 1,715 | 512 | 1,415 | 439 | 836 |
| Deferred tax liabilities | 25,873 | 22,458 | 835 | 911 | 2,567 | 2,202 |
| Other liabilities | 18,544 | 16,299 | 7,166 | 8,542 | 5,377 | 4,759 |
| Subtotal | 2,261,342 | 2,152,975 | 927,833 | 916,533 | 922,817 | 869,630 |

| Liabilities and shareholders' equity | Hungary | | Bulgaria | | Turkey/Georgia | |
|---|----------------|----------------|----------------|----------------|----------------|----------------|
| | 30.6.2021 | 31.12.2020 | 30.6.2021 | 31.12.2020 | 30.6.2021 | 31.12.2020 |
| in EUR '000 | | | | | | |
| Subordinated liabilities | 0 | 0 | 0 | 0 | 0 | 0 |
| Underwriting provisions | 206,179 | 174,913 | 271,788 | 250,467 | 237,214 | 232,695 |
| Underwriting provisions for unit-linked and index-linked life insurance | 564,354 | 515,028 | 17,473 | 14,254 | 0 | 0 |
| Non-underwriting provisions | 801 | 772 | 4,510 | 4,804 | 11,170 | 11,419 |
| Liabilities | 26,314 | 39,500 | 36,104 | 31,873 | 25,407 | 44,044 |
| Tax liabilities out of income tax | 418 | 333 | 1,109 | 211 | 1,584 | 3,467 |
| Deferred tax liabilities | 296 | 275 | 1,140 | 937 | 636 | 188 |
| Other liabilities | 5,122 | 3,577 | 15 | 21 | 583 | 566 |
| Subtotal | 803,484 | 734,398 | 332,139 | 302,567 | 276,594 | 292,379 |

| Assets | Remaining CEE | | Other Markets | | Central Functions | | Total | |
|---|------------------|------------------|------------------|------------------|-------------------|------------------|-------------------|-------------------|
| | 30.6.2021 | 31.12.2020 | 30.6.2021 | 31.12.2020 | 30.6.2021 | 31.12.2020 | 30.6.2021 | 31.12.2020 |
| in EUR '000 | | | | | | | | |
| Intangible assets | 43,801 | 42,740 | 2,277 | 1,963 | 69,613 | 106,562 | 1,739,988 | 1,733,077 |
| Right-of-Use assets | 9,413 | 9,855 | 44 | 44 | 2,685 | 11,552 | 168,558 | 185,354 |
| Investments | 1,102,455 | 1,093,226 | 727,964 | 726,665 | 1,736,703 | 1,495,150 | 34,561,630 | 34,901,186 |
| Financial investments for unit-linked and index-linked life insurance | 34,794 | 33,708 | 1,018,785 | 986,176 | 7,666 | 6,802 | 8,367,439 | 7,968,039 |
| Reinsurers' share in underwriting provisions | 21,509 | 16,503 | 4,788 | 4,953 | 522,325 | 355,436 | 1,548,013 | 1,396,492 |
| Receivables | 105,799 | 87,696 | 15,109 | 15,128 | 221,212 | 162,320 | 1,806,886 | 1,699,159 |
| Tax receivables and advance payments out of income tax | 916 | 400 | 26 | 25 | 149,284 | 209,329 | 182,067 | 275,041 |
| Deferred tax assets | 3,775 | 2,176 | 526 | 246 | 34,485 | 30,896 | 234,605 | 136,728 |
| Other assets | 15,709 | 14,514 | 5,359 | 5,844 | 57,185 | 45,970 | 403,639 | 387,845 |
| Cash and cash equivalents | 39,637 | 30,254 | 70,612 | 63,990 | 1,643,002 | 780,594 | 2,972,357 | 1,745,147 |
| Total | 1,377,808 | 1,331,072 | 1,845,490 | 1,805,034 | 4,444,160 | 3,204,611 | 51,985,182 | 50,428,068 |

The investments included shares in at equity consolidated companies of EUR 149,409,000 in Austria (TEUR 150,862,000), EUR 29,531,000 in the Czech Republic (EUR 28,331,000), EUR 144,000 in Poland (EUR 143,000) and EUR 112,100,000 in the Central Functions segment (EUR 112,225,000).

| Liabilities and shareholders' equity | Remaining CEE | | Other Markets | | Central Functions | | Total | |
|---|------------------|------------------|------------------|------------------|-------------------|------------------|-------------------|-------------------|
| | 30.6.2021 | 31.12.2020 | 30.6.2021 | 31.12.2020 | 30.6.2021 | 31.12.2020 | 30.6.2021 | 31.12.2020 |
| in EUR '000 | | | | | | | | |
| Subordinated liabilities | 0 | 0 | 0 | 0 | 1,100,000 | 1,100,000 | 1,460,779 | 1,463,909 |
| Underwriting provisions | 1,108,356 | 1,095,516 | 718,331 | 701,821 | 817,645 | 653,010 | 32,614,290 | 32,230,055 |
| Underwriting provisions for unit-linked and index-linked life insurance | 34,794 | 33,707 | 1,014,695 | 982,106 | 7,666 | 6,801 | 8,012,302 | 7,617,216 |
| Non-underwriting provisions | 7,471 | 7,420 | 11,847 | 13,060 | 127,503 | 119,195 | 844,662 | 876,809 |
| Liabilities | 47,148 | 41,804 | 33,340 | 34,675 | 1,090,825 | 524,780 | 2,736,317 | 2,254,306 |
| Tax liabilities out of income tax | 1,371 | 931 | 1,331 | 414 | 8,257 | 3,963 | 309,091 | 290,998 |
| Deferred tax liabilities | 3,242 | 2,563 | 395 | 1,095 | 13,492 | 17,823 | 267,668 | 267,870 |
| Other liabilities | 20,843 | 18,217 | 1 | 1 | 7,713 | 8,720 | 140,860 | 141,139 |
| Subtotal | 1,223,225 | 1,200,158 | 1,779,940 | 1,733,172 | 3,173,101 | 2,434,292 | 46,385,969 | 45,142,302 |
| Shareholders' equity | | | | | | | 5,599,213 | 5,285,766 |
| Total | | | | | | | 51,985,182 | 50,428,068 |

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

Consolidated income statement by segment

| | Austria | | Czech Republic | | Slovakia | | Poland | |
|--|----------------|----------------|----------------|----------------|---------------|---------------|---------------|---------------|
| | 1.1.-30.6.21 | 1.1.-30.6.20 | 1.1.-30.6.21 | 1.1.-30.6.20 | 1.1.-30.6.21 | 1.1.-30.6.20 | 1.1.-30.6.21 | 1.1.-30.6.20 |
| in EUR '000 | | | | | | | | |
| Premiums written – gross | 2,279,722 | 2,316,169 | 945,552 | 879,534 | 367,455 | 383,232 | 640,720 | 590,520 |
| Net earned premiums – retention | 1,651,395 | 1,712,068 | 694,397 | 656,555 | 285,197 | 300,357 | 480,654 | 453,491 |
| Financial result excl. result from shares in at equity consolidated companies | 299,408 | 304,725 | 39,229 | 35,452 | 21,076 | 20,485 | 16,689 | 22,014 |
| Income from investments | 387,099 | 445,490 | 50,871 | 80,377 | 23,252 | 22,854 | 23,684 | 31,956 |
| Expenses for investments and interest expenses | -87,691 | -140,765 | -11,642 | -44,925 | -2,176 | -2,369 | -6,995 | -9,942 |
| Result from shares in at equity consolidated companies | 329 | -2,819 | 1,300 | 560 | 0 | 0 | 0 | 0 |
| Other income | 14,691 | 10,740 | 14,858 | 13,645 | 1,633 | 2,282 | 5,488 | 4,615 |
| Expenses for claims and insurance benefits – retention | -1,489,369 | -1,556,516 | -441,268 | -406,610 | -199,429 | -224,734 | -339,048 | -323,722 |
| Acquisition and administrative expenses | -357,080 | -335,372 | -196,375 | -159,237 | -66,453 | -58,230 | -113,821 | -100,117 |
| Other expenses | -13,542 | -28,855 | -15,245 | -32,354 | -12,010 | -11,343 | -16,193 | -20,776 |
| Result before taxes | 105,832 | 103,971 | 96,896 | 108,011 | 30,014 | 28,817 | 33,769 | 35,505 |
| Taxes | -29,340 | -16,315 | -24,798 | -23,216 | -7,345 | -7,355 | -7,109 | -7,421 |
| Result of the period | 76,492 | 87,656 | 72,098 | 84,795 | 22,669 | 21,462 | 26,660 | 28,084 |

| | Romania | | Baltic States | | Hungary | | Bulgaria | |
|--|---------------|--------------|---------------|--------------|--------------|--------------|---------------|----------------|
| | 1.1.-30.6.21 | 1.1.-30.6.20 | 1.1.-30.6.21 | 1.1.-30.6.20 | 1.1.-30.6.21 | 1.1.-30.6.20 | 1.1.-30.6.21 | 1.1.-30.6.20 |
| in EUR '000 | | | | | | | | |
| Premiums written – gross | 266,399 | 229,062 | 258,730 | 250,997 | 175,942 | 153,702 | 114,227 | 111,660 |
| Net earned premiums – retention | 206,348 | 173,491 | 199,192 | 190,877 | 125,267 | 109,055 | 80,090 | 76,223 |
| Financial result excl. at equity consolidated companies | 11,174 | 7,966 | 5,734 | 2,816 | 1,520 | 4,293 | 6,939 | 6,546 |
| Income from investments | 13,666 | 11,436 | 7,355 | 5,358 | 2,053 | 5,237 | 15,293 | 14,229 |
| Expenses for investments and interest expenses | -2,492 | -3,470 | -1,621 | -2,542 | -533 | -944 | -8,354 | -7,683 |
| Result from shares in at equity consolidated companies | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other income | 4,784 | 5,860 | 3,231 | 2,163 | 5,367 | 5,944 | 654 | 1,189 |
| Expenses for claims and insurance benefits – retention | -142,454 | -112,403 | -142,925 | -132,582 | -95,578 | -83,582 | -43,654 | -41,555 |
| Acquisition and administrative expenses | -62,433 | -53,839 | -49,086 | -46,391 | -20,334 | -18,732 | -26,534 | -25,528 |
| Other expenses | -7,865 | -11,591 | -6,214 | -8,436 | -11,173 | -12,161 | -3,591 | -65,264 |
| Result before taxes | 9,554 | 9,484 | 9,932 | 8,447 | 5,069 | 4,817 | 13,904 | -48,389 |
| Taxes | -1,746 | -3,812 | -1,286 | -1,036 | -1,310 | -1,333 | -1,200 | -1,598 |
| Result of the period | 7,808 | 5,672 | 8,646 | 7,411 | 3,759 | 3,484 | 12,704 | -49,987 |

| | Turkey/Georgia | | Remaining CEE | | Other Markets | |
|--|----------------|---------------|---------------|----------------|---------------|---------------|
| | 1.1.-30.6.21 | 1.1.-30.6.20 | 1.1.-30.6.21 | 1.1.-30.6.20 | 1.1.-30.6.21 | 1.1.-30.6.20 |
| in EUR '000 | | | | | | |
| Premiums written – gross | 126,215 | 127,365 | 252,854 | 231,335 | 142,928 | 141,957 |
| Net earned premiums – retention | 56,185 | 59,979 | 176,008 | 165,253 | 117,512 | 117,116 |
| Financial result excl. at equity consolidated companies | 5,985 | 4,302 | 16,465 | 27,485 | 10,007 | 8,427 |
| Income from investments | 7,826 | 5,296 | 21,828 | 23,659 | 10,937 | 10,114 |
| Expenses for investments and interest expenses | -1,841 | -994 | -5,363 | 3,826 | -930 | -1,687 |
| Result from shares in at equity consolidated companies | 0 | 0 | 0 | 0 | 0 | 0 |
| Other income | 8,995 | 4,372 | 3,697 | 3,409 | 16,720 | 17,697 |
| Expenses for claims and insurance benefits – retention | -41,812 | -38,788 | -121,972 | -120,122 | -92,866 | -92,949 |
| Acquisition and administrative expenses | -14,759 | -13,777 | -50,856 | -47,984 | -19,155 | -9,029 |
| Other expenses | -8,936 | -19,597 | -8,001 | -52,931 | -15,682 | -25,942 |
| Result before taxes | 5,658 | -3,509 | 15,341 | -24,890 | 16,536 | 15,320 |
| Taxes | -1,331 | -2,582 | -2,776 | -3,270 | -5,215 | -4,136 |
| Result of the period | 4,327 | -6,091 | 12,565 | -28,160 | 11,321 | 11,184 |

| | Central Functions | | Consolidation | | Total | |
|--|-------------------|----------------|---------------|---------------|----------------|----------------|
| | 1.1.-30.6.21 | 1.1.-30.6.20 | 1.1.-30.6.21 | 1.1.-30.6.20 | 1.1.-30.6.21 | 1.1.-30.6.20 |
| in EUR '000 | | | | | | |
| Premiums written – gross | 1,014,822 | 930,581 | -812,631 | -768,750 | 5,772,935 | 5,577,364 |
| Net earned premiums – retention | 750,696 | 715,014 | -313 | 9,143 | 4,822,628 | 4,738,622 |
| Financial result excl. at equity consolidated companies | -81,400 | -53,958 | -1,924 | -1,062 | 350,902 | 389,491 |
| Income from investments | 46,665 | 69,129 | -30,981 | -33,199 | 579,548 | 691,936 |
| Expenses for investments and interest expenses | -128,065 | -123,087 | 29,057 | 32,137 | -228,646 | -302,445 |
| Result from shares in at equity consolidated companies | 1,069 | 756 | 0 | 0 | 2,698 | -1,503 |
| Other income | 1,752 | 28,680 | -1,102 | -956 | 80,768 | 99,640 |
| Expenses for claims and insurance benefits – retention | -488,291 | -458,222 | 5,132 | -8,172 | -3,633,534 | -3,599,957 |
| Acquisition and administrative expenses | -263,925 | -264,596 | 3,712 | -4,107 | -1,237,099 | -1,136,939 |
| Other expenses | -10,491 | -4,557 | -6,017 | 5,617 | -134,960 | -288,190 |
| Result before taxes | -90,590 | -36,883 | -512 | 463 | 251,403 | 201,164 |
| Taxes | 22,741 | 3,536 | 0 | 0 | -60,715 | -68,538 |
| Result of the period | -67,849 | -33,347 | -512 | 463 | 190,688 | 132,626 |

NOTES TO THE CONSOLIDATED BALANCE SHEET

1. INTANGIBLE ASSETS

| Composition | 30.6.2021 | 31.12.2020 |
|--------------------------------|------------------|------------------|
| in EUR '000 | | |
| Goodwill | 1,251,902 | 1,237,316 |
| Purchased insurance portfolios | 17,801 | 19,491 |
| Other intangible assets | 470,285 | 476,270 |
| Purchased software | 388,570 | 401,463 |
| Other | 81,715 | 74,807 |
| Total | 1,739,988 | 1,733,077 |

1.1. Goodwill

| Development | 30.6.2021 | 31.12.2020 |
|---|------------------|------------------|
| in EUR '000 | | |
| Acquisition costs | 1,865,619 | 1,906,993 |
| Cumulative impairment as of 31.12. of previous years | -628,303 | -524,458 |
| Book value as of 31.12. of the previous year | 1,237,316 | 1,382,535 |
| Exchange rate differences | 14,586 | -26,972 |
| Book value as of 1.1. | 1,251,902 | 1,355,563 |
| Additions | 0 | 1,809 |
| Impairments | 0 | -120,056 |
| Book value as of 30.6. respectively 31.12. | 1,251,902 | 1,237,316 |
| Cumulative impairment as of 30.6. respectively 31.12. | 627,359 | 628,303 |
| Acquisition costs | 1,879,261 | 1,865,619 |

The impairments in the previous year predominantly affected the Bulgaria (EUR 59,800,000), Croatia (EUR 45,017,000) and Georgia (EUR 12,518,000) CGU groups.

2. INVESTMENTS

| Composition | 30.6.2021 | 31.12.2020 |
|---|-------------------|-------------------|
| in EUR '000 | | |
| Property | 2,536,830 | 2,507,413 |
| Owner-occupied property | 476,271 | 477,469 |
| Investment property incl. RoU-asset for building-rights | 2,060,559 | 2,029,944 |
| Shares in at equity consolidated companies | 291,184 | 291,561 |
| Financial assets | 31,733,616 | 32,102,212 |
| Loans and other investments | 3,530,677 | 3,417,208 |
| Other financial assets | 28,202,939 | 28,685,004 |
| Total | 34,561,630 | 34,901,186 |

2.1. Other financial assets

| Development | Held to maturity (incl. reclassified) | | Available for sale | | Recognised at fair value through profit and loss* | |
|---|---------------------------------------|------------------|--------------------|-------------------|---|----------------|
| | 30.6.2021 | 31.12.2020 | 30.6.2021 | 31.12.2020 | 30.6.2021 | 31.12.2020 |
| in EUR '000 | | | | | | |
| Acquisition costs | 2,457,839 | 2,766,187 | | | | |
| Cumulative valuation as of 31.12. of the previous years | -1,401 | -2,486 | | | | |
| Book value as of 31.12. of the previous year | 2,456,438 | 2,763,701 | 25,983,431 | 25,148,103 | 245,135 | 332,997 |
| Exchange rate differences | 49,595 | -79,580 | 34,902 | -111,320 | 1,234 | -8,275 |
| Book value as of 1.1. | 2,506,033 | 2,684,121 | 26,018,333 | 25,036,783 | 246,369 | 324,722 |
| Reclassifications | 0 | 0 | 0 | -6 | -8,347 | -51,352 |
| Additions | 52,080 | 153,580 | 1,746,374 | 3,366,777 | 49,337 | 191,772 |
| Disposals/repayments | -45,573 | -425,388 | -1,983,846 | -2,713,913 | -48,211 | -177,909 |
| Change in the scope of consolidation | 0 | 44,125 | -16,103 | -42,324 | 0 | -46,084 |
| Changes in value recognised in profit and loss | 0 | 0 | 0 | 6,689 | 5,090 | 4,009 |
| Changes recognised directly in equity | 0 | 0 | -317,227 | 397,925 | 0 | 0 |
| Impairments | 0 | 0 | -1,370 | -68,500 | 0 | -23 |
| Book value as of 30.6. and 31.12. respectively | 2,512,540 | 2,456,438 | 25,446,161 | 25,983,431 | 244,238 | 245,135 |
| Cumulative valuation as of 30.6. respectively 31.12. | 2,133 | 1,401 | | | | |
| Acquisition costs | 2,514,673 | 2,457,839 | | | | |

*Including held for trading

The values shown for the change in the scope of consolidation for the available for sale category are primarily due to inclusion of the Slovakian company VIG Offices s.r.o. in the scope of consolidation and the downstream merger of VIG Offices 1, s.r.o. into VIG Offices, s.r.o.

3. REINSURERS' SHARE IN UNDERWRITING PROVISIONS

| Composition | 30.6.2021 | 31.12.2020 |
|--|------------------|------------------|
| in EUR '000 | | |
| Provision for unearned premiums | 298,631 | 191,227 |
| Mathematical reserve | 8,811 | 13,447 |
| Provision for outstanding claims | 1,226,022 | 1,172,546 |
| Provision for profit-unrelated premium refunds | 11,931 | 14,366 |
| Other underwriting provisions | 2,618 | 4,906 |
| Total | 1,548,013 | 1,396,492 |

4. RECEIVABLES

| Composition | 30.6.2021 | 31.12.2020 |
|--|------------------|------------------|
| in EUR '000 | | |
| Underwriting | 1,176,305 | 1,015,400 |
| Receivables from direct insurance business | 943,371 | 810,381 |
| from policyholders | 733,201 | 622,939 |
| from insurance intermediaries | 118,949 | 131,571 |
| from insurance companies | 91,221 | 55,871 |
| Receivables from reinsurance business | 232,934 | 205,019 |
| Non-underwriting | 630,581 | 683,759 |
| Other receivables | 630,581 | 683,759 |
| Total | 1,806,886 | 1,699,159 |

5. CONSOLIDATED SHAREHOLDERS' EQUITY

5.1. Other reserves

| Composition | 30.6.2021 | | | | | Total |
|---|-----------------------------|-------------------------|---|---|------------------|----------------|
| | Unrealised gains and losses | Cash flow hedge reserve | Underwriting gains and losses from provisions for employee benefits | Share of other reserves of at equity consolidated companies | Currency reserve | |
| in EUR '000 | | | | | | |
| Gross | 2,755,440 | -15 | -414,482 | 423 | -204,698 | 2,136,668 |
| +/- Exchange rate changes from financial instruments available for sale | 10,640 | | | | | 10,640 |
| +/- Deferred mathematical reserve | -631,791 | | | | | -631,791 |
| +/- Deferred profit participation | -1,098,257 | 0 | 128,761 | | | -969,496 |
| +/- Deferred taxes | -234,676 | 0 | 70,361 | | | -164,315 |
| +/- Non-controlling interests | -12,806 | 0 | 3,497 | 16 | 1,801 | -7,492 |
| Net | 788,550 | -15 | -211,863 | 439 | -202,897 | 374,214 |

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

5.2. Earnings per share (annualised)

| | | 1.1.-30.6.2021 | 1.1.-30.6.2020 |
|--|--------------------|----------------|----------------|
| Result of the period | in EUR '000 | 190,688 | 132,626 |
| Non-controlling interests in net result of the period | in EUR '000 | -4,356 | -6,276 |
| Result of the period less non-controlling interests | in EUR '000 | 186,332 | 126,350 |
| Number of shares at closing date | units | 128,000,000 | 128,000,000 |
| Earnings per share (annualised)* | EUR | 2.91 | 1.97 |

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

6. UNDERWRITING PROVISIONS

| Composition | 30.6.2021 | 31.12.2020 |
|---|-------------------|-------------------|
| in EUR '000 | | |
| Provision for unearned premiums | 2,119,140 | 1,711,489 |
| Mathematical reserve | 21,897,172 | 22,243,792 |
| Guaranteed policy benefits | 20,593,044 | 20,805,425 |
| Allocated and committed profit shares | 672,337 | 687,585 |
| Deferred mathematical reserve | 631,791 | 750,782 |
| Provision for outstanding claims | 6,758,956 | 6,345,913 |
| Provision for premium refunds | 1,782,431 | 1,871,416 |
| Profit-related premium refunds | 314,883 | 317,907 |
| Profit-unrelated premium refunds | 73,098 | 75,966 |
| Deferred profit participation recognised through profit and loss [†] | 424,955 | 400,710 |
| Deferred profit participation recognised directly in equity [†] | 969,495 | 1,076,833 |
| Other underwriting provisions | 56,591 | 57,445 |
| Total | 32,614,290 | 32,230,055 |

[†]The deferred profit participation is solely due to the profit-related premium refund.

7. NON-UNDERWRITING PROVISIONS

| Composition | 30.6.2021 | 31.12.2020 |
|--|----------------|----------------|
| in EUR '000 | | |
| Provisions for pensions and similar obligations | 584,647 | 590,947 |
| Provision for pension obligations | 481,638 | 485,620 |
| Provision for severance obligations | 103,009 | 105,327 |
| Provisions for other employee benefits | 53,171 | 55,072 |
| Other non-underwriting provisions | 206,844 | 230,790 |
| Total | 844,662 | 876,809 |

8. LIABILITIES

| Composition | 30.6.2021 | 31.12.2020 |
|---|------------------|------------------|
| in EUR '000 | | |
| Underwriting | 1,001,332 | 1,083,646 |
| Liabilities from direct business | 784,218 | 890,430 |
| to policyholders | 381,735 | 522,515 |
| to insurance intermediaries | 233,554 | 248,045 |
| to insurance companies | 168,929 | 118,362 |
| arising from financial insurance policies | 0 | 1,508 |
| Liabilities from reinsurance business | 191,165 | 153,668 |
| Deposits from ceded reinsurance business | 25,949 | 39,548 |
| Non-underwriting | 1,734,985 | 1,170,660 |
| Liabilities to financial institutions | 356,125 | 325,267 |
| Other liabilities | 1,378,860 | 845,393 |
| Total | 2,736,317 | 2,254,306 |

| Development | 30.6.2021 | | | |
|--|---|--|-------------------|------------------------------------|
| | Subordinated liabilities (including interest) ¹ | Liabilities to financial institutions | Lease liabilities | Financing liabilities ² |
| in EUR '000 | | | | |
| Liabilities from financing activities | | | | |
| Book value as of 31.12. of the previous year | 1,496,361 | 325,267 | 189,762 | 102,204 |
| Cash changes | -38,250 | 28,076 | -13,429 | 487,304 |
| Cash inflows | 0 | 35,000 | 0 | 488,000 |
| Payments | -3,750 | -4,862 | -13,429 | -18 |
| Interest paid | -34,500 | -2,062 | 0 | -678 |
| Non-cash changes | 32,574 | 2,782 | -1,948 | 2,332 |
| Additions | 31,953 | 2,781 | -3,620 | 1,924 |
| Disposals | 0 | 0 | -16 | 0 |
| Measurement changes | 0 | 0 | 0 | 402 |
| Exchange rate differences | 621 | 1 | 1,688 | 6 |
| Book value as of 30.6. | 1,490,685 | 356,125 | 174,385 | 591,840 |

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

² Contains derivative liabilities from financing liabilities and other financing liabilities

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

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

² Contains derivative liabilities from financing liabilities and other financing liabilities

NOTES TO THE CONSOLIDATED INCOME STATEMENT

9. PREMIUMS WRITTEN

| Premiums written | 1.1.-30.6.2021 | | | | | | |
|--------------------|------------------------------------|---------------------------------------|---------------------------------------|----------------------------------|---------------------------------|------------------|------------------|
| Gross | 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 |
| <i>in EUR '000</i> | | | | | | | |
| Austria | 179,164 | 191,524 | 925,382 | 631,962 | 119,722 | 231,968 | 2,279,722 |
| Czech Republic | 136,865 | 175,540 | 276,177 | 330,813 | 16,234 | 9,923 | 945,552 |
| Slovakia | 54,422 | 78,002 | 61,615 | 98,096 | 73,336 | 1,984 | 367,455 |
| Poland | 97,224 | 157,521 | 231,505 | 83,047 | 64,121 | 7,302 | 640,720 |
| Romania | 95,163 | 44,213 | 61,680 | 24,070 | 32,465 | 8,808 | 266,399 |
| Baltic States | 48,408 | 51,968 | 66,806 | 36,634 | 14,424 | 40,490 | 258,730 |
| Hungary | 12,813 | 25,322 | 42,196 | 44,019 | 44,514 | 7,078 | 175,942 |
| Bulgaria | 34,070 | 17,757 | 30,191 | 16,874 | 5,694 | 9,641 | 114,227 |
| Turkey/Georgia | 23,852 | 15,672 | 67,823 | 0 | 0 | 18,868 | 126,215 |
| Remaining CEE | 27,004 | 52,892 | 72,467 | 37,151 | 45,250 | 18,090 | 252,854 |
| Other Markets | 0 | 0 | 69,438 | 43,441 | 30,049 | 0 | 142,928 |
| Central Functions | 0 | 0 | 984,860 | 16,122 | 0 | 13,840 | 1,014,822 |
| Consolidation | | | | | | | -812,631 |
| Total | 708,985 | 810,411 | 2,890,140 | 1,362,229 | 445,809 | 367,992 | 5,772,935 |

| Premiums written | 1.1.-30.6.2020 | | | | | | |
|--------------------|------------------------------------|---------------------------------------|---------------------------------------|----------------------------------|---------------------------------|------------------|------------------|
| Gross | 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 |
| <i>in EUR '000</i> | | | | | | | |
| Austria | 172,395 | 191,789 | 901,069 | 638,073 | 187,832 | 225,011 | 2,316,169 |
| Czech Republic | 122,469 | 157,596 | 255,320 | 318,632 | 16,840 | 8,677 | 879,534 |
| Slovakia | 53,017 | 77,227 | 65,881 | 85,528 | 93,371 | 8,208 | 383,232 |
| Poland | 95,800 | 145,168 | 210,217 | 84,326 | 48,056 | 6,953 | 590,520 |
| Romania | 84,300 | 42,044 | 57,723 | 24,278 | 14,119 | 6,598 | 229,062 |
| Baltic States | 45,120 | 60,091 | 64,086 | 33,010 | 12,663 | 36,027 | 250,997 |
| Hungary | 10,721 | 23,130 | 40,988 | 42,847 | 30,596 | 5,420 | 153,702 |
| Bulgaria | 31,047 | 15,977 | 33,539 | 17,759 | 3,754 | 9,584 | 111,660 |
| Turkey/Georgia | 20,221 | 18,808 | 67,749 | 0 | 0 | 20,587 | 127,365 |
| Remaining CEE | 25,586 | 49,351 | 65,441 | 37,304 | 38,269 | 15,384 | 231,335 |
| Other Markets | 0 | 0 | 67,698 | 42,161 | 32,098 | 0 | 141,957 |
| Central Functions | 0 | 0 | 904,067 | 12,869 | 0 | 13,645 | 930,581 |
| Consolidation | | | | | | | -768,750 |
| Total | 660,676 | 781,181 | 2,733,778 | 1,336,787 | 477,598 | 356,094 | 5,577,364 |

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

| Composition | 1.1.-30.6.2021 | | | | | | |
|---|----------------|----------------|---------------|---------------|---------------|---------------|--------------|
| | Austria | Czech Republic | Slovakia | Poland | Romania | Baltic States | Hungary |
| in EUR '000 | | | | | | | |
| Current income | 326,414 | 39,323 | 20,776 | 11,756 | 10,862 | 4,882 | 1,816 |
| Income from appreciation | 1,701 | 739 | 945 | 2,603 | 1 | 1,321 | 0 |
| thereof reduction in impairment | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Gains from disposal of investments | 32,654 | 7,643 | 775 | 5,530 | 2,617 | 1,083 | 181 |
| Other income | 26,330 | 3,166 | 756 | 3,795 | 186 | 69 | 56 |
| Total income | 387,099 | 50,871 | 23,252 | 23,684 | 13,666 | 7,355 | 2,053 |
| Depreciation of investment | 24,297 | 2,376 | 1,187 | 771 | 728 | 574 | 36 |
| thereof impairment | 1,370 | 0 | 0 | 0 | 0 | 0 | 0 |
| Exchange rate differences | -133 | 1,753 | -47 | 797 | -698 | -39 | -8 |
| Losses from disposal of investments | 7,227 | 1,786 | 341 | 440 | 1 | 58 | 46 |
| Interest expenses | 27,127 | 1,858 | 34 | 738 | 1,543 | 491 | 166 |
| Personnel provisions | 1,926 | 0 | 0 | 0 | 0 | 0 | 0 |
| Interest expenses for liabilities to financial institutions | 1,058 | 0 | 0 | 0 | 0 | 0 | 0 |
| Interest expenses for financing liabilities | 131 | 0 | 0 | 0 | 0 | 38 | 0 |
| Interest expenses for subordinate liabilities | 17,906 | 534 | 0 | 39 | 54 | 383 | 0 |
| Interest expenses for lease liabilities | 890 | 362 | 25 | 47 | 22 | 43 | 56 |
| Other interest expenses | 5,216 | 962 | 9 | 652 | 1,467 | 27 | 110 |
| Other expenses | 29,173 | 3,869 | 661 | 4,249 | 918 | 537 | 293 |
| Managed Portfolio Fees | 2,225 | 397 | 96 | 1,684 | 354 | 0 | 7 |
| Asset management expenses | 26,755 | 1,377 | 563 | 1,958 | 552 | 470 | 286 |
| Other expenses | 193 | 2,095 | 2 | 607 | 12 | 67 | 0 |
| Total expenses | 87,691 | 11,642 | 2,176 | 6,995 | 2,492 | 1,621 | 533 |

Composition

1.1.-30.6.2021

| | Bulgaria | Turkey/ Georgia | Remaining CEE | Other Markets | Central Functions | Consolidation | Total |
|---|---------------|--------------------|------------------|---------------|----------------------|----------------|----------------|
| in EUR '000 | | | | | | | |
| Current income | 1,985 | 7,826 | 16,868 | 10,390 | 41,868 | -30,981 | 463,785 |
| Income from appreciation | 241 | 0 | 61 | 52 | 5 | 0 | 7,669 |
| thereof reduction in impairment | 0 | 0 | 26 | 52 | 0 | 0 | 78 |
| Gains from disposal of investments | 342 | 0 | 4,688 | 248 | 3,390 | 0 | 59,151 |
| Other income | 12,725 | 0 | 211 | 247 | 1,402 | 0 | 48,943 |
| Total income | 15,293 | 7,826 | 21,828 | 10,937 | 46,665 | -30,981 | 579,548 |
| Depreciation of investment | 1,030 | 32 | 759 | 225 | 6,964 | 0 | 38,979 |
| thereof impairment | 0 | 0 | 17 | 0 | 0 | 0 | 1,387 |
| Exchange rate differences | -95 | -411 | 3,122 | -18 | -7,204 | 53 | -2,928 |
| Losses from disposal of investments | 63 | 0 | 75 | 47 | 3,926 | 0 | 14,010 |
| Interest expenses | 148 | 1,744 | 397 | 111 | 44,017 | -29,110 | 49,264 |
| Personnel provisions | 0 | 0 | 0 | 0 | 260 | 0 | 2,186 |
| Interest expenses for liabilities to financial institutions | 0 | 0 | 0 | 0 | 1,899 | 0 | 2,957 |
| Interest expenses for financing liabilities | 68 | 27 | 0 | 0 | 14,206 | -12,793 | 1,677 |
| Interest expenses for subordinate liabilities | 15 | 0 | 0 | 0 | 24,795 | -11,210 | 32,516 |
| Interest expenses for lease liabilities | 20 | 33 | 209 | 0 | -24 | -171 | 1,512 |
| Other interest expenses | 45 | 1,684 | 188 | 111 | 2,881 | -4,936 | 8,416 |
| Other expenses | 7,208 | 476 | 1,010 | 565 | 80,362 | 0 | 129,321 |
| Managed Portfolio Fees | 77 | 0 | 9 | 0 | 0 | 0 | 4,849 |
| Asset management expenses | 7,076 | 457 | 887 | 532 | 79,243 | 0 | 120,156 |
| Other expenses | 55 | 19 | 114 | 33 | 1,119 | 0 | 4,316 |
| Total expenses | 8,354 | 1,841 | 5,363 | 930 | 128,065 | -29,057 | 228,646 |

Composition

1.1.-30.6.2020

| | Austria | Czech Republic | Slovakia | Poland | Romania | Baltic States | Hungary |
|---|----------------|----------------|---------------|---------------|---------------|---------------|--------------|
| in EUR '000 | | | | | | | |
| Current income | 328,425 | 43,084 | 20,293 | 13,046 | 10,414 | 4,662 | 4,427 |
| Income from appreciation | 23 | 977 | 258 | 3,125 | 75 | 374 | 0 |
| thereof reduction in impairment | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Gains from disposal of investments | 91,931 | 16,790 | 1,656 | 11,887 | 712 | 238 | 633 |
| Other income | 25,111 | 19,526 | 647 | 3,898 | 235 | 84 | 177 |
| Total income | 445,490 | 80,377 | 22,854 | 31,956 | 11,436 | 5,358 | 5,237 |
| Depreciation of investment | 39,493 | 2,486 | 1,120 | 4,352 | 896 | 1,341 | 118 |
| thereof impairment | 15,538 | 0 | 0 | 0 | 0 | 0 | 88 |
| Exchange rate differences | -532 | -4,612 | 9 | -1,789 | -616 | 6 | 188 |
| Losses from disposal of investments | 3,107 | 22,713 | 286 | 1,597 | 204 | 190 | 202 |
| Interest expenses | 27,537 | 3,368 | 64 | 1,972 | 2,201 | 482 | 101 |
| Personnel provisions | 2,000 | 0 | 0 | 0 | 0 | 0 | 0 |
| Interest expenses for liabilities to financial institutions | 1,066 | 0 | 0 | 0 | 0 | 0 | 0 |
| Interest expenses for financing liabilities | 192 | 0 | 0 | 0 | 0 | 1 | 0 |
| Interest expenses for subordinate liabilities | 17,979 | 525 | 0 | 268 | 54 | 383 | 0 |
| Interest expenses for lease liabilities | 689 | 595 | 25 | 108 | 34 | 65 | 38 |
| Other interest expenses | 5,611 | 2,248 | 39 | 1,596 | 2,113 | 33 | 63 |
| Other expenses | 71,160 | 20,970 | 890 | 3,810 | 785 | 523 | 335 |
| Managed Portfolio Fees | 2,304 | 407 | 66 | 1,132 | 329 | 21 | 79 |
| Asset management expenses | 27,345 | 1,218 | 809 | 2,070 | 456 | 367 | 256 |
| Other expenses | 41,511 | 19,345 | 15 | 608 | 0 | 135 | 0 |
| Total expenses | 140,765 | 44,925 | 2,369 | 9,942 | 3,470 | 2,542 | 944 |

Composition

1.1.-30.6.2020

| | Bulgaria | Turkey/ Georgia | Remaining CEE | Other Markets | Central Functions | Consolidation | Total |
|---|---------------|--------------------|------------------|---------------|----------------------|----------------|----------------|
| in EUR '000 | | | | | | | |
| Current income | 1,909 | 5,281 | 18,998 | 9,692 | 49,072 | -33,199 | 476,104 |
| Income from appreciation | 798 | 0 | 7 | 37 | 6,710 | 0 | 12,384 |
| thereof reduction in impairment | 0 | 0 | 5 | 37 | 6,689 | 0 | 6,731 |
| Gains from disposal of investments | 629 | 0 | 4,368 | 88 | 11,793 | 0 | 140,725 |
| Other income | 10,893 | 15 | 286 | 297 | 1,554 | 0 | 62,723 |
| Total income | 14,229 | 5,296 | 23,659 | 10,114 | 69,129 | -33,199 | 691,936 |
| Depreciation of investment | 1,596 | 42 | 1,180 | 873 | 13,574 | 0 | 67,071 |
| thereof impairment | 0 | 0 | 391 | 648 | 6,860 | 0 | 23,525 |
| Exchange rate differences | -22 | -552 | -6,673 | 23 | 26,943 | -316 | 12,057 |
| Losses from disposal of investments | 248 | 0 | 141 | 198 | 3,212 | 0 | 32,098 |
| Interest expenses | 213 | 1,013 | 401 | 144 | 40,729 | -31,821 | 46,404 |
| Personnel provisions | 0 | 0 | 0 | 0 | 261 | 0 | 2,261 |
| Interest expenses for liabilities to financial institutions | 0 | 0 | 0 | 0 | 1,557 | 0 | 2,623 |
| Interest expenses for financing liabilities | 69 | 30 | 0 | 0 | 13,215 | -12,927 | 580 |
| Interest expenses for subordinate liabilities | 80 | 0 | 0 | 0 | 24,881 | -11,519 | 32,651 |
| Interest expenses for lease liabilities | 24 | 51 | 223 | 0 | 85 | -225 | 1,712 |
| Other interest expenses | 40 | 932 | 178 | 144 | 730 | -7,150 | 6,577 |
| Other expenses | 5,648 | 491 | 1,125 | 449 | 38,629 | 0 | 144,815 |
| Managed Portfolio Fees | 124 | 0 | 8 | 0 | 0 | 0 | 4,470 |
| Asset management expenses | 5,507 | 347 | 873 | 415 | 36,936 | 0 | 76,599 |
| Other expenses | 17 | 144 | 244 | 34 | 1,693 | 0 | 63,746 |
| Total expenses | 7,683 | 994 | -3,826 | 1,687 | 123,087 | -32,137 | 302,445 |

11. OTHER INCOME AND EXPENSES

Composition

1.1.-30.6.2021

1.1.-30.6.2020

| | 1.1.-30.6.2021 | 1.1.-30.6.2020 |
|-----------------------|----------------|----------------|
| in EUR '000 | | |
| Other income | 80,768 | 99,640 |
| Underwriting | 57,955 | 53,814 |
| Non-underwriting | 22,813 | 45,826 |
| Other expenses | 134,960 | 288,190 |
| Underwriting | 95,906 | 126,404 |
| Non-underwriting | 39,054 | 161,786 |

The decrease in non-underwriting expenses is due to the goodwill impairment performed in the previous year. For more information see Note 1 "Intangible assets" starting on page 27.

12. EXPENSES FOR CLAIMS AND INSURANCE BENEFITS

| Composition | 1.1.-30.6.2021 | 1.1.-30.6.2020 |
|---|------------------|------------------|
| in EUR '000 | | |
| Expenses for claims and insurance benefits – gross | 3,918,499 | 3,828,643 |
| Payments for claims and insurance benefits | 3,892,148 | 3,911,976 |
| Changes in the provision for outstanding claims | 371,341 | 293,387 |
| Change in mathematical reserve | -423,100 | -462,803 |
| Change in other underwriting provisions | -3,950 | 8,478 |
| Expenses for profit-related and profit-unrelated premium refunds | 82,060 | 77,605 |
| Expenses for claims and insurance benefits – reinsurers' share | -284,965 | -228,686 |
| Payments for claims and insurance benefits | -204,933 | -247,389 |
| Changes in the provision for outstanding claims | -72,053 | 26,433 |
| Change in mathematical reserve | -249 | 2,402 |
| Change in other underwriting provisions | 2,316 | 523 |
| Expenses for profit-unrelated premium refunds | -10,046 | -10,655 |
| Expenses for claims and insurance benefits – retention | 3,633,534 | 3,599,957 |
| Payments for claims and insurance benefits | 3,687,215 | 3,664,587 |
| Changes in the provision for outstanding claims | 299,288 | 319,820 |
| Change in mathematical reserve | -423,349 | -460,401 |
| Change in other underwriting provisions | -1,634 | 9,001 |
| Expenses for profit-related and profit-unrelated premium refunds | 72,014 | 66,950 |

13. ACQUISITION AND ADMINISTRATIVE EXPENSES

| Composition | 1.1.-30.6.2021 | 1.1.-30.6.2020 |
|--------------------------------|------------------|------------------|
| in EUR '000 | | |
| Acquisition expenses | 1,101,961 | 1,003,900 |
| Commission expenses* | 796,245 | 706,161 |
| Pro rata personnel expenses | 186,004 | 180,835 |
| Pro rata material expenses | 119,712 | 116,904 |
| Administrative expenses | 235,358 | 224,346 |
| Pro rata personnel expenses | 114,553 | 112,335 |
| Pro rata material expenses | 120,805 | 112,011 |
| Reinsurance commissions | -100,220 | -91,307 |
| Total | 1,237,099 | 1,136,939 |

*Includes commissions of EUR 746,709,000 (EUR 663,548,000) for direct insurance business.

ADDITIONAL DISCLOSURES

14. FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENT HIERARCHY

Information on the nature and extent of risks arising from financial instruments is provided in the section titled “Financial instruments and risk management” in the Group Annual Report for 2020 starting on page 107.

Fair values and book values of financial instruments and investments

| Fair values and book values of financial instruments and investments | 30.6.2021 | | | | Fair value |
|--|-------------------|-------------------|------------------|------------------|-------------------|
| | Book value | Level 1 | Level 2 | Level 3 | |
| in EUR '000 | | | | | |
| Property¹ | 2,536,830 | 0 | 61,898 | 4,227,910 | 4,289,808 |
| Owner-occupied property | 476,271 | 0 | 26,244 | 780,023 | 806,267 |
| Investment property excl. RoU-asset for building-rights | 2,060,559 | 0 | 35,654 | 3,447,887 | 3,483,541 |
| Shares in at equity consolidated companies | 291,184 | | | | 291,184 |
| Loans | 2,463,715 | 246,084 | 2,410,656 | 69,992 | 2,726,732 |
| Loans | 1,567,434 | 176,553 | 1,423,143 | 56,820 | 1,656,516 |
| Reclassified loans | 121,076 | 44,397 | 100,403 | 0 | 144,800 |
| Bonds classified as loans | 775,205 | 25,134 | 887,110 | 13,172 | 925,416 |
| Other financial assets | 28,202,939 | 23,402,775 | 4,334,866 | 753,877 | 28,491,518 |
| Financial assets held to maturity | 2,211,332 | 1,864,523 | 565,763 | 9,090 | 2,439,376 |
| Financial assets reclassified as held to maturity | 301,208 | 344,887 | 16,856 | 0 | 361,743 |
| Financial assets available for sale | 25,446,161 | 21,069,486 | 3,700,613 | 676,062 | 25,446,161 |
| Financial assets recognised at fair value through profit and loss ² | 244,238 | 123,879 | 51,634 | 68,725 | 244,238 |
| Other investments | 1,066,962 | | | | 1,066,962 |
| Financial investments for unit-linked and index-linked life insurance | 8,367,439 | 8,367,439 | | | 8,367,439 |
| Subordinated liabilities | 1,460,779 | 0 | 1,619,626 | 21,432 | 1,641,058 |
| Liabilities to financial institutions | 356,125 | | | | 356,125 |
| Financing liabilities³ | 591,417 | | | | 591,417 |

¹ The market values are derived from internal and external expert reports.

² Including held for trading

³ Not including lease liabilities and derivative liabilities

Fair values and book values of financial instruments and investments

31.12.2020

| | Book value | Level 1 | Level 2 | Level 3 | Fair value |
|--|------------|------------|-----------|-----------|------------|
| in EUR '000 | | | | | |
| Property ¹ | 2,507,413 | 0 | 63,132 | 4,127,729 | 4,190,861 |
| Owner-occupied property | 477,469 | 0 | 27,210 | 769,443 | 796,653 |
| Investment property excl. RoU-asset for building-rights | 2,029,944 | 0 | 35,922 | 3,358,286 | 3,394,208 |
| Shares in at equity consolidated companies | 291,561 | | | | |
| Loans | 2,566,884 | 162,320 | 2,615,357 | 102,552 | 2,880,229 |
| Loans | 1,647,782 | 76,214 | 1,610,950 | 85,860 | 1,773,024 |
| Reclassified loans | 136,308 | 59,988 | 97,855 | 5,000 | 162,843 |
| Bonds classified as loans | 782,794 | 26,118 | 906,552 | 11,692 | 944,362 |
| Other financial assets | 28,685,004 | 23,919,022 | 4,424,592 | 734,347 | 29,077,961 |
| Financial assets held to maturity | 2,163,435 | 1,924,912 | 544,108 | 10,825 | 2,479,845 |
| Financial assets reclassified as held to maturity | 293,003 | 352,601 | 16,949 | 0 | 369,550 |
| Financial assets available for sale | 25,983,431 | 21,517,902 | 3,806,396 | 659,133 | 25,983,431 |
| Financial assets recognised at fair value through profit and loss ² | 245,135 | 123,607 | 57,139 | 64,389 | 245,135 |
| Other investments | 850,324 | | | | 850,324 |
| Financial investments for unit-linked and index-linked life insurance | 7,968,039 | 7,968,039 | | | 7,968,039 |
| Subordinated liabilities | 1,463,909 | | 1,615,767 | 21,036 | 1,636,803 |
| Liabilities to financial institutions | 325,267 | | | | 325,267 |
| Financing liabilities ³ | 102,189 | | | | 102,189 |

¹ The market values are derived from internal and external expert reports.

² Including held for trading

³ Not including lease liabilities and derivative liabilities

The measurement process and reclassification of financial instruments

For information on the measurement process and reclassification of financial instruments, please see Note 22 "Financial instruments and fair value measurement hierarchy" in the Group Annual Report for 2020 starting on page 169.

Measurement hierarchy – Financial instruments recognised at fair value

| Measurement hierarchy | 30.6.2021 | | | 31.12.2020 | | |
|---|------------|-----------|---------|------------|-----------|---------|
| | Level 1 | Level 2 | Level 3 | Level 1 | Level 2 | Level 3 |
| in EUR '000 | | | | | | |
| Financial instruments recognised at fair value | | | | | | |
| Financial assets | | | | | | |
| Financial assets available for sale | 21,069,486 | 3,700,613 | 676,062 | 21,517,902 | 3,806,396 | 659,133 |
| Bonds | 18,250,629 | 3,589,727 | 265,109 | 18,893,447 | 3,709,909 | 292,349 |
| Shares and other participations | 424,721 | 3,867 | 318,569 | 372,249 | 3,636 | 296,400 |
| Investment funds | 2,394,136 | 107,019 | 92,384 | 2,252,206 | 92,851 | 70,384 |
| Financial investments for unit-linked and index-linked life insurance | 8,367,439 | | | 7,968,039 | | |

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 the income statement was EUR 903,000 during the reporting year (EUR -1,537,000).

Unobservable input factors

| Asset class | Measurement methods | Unobservable input factors | Range |
|-------------|----------------------|-------------------------------------|---------------------------------|
| Property | Market value | Capitalisation rate | 0.88%–7.50% |
| | | Rental income | 3.000 EUR–3.765,000 EUR |
| | | Land prices | 0 EUR–8.000 EUR |
| | Discounted Cash flow | Capitalisation rate | 3.55%–8.11% |
| | | Rental income | EUR 96.000–EUR 6.275,000 |
| | | Building rights | Capitalisation rate |
| | Building rights | Rental income | EUR 76.000–EUR 1.652,000 |
| | | Land prices | EUR 250.000–EUR 500,000 |
| | | Construction interest actually paid | 0.2%–5.7% |
| | | Financial assets available for sale | Hull-White present value method |

Sensitivities

With respect to the value of shares measured using a Level 3 method (multiples approach), the VIG Insurance Group assumes that alternative inputs and alternative methods do not lead to significant changes in value.

The spread assumption is the critical factor for the changes in value of Level 3 measured bonds in the “Financial instruments available for sale” category and the sensitivity to this factor is of particular interest as a result. The most important bonds measured using a Level 3 method in the “Financial instruments available for sale” category are held by the Austrian, Czech and Polish companies and show the following sensitivities:

| Financial assets available for sale - bonds | Fair value |
|---|------------|
| in EUR '000 | |
| Fair value at 30.6.2021 | 265,108 |
| Spread +50bp | -3,899 |
| Effect on the income statement | 0 |
| Effect on the statement of comprehensive income | -3,899 |

The following sensitivities result from calculations using the Solvency II partial internal model:

| Property | Fair value |
|---------------------------|------------|
| in EUR '000 | |
| Fair value at 30.6.2021 | 3,872,741 |
| Rental income -5% | 3,733,179 |
| Rental income +5% | 4,018,903 |
| Capitalisation rate -50bp | 4,117,617 |
| Capitalisation rate +50bp | 3,669,890 |
| Land prices -5% | 3,839,928 |
| Land prices +5% | 3,913,079 |

Since property is measured at cost in the Group balance sheet, negative sensitivities would only affect the income statement if property value fell below book value. There was no effect on other comprehensive income.

Reconciliation of financial assets and liabilities

Please refer to Note 10 “Financial result excl. result from shares in at equity consolidated companies” starting on page 34 for information on the effects of changes in value recognised in profit and loss.

| Development | 30.6.2021 | | | 31.12.2020 | | |
|--|------------|-----------|---------|------------|-----------|---------|
| | Level 1 | Level 2 | Level 3 | Level 1 | Level 2 | Level 3 |
| Financial assets available for sale | | | | | | |
| in EUR '000 | | | | | | |
| Fair value at 31.12. of the previous year | 21,517,902 | 3,806,396 | 659,133 | 21,011,483 | 3,476,413 | 660,207 |
| Exchange rate differences | 29,136 | 5,357 | 409 | -102,154 | -5,287 | -3,879 |
| Fair value at 1.1. | 21,547,038 | 3,811,753 | 659,542 | 20,909,329 | 3,471,126 | 656,328 |
| Reclassification between securities categories | 0 | 0 | 0 | 0 | 0 | -6 |
| Reclassification to Level | 9,332 | 39,920 | 29,715 | 36,688 | 135,265 | 44,850 |
| Reclassification from Level | -55,017 | -12,257 | -11,693 | -130,840 | -56,090 | -29,873 |
| Additions | 1,331,589 | 339,950 | 74,835 | 2,751,042 | 518,759 | 96,976 |
| Disposals | -1,487,652 | -441,222 | -54,972 | -2,327,967 | -320,465 | -65,481 |
| Change in the scope of consolidation | 0 | 0 | -16,103 | 0 | 0 | -42,324 |
| Changes in value recognised in profit and loss | 0 | 0 | 0 | 6,689 | 0 | 0 |
| Changes recognised directly in equity | -275,798 | -37,387 | -4,042 | 332,084 | 58,483 | 7,358 |
| Impairments | -6 | -144 | -1,220 | -59,123 | -682 | -8,695 |
| Fair value at 30.6. respectively 31.12. | 21,069,486 | 3,700,613 | 676,062 | 21,517,902 | 3,806,396 | 659,133 |

Development of financial liabilities assigned to Level 3

| | Subordinated liabilities | |
|--|--------------------------|------------|
| | 30.6.2021 | 31.12.2020 |
| in EUR '000 | | |
| Fair value at 31.12. of the previous year | 21,036 | 21,317 |
| Exchange rate differences | 619 | -674 |
| Fair value at 1.1. | 21,655 | 20,643 |
| Reclassification to Level 3 | 0 | 0 |
| Reclassification from Level 3 | 0 | 0 |
| Changes in value recognised in profit and loss | -223 | 393 |
| Changes recognised directly in equity | 0 | 0 |
| Fair value at 30.6. respectively 31.12. | 21,432 | 21,036 |

15. NUMBER OF EMPLOYEES

| Employee statistics | 30.6.2021 | 31.12.2020 |
|---------------------|-----------|------------|
| Number | | |
| Field staff | 13,172 | 13,450 |
| Office staff | 12,344 | 12,230 |
| Total | 25,516 | 25,680 |

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

16. RELATED PARTY TRANSACTIONS

Related parties

Related parties are the affiliated companies, joint ventures and associated companies listed in Note 26 “Affiliated companies and participations” starting on page 178 in the Group Annual Report for 2020. 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.

Information on the compensation plan for Managing Board members is provided in Note 23 “Number of employees and personal expenses” starting on page 175 of the Group Annual Report for 2020.

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 Wiener Städtische Versicherungsverein

Wiener Städtische Versicherungsverein is VIG Holding’s principal shareholder. It has the legal form of a mutual insurance association that has spun off its insurance operations under the Austrian Insurance Supervision Act (VAG) and consequently has no insurance business operations. Due to the outsourcing to Wiener Städtische Versicherung AG that took place at that time, its only responsibilities are those as a majority shareholder of VIG Holding, so that intercompany charges within VIG Insurance Group are of minor importance. They are based on service agreements between VIG Insurance Group and Wiener Städtische Versicherungsverein for intercompany charges for internal audit services, finance and accounting, provision of staff and office leases based on the arm’s length principle.

Wiener Städtische Versicherungsverein also holds VIG Holding hybrid bonds and subordinated liabilities with a nominal value of EUR 440 million.

Transactions with related companies

Transactions with non-consolidated affiliated and associated companies mainly relate to financing and charges for services.

| Open items with related companies | 30.6.2021 | 31.12.2020 |
|--|------------------|-------------------|
| in EUR '000 | | |
| Loans | 214,318 | 163,279 |
| Associated companies | 154,989 | 101,375 |
| Subsidiaries not included in the consolidated financial statements | 59,329 | 61,904 |
| Receivables | 183,029 | 227,592 |
| Parent company | 143,827 | 208,982 |
| Associated companies | 28,392 | 5,012 |
| Subsidiaries not included in the consolidated financial statements | 10,810 | 13,598 |
| Liabilities | 232,641 | 272,252 |
| Parent company | 211,068 | 255,508 |
| Associated companies | 8,761 | 1,989 |
| Subsidiaries not included in the consolidated financial statements | 12,812 | 14,755 |
| | | |
| Transactions with related companies | 30.6.2021 | 31.12.2020 |
| in EUR '000 | | |
| Loans | 8,462 | 19,447 |
| Associated companies | 2,917 | 11,131 |
| Subsidiaries not included in the consolidated financial statements | 5,545 | 8,316 |
| Receivables | 49,524 | 71,281 |
| Parent company | 11,303 | 45,414 |
| Associated companies | 29,294 | 9,307 |
| Subsidiaries not included in the consolidated financial statements | 8,927 | 16,560 |
| Liabilities | 145,798 | 225,298 |
| Parent company | 46,162 | 55,127 |
| Associated companies | 31,829 | 47,254 |
| Subsidiaries not included in the consolidated financial statements | 67,807 | 122,917 |

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

Transactions with related parties

The amounts for related person open items, transactions and income statement items are insignificant.

17. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

Heavy rain leading to flooding in Western and Central Europe

The storms that occurred in Europe in the middle of July affected a number of countries where the VIG Insurance Group operates, including Austria, Croatia, the Czech Republic, Germany, Hungary, Romania and Slovakia. The rainfall was highly localised in some cases and led to a very rapid rise in water levels and associated flooding. Although by the editorial deadline it is impossible to give a reliable indication of the losses the VIG Insurance Group will have to cover, they run into the millions.

ADDITIONAL DISCLOSURES IN ACCORDANCE WITH THE AUSTRIAN INSURANCE SUPERVISION ACT (VAG)

GROSS PREMIUMS WRITTEN PER BALANCE SHEET UNIT (INCL. CONSOLIDATION EFFECTS)

| Property and casualty insurance | 1.1.-30.6.2021 | 1.1.-30.6.2020 |
|--|------------------|------------------|
| in EUR '000 | | |
| Direct business | 3,442,506 | 3,290,847 |
| Casualty insurance | 213,154 | 217,150 |
| Health insurance | 56,244 | 53,939 |
| Motor own damage insurance (Casco) | 708,985 | 660,676 |
| Rail vehicle own-damage | 1,925 | 1,712 |
| Aircraft own-damage insurance | 3,842 | 3,040 |
| Sea, lake and river shipping own-damage insurance | 7,966 | 7,852 |
| Transport insurance | 35,966 | 34,207 |
| Fire and natural hazards insurance | 701,086 | 678,885 |
| Other property | 357,826 | 332,141 |
| Third party liability insurance for self-propelled land vehicles | 810,411 | 781,781 |
| Carrier insurance | 14,609 | 13,913 |
| Aircraft liability insurance | 4,256 | 3,105 |
| Sea, lake and river shipping liability insurance | 2,576 | 1,887 |
| General liability insurance | 339,585 | 316,418 |
| Credit insurance | 4,027 | 2,440 |
| Guarantee insurance | 21,710 | 24,244 |
| Insurance for miscellaneous financial losses | 83,808 | 78,729 |
| Legal expenses insurance | 33,846 | 33,357 |
| Assistance insurance, travel health insurance | 40,684 | 45,971 |
| Indirect business | 232,246 | 189,555 |
| Marine, aviation and transport insurance | 10,195 | 8,560 |
| Other insurance | 208,084 | 167,265 |
| Health insurance | 13,967 | 13,730 |
| Total | 3,674,752 | 3,480,402 |

| Life insurance | 1.1.-30.6.2021 | 1.1.-30.6.2020 |
|---|------------------|------------------|
| in EUR '000 | | |
| Regular premium - direct business | 1,342,152 | 1,320,166 |
| Single-premium - direct business | 443,377 | 475,946 |
| Direct business | 1,785,529 | 1,796,112 |
| thereof policies with profit participation | 730,152 | 742,583 |
| thereof policies without profit participation | 275,987 | 233,804 |
| thereof unit-linked life insurance portfolio | 778,237 | 817,657 |
| thereof index-linked life insurance portfolio | 1,153 | 2,068 |
| Indirect business | 14,998 | 12,847 |
| Total | 1,800,527 | 1,808,959 |

| Health insurance | 1.1.-30.6.2021 | 1.1.-30.6.2020 |
|------------------|----------------|----------------|
| in EUR '000 | | |
| Direct business | 297,656 | 288,003 |
| Total | 297,656 | 288,003 |

KEY FIGURES PER BALANCE SHEET UNIT

| | 1.1.-30.6.2021 | | | | 1.1.-30.6.2020 | | | |
|----------------|-----------------------|-------|--------|-------|-----------------------|-------|--------|-------|
| | Property/ Casualty | Life | Health | Total | Property/ Casualty | Life | Health | Total |
| in % | | | | | | | | |
| Cost ratio | 32.22 | 19.00 | 15.75 | 26.44 | 31.68 | 17.73 | 15.41 | 25.52 |
| Claims ratio | 62.97 | | | | 63.82 | | | |
| Combined Ratio | 95.19 | | | | 95.50 | | | |

Declaration by the Managing Board

We declare to the best of our knowledge that the consolidated interim 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, the interim management report gives a true and fair view of the net assets, financial position and results of operations of the Group with regard to the most important events during the first six months of the financial year and their impact on the consolidated interim financial statements, of the principal risks and uncertainties for the remaining six months of the financial year and material related party transactions to be disclosed. The interim report was not fully audited or reviewed by an auditor.

Vienna, 13 August 2021

The Managing Board:



Elisabeth Stadler
General Manager (CEO),
Chairwoman 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



Hartwig Löger
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, General Secretariat and Legal, Affiliated companies department, European Affairs, Communications & Marketing, Sponsoring, Bancassurance and international partnerships, Human Resources; Country responsibilities: Germany |
| Liane Hirner: | Finance and Accounting, Enterprise Risk Management, Asset-Risk Management, Digitalisation Finances and Risk; Country responsibilities: Liechtenstein |
| Peter Höfinger: | Corporate and large customer business, Vienna International Underwriters (VIU), Reinsurance; Country responsibilities: Albania, Bosnia-Herzegovina, Bulgaria, Kosovo, Croatia, Moldova, Montenegro, North Macedonia, Romania, Serbia |
| Gerhard Lahner: | Data Management & Processes, Group IT-Functions, Holding IT, Asset Management, Real Estate, Treasury, Asset Liability Management, Country responsibility: Georgia |
| Gábor Lehel: | Digital Transformation, Eco-systems & Platforms; Country responsibility: Belarus |
| Hartwig Löger: | Strategy and Development, Planning and Controlling; Country responsibilities: Austria, Slovakia, Czech Republic, Hungary |
| Harald Riener: | Customer Experience, Assistance; Country responsibilities: Estonia, Latvia, Lithuania, Poland, Ukraine |
| Peter Thirring: | Non-Life Insurance, Life & Health Insurance, Actuarial Department; Country responsibility: Turkey |

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

General information

NOTICE

This 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 interim 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 condensed half-year financial 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.

It should be understood that the text always refers to women and men equally without discrimination.

The condensed half-year financial report can be downloaded as a PDF file in German or English from our website at: www.vig.com/downloads.

Editorial deadline: 13 August 2021

In case of doubt, the German version is authoritative.

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ADDRESS

VIENNA INSURANCE GROUP AG
Wiener Versicherung Gruppe
Investor Relations
Nina Higatzberger-Schwarz
Schottenring 30
1010 Vienna
Tel.: +43 (0) 50 390-21920
Fax: +43 (0) 50 390 99-21920
Email: investor.relations@vig.com

MEDIA PUBLISHER AND OWNER

VIENNA INSURANCE GROUP AG
Wiener Versicherung Gruppe
Schottenring 30, 1010 Vienna
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