

2020

ANNUAL
REPORT

VIG **Re**

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Letter of Chairman of the Supervisory Board

Dear ladies and gentlemen, dear shareholders,

The year 2020 has been a year like no other, as we all have been affected by the challenges that the Covid-19 pandemic has caused. I am very proud of how VIG Re had responded to this challenge, swiftly adapting and ensuring an undisturbed business continuity and safe working conditions for employees.

Within 12 years of its existence, VIG Re has been continuously building its franchise as a respected reinsurance partner. Today more than 520 insurance companies in 39 countries trust in a partnership with VIG Re. Over the past three years, the share of Third Party business in business assumed increased. In 2020, a year of unprecedented change and uncertainty, VIG Re has proved its resilience closing the financial year 2020, as all the years before with a very solid underwriting result.

As part of new VIG management programme until 2025, the Company will in the year to come make another step in prudently expanding its market reach. The Nordics countries, Eastern Mediterranean, the Maghreb countries and Taiwan are added to its underwriting territories.

On behalf of the Supervisory Board, I would like to express my gratitude to all clients of VIG Re for their continued support and to all VIG Re employees for their great efforts and dedication during those exceptional times.

Sincerely,

Peter Thirring
Chairman of the Supervisory Board
VIG RE zajišťovna, a.s



Letter of Chairman of the Board of Directors

Dear business partners and friends,

The pandemic has profoundly changed our way of life and work. Working from home on a remote basis and spending hours per day in video conferences has become the new normal. While Covid is definitely a large accelerator for the much-needed digitalization of the industry, reinsurance has been - and will in my view remain - people's business. Maintaining personal relationship is paramount for a better understanding of what matters in your business and how together we can find better solutions. Data and models are helpful and become more and more sophisticated, but the pandemic has also demonstrated its limits, when new risks emerge and put the resilience of our industry to test.

For VIG Re, the safety and well-being of our clients and employees security has been priority, while at the same time assuring the business continuity of our services to our clients. I am happy to report that we managed to minimize the impact of the pandemic by imposing strict hygienic measures and asking our employees to work from home since March 2020. We were lucky that we had already introduced home office as an option for our employees in 2017 and all employees were equipped with mobile devices, allowing for a smooth transition. Hence, we were able to provide our clients with the usual reliability, high responsiveness and efficient delivery of our services, they are used to get from VIG Re.

After a turbulent first half year financial market stabilized. Also VIG Re was less affected by Covid related insurance claims than most of its peers, as it is not underwriting most effected lines of business such as event cancellation or credit & surety rating. Also, with the exception of business interruption claims in the German speaking countries, very few claims have been reported from the other markets VIG Re is active on. The year 2020 hence closed at a very solid positive financial

result and the second highest underwriting profit in the history of the Company.

When leaving 2020 we will have to stay vigilant in view of the still significant uncertainty what the future will bring to us. Not only may we face a longer and more profound economic recession as a result of a prolonged pandemic, also financial markets continue to be volatile and low investment returns in the absence of interest bonds call for prudent underwriting and investment policies.

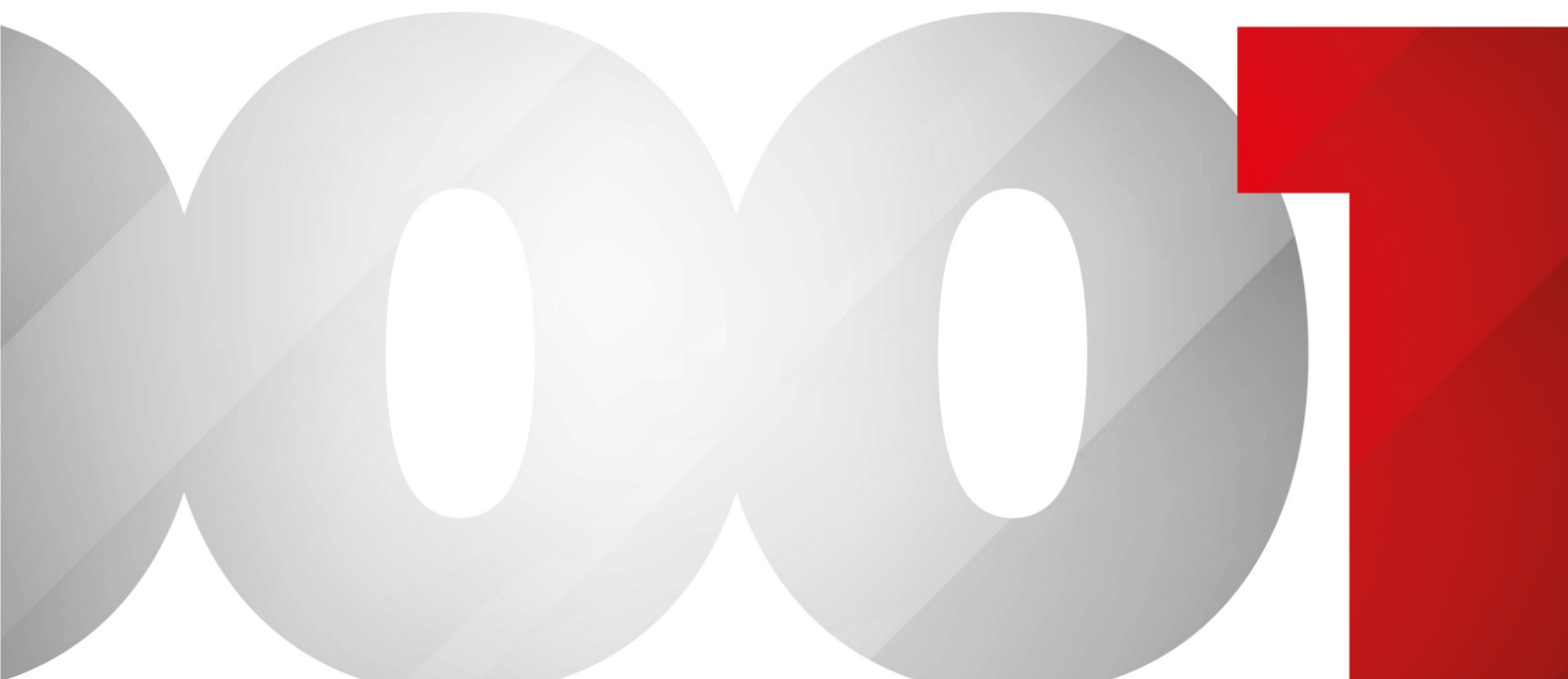
In 2021 we will continue the journey we started in 2016 by gradually extending our underwriting territories and leveraging our competitive advantages on a lean and nimble operating model, closeness on our markets and clients and the partnership with our business partners which is built on the long term commitment of trust and stability.

Sincerely,

A handwritten signature in blue ink, appearing to read 'J. Hartmann', with a stylized initial 'J'.

Johannes Martin Hartmann
Chairman of the Board of Directors
VIG RE zajišťovna, a.s

V I G R e



VIG Re – a Member of Vienna Insurance Group

Over 25,000 employees work for Vienna Insurance Group (hereinafter VIG), at around 50 companies in 30 countries. VIG is developing insurance solutions in line with personal and local needs, which made the Group a leader of the insurance industry in Austria and Central and Eastern Europe (CEE).

Expertise and Stability

Vienna Insurance Group is an international insurance group headquartered in Vienna, Austria. After the fall of the Iron Curtain in 1989, the Group expanded rapidly from a purely Austrian business into an international group. VIG is synonymous with stability and expertise in providing financial protection against risks. Experience coupled with a focus on core competence of providing insurance coverage, forms a solid and secure basis for the Group's 22 million-plus customers.

Focus on Central and Eastern Europe

Besides Austria, the VIG places a clear emphasis on Central and Eastern Europe as its home market, and more than half of the VIG's premium income is generated in CEE. The Group's key operations are also focused on this region, reflecting the forecasts for economic growth in CEE, which is predicted to be twice as high as in Western Europe. Current level of insurance density within the CEE is still well below the EU average and allows for organic growth of the Group's business.

Local Market Presence


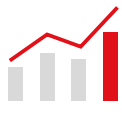









For VIG, protecting customers financially against risk is a responsibility. The Group pursues a multi-brand strategy based on development of established local brands together with their local management. Ultimately, the Group's success and closeness to its customers is down to the strengths of each individual brand and local know-how.

Strong Finances and Credit Rating

Vienna Insurance Group has an A+ rating with stable outlook from Standard & Poor's rating agency, meaning that it remains the top-rated company on the Vienna Stock Exchange's index of leading shares, the ATX.

The Vienna Insurance Group is listed in both Vienna and Prague. Wiener Städtische Versicherungsverein – a stable core shareholder with a long-term focus – owns around 70% of VIG's shares. The remaining shares are in free float.

VIG Re in Facts and Figures

 <p>12 Years of existence*</p>	 <p>Gross written premium € 578.9 mn</p>	 <p>Profit before taxes € 22.6 mn</p>	 <p>Member of VIG</p>
<p>A+ with stable outlook</p> <p><small>S&P financial strength rating last confirmed on 4 November 2020.</small></p>	 <p>Combined ratio 96.9%</p>	 <p>Return on equity 9.3%</p>	 <p>Solvency ratio 196.7%</p>
 <p>522 clients</p>	 <p>Headquarters Prague</p> <p>Branch Office Paris</p> <p>Branch Office Frankfurt a.M.</p> <p>Subsidiary Wiener Re Belgrade</p>		
 <p>39 countries</p>			
 <p>101 Employees</p>			
<p>Branch Germany</p> <p>Established in 2017 in Frankfurt am Main</p> <hr/> <p>Serving to 75 clients</p> <hr/> <p>Underwriting Territories: Germany, Austria, Switzerland</p> <hr/> <p>Business Scope: Third Party Non-Life Treaty</p>	<p>Branch France</p> <p>Established in 2018 in Paris</p> <hr/> <p>Serving to 46 clients</p> <hr/> <p>Underwriting Territories: France, Belgium, Netherlands, Luxembourg</p> <hr/> <p>Business Scope: Third Party Non-Life Treaty</p>	<p>Wiener Re</p> <p>Established in 2008</p> <hr/> <p>Serving to 18 insurance and reinsurance clients in Serbia, Bosnia and Herzegovina, Macedonia and Montenegro</p> <hr/> <p>100% owned VIG Re subsidiary</p>	

Key Figures as at 31.12.2020

*formed in 2008 as a reinsurance company of Vienna Insurance Group.

Governance Bodies

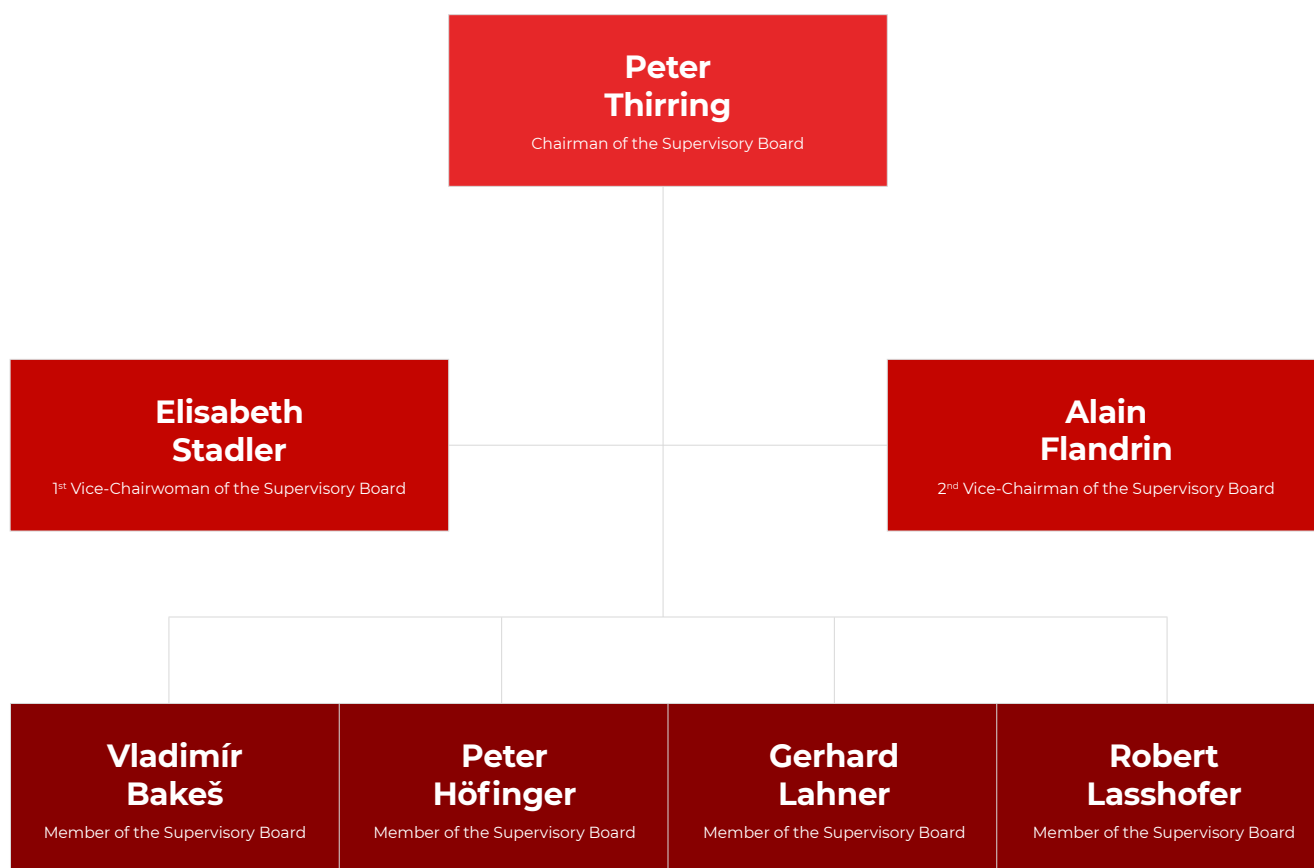
Board of Directors



<p>Tomasz Rowicki Member of the Board of Directors</p>	<p>Johannes Martin Hartmann Chairman of the Board of Directors</p>	<p>Ivana Jurčíková Member of the Board of Directors</p>	
<p>Main Responsibilities*:</p> <ul style="list-style-type: none"> Assumed Reinsurance from VIG Group companies Assumed Reinsurance from Central & Eastern Europe Internal Audit 	<p>Main Responsibilities*:</p> <ul style="list-style-type: none"> Representation of VIG Re towards Financial Supervisory Authority, Public Authorities and Professional Associations Representation of VIG Re towards Supervisory Board Public Relations & Communication Human Resources Assumed P&C Reinsurance DACH, Western & Southern Europe, Asia Assumed L&H Reinsurance Actuarial Services and Retrocession Corporate Underwriting Business Administration 	<p>Main Responsibilities*:</p> <ul style="list-style-type: none"> Finance, Investments Reinsurance Accounting and Claims Controlling, Planning and Reporting Business Processes and IT Solutions Legal & Compliance Outsourcing Board Office 	
<p>Joint Responsibilities*:</p> <ul style="list-style-type: none"> Strategy Actuarial Matters Enterprise Risk Management Compliance 			

* Mr. Tomasz Rowicki resigned from his office of Board of Directors member with the effect as of 31 December 2020.

Supervisory Board



Audit Committee



Organisational Chart as of 31 December 2020

Governance	Supervisory Board Thiring, Stadler, Flandrin, Bakeš, Höfing, Lahner, Lasshofer							Audit Committee	
	Board of Directors Hartmann, Jurčíková, Rowicki								
	Internal Audit Jurčíková								
	Compliance Nulíčková							Underwriting Committee Risk and Compl. Comm. Techn. Reserv. Comm.	
	Actuarial Function Marcinek								
	Risk Management Alexiou								
	Corporate Underwriting Dietrich								
Markets	Life & Health Galan	VIG CEE Mirnik	International Mirnik	Branch Germany Christoph	Branch France Chevrel	Southern Europe Chevrel	Facultative Chevrel		
	Actuarial Services and Retrocession Hrevuš							Techn. Reserv. Comm.	
	Reinsurance Accounting and Claims Korytina								
	Business Administration Dietrich								
	Middle Office	Business Processes and IT Solutions Maryška							Outsourced Functions Asset Management Middle Office Asset Risk Management Economic Services Human Resources Legal Services Information Technology Procurement
		Controlling, Planning, Reporting Štěpán							
		Corporate Governance and Legal Jurčíková							
Human Resources Hartmann									
Marketing and Communications Hartmann									
Board Office Jurčíková									
Support Functions									

Risk Strategy and Risk Management

Our risk management framework, as an integral and fundamental element of the system of governance, ensures a comprehensive and adequate risk steering. Aligned with business strategy, the risk strategy defines the risk appetite and risk mitigating techniques including goals, principles, limitations that ensure an efficient risk management while maintaining the Company's solvency. The review of our risk strategy is embedded in our annual business planning cycle.

We accept only risks we can recognize, measure, monitor, manage and control the related risks appropriately with our own means. The Company identifies underwriting risk in Non-Life, Health and Life reinsurance business, Market risk stemming mainly from investments, Credit risk resulting from business relations and other general risks such as Operational, Reputational and Strategic risk. Reinsurance being the core activity of the Company, underwriting risk constitutes the most important risk class for VIG Re, and within this class Non-life underwriting risk is the most significant risk contributor.

Retrocession

VIG Re follows a prudent approach in buying retrocession to protect its balance sheet against underwriting risks and especially the possible accumulation of risks. The Company hedges against major loss events, both natural catastrophe and man-made, based on an assumed 1 in 250 years return period (i.e. value of risk quantile of 99.6%).

VIG Re's Retrocession Policy complies with the applicable regulatory framework and VIG reinsurance policy, specifically the Solvency II framework as set out in the directive 2009/138/EC (Level 1 Solvency II Directive) and the following specifications thereof (Level 2 Delegated Acts on Solvency II) and the complimenting technical standards, guidelines and recommendations (Level 3 Measures and Guidance), issued by the European Insurance and Occupational Pensions Authority (EIOPA) as implemented in the Czech Insurance Act No. 277/2009 Coll.

The sufficiency and suitability of the Company's retrocession programme is regularly reviewed also through the Solvency II partial internal model.

The retrocessionaires are carefully chosen following strictly VIG Group security guidelines and avoiding concentrating risk in respect of individual counterparties.

Corporate Social Responsibility

We consider the key responsibility of reinsurance industry to strengthen the resilience of society, efficient mitigation of risks through prevention and financial compensation, and application of solidarity principle. This approach determines our key priorities in the field of Corporate Social Responsibility and our long-term, forward-looking focus. As a Company, we are an integral part of the communities we are involved with.

Code of Business

The VIG Re's corporate values are determining our business ethics and relationships with our employees, business partners and other stakeholders. We act ethically and with integrity.

Our actions are based on a sustainable approach towards the communities and society. While pursuing an objective of profitable business operation, we systematically strive for ongoing improvement of the economic, social and environmental conditions of all our stakeholders.

Our Business Partners

We are committed to building long-term relationships with partners who share our vision and values. Mutually shared trust is the key to the highest level of our services' quality. We always conduct our business with our clients in a transparent, fair, ethical, professional, and timely manner, and condone any deceptive or misleading practices.

Compliance with Laws and Standards of Behaviour

We ensure that all our activities comply with applicable laws, norms of ethical and moral behaviour as well as self-imposed internal requirements. We refrain from getting involved in any illegal activities. We do not tolerate any breaches of human rights. While implementing the highest standards of control and monitoring of the compliance within the Company, we are establishing a corporate social responsibility environment that goes beyond the codified compliance requirements.

Commitment Towards VIG Re Employees

Our people are our key asset, and their health and well-being are our key concerns. The employee

benefits implemented in VIG Re emphasize the importance of work-life balance and time compensation for business peak periods.

- home office as standard benefit;
- time compensation in case of overtime;
- personal and team coaching;
- teambuilding and corporate events;
- yoga classes;
- entrance fee reimbursement of bike to work initiative.

In 2020, being confronted with the compulsory lockdowns and confinement of our employees to home office, we were striving to mitigate the negative impact of COVID-19 related consequences. For the sake of **health safety and protection**, an extended voluntary home office scheme has been introduced during the spring 2020 lockdown. During the second lockdown of autumn 2020, the Company has imposed a compulsory home-office scheme, with restricted office shifts. The Company compensated employees for the costs related to working in home office mode. Thanks to this scheme, we achieved that 80% of our employees have been working at their respective home offices at all times during the lockdown period. None of the employees has been reportedly contracting the disease in the Company premises.

In the same time, we focused on **keeping the VIG Re community connected** during the strict social distance period. Social isolation and lack of connection within the teams is a major risk for the mental well-being of colleagues. Therefore, VIG Re implemented trainings on how to manage dislocated teams for all line managers.

In addition, an internal campaign “Let’s be socially distant but connected” has been introduced in October 2020, and covered four events during the last quarter of 2020:

- individual photo contest on life on home office;
- St Martin’s online dinner;
- virtual St Nicolas’ event;
- and distribution of Christmas gifts to employees.

The initiative and its concept of following the traditional seasonal habits and celebrations that link the communities within the Central European region were highly valued by the employees.

Commitment Towards Core Business and Our Clients

Relating to our customers and development of core business, we are committed to the VIG Re principles of long-term partnership and consistent behaviour.

Commitment Towards Society

We comply with the Group principles of sustainable finance and we invest responsibly.

We are supporting local businesses with proven sustainability record - locally sourced produces, using responsible packaging, with proven track and transparent business, for our events organisation.

In 2020, for organizing our socially distant internal events, we decided to support the small local businesses of the most challenged hospitality sectors.

Commitment Towards Environment

As a corporate citizen, we consistently minimize our harmful impact on the environment.

We measure, control and minimize the Company's consumption of energies, reduce the business air travel and carefully measure and compensate for our Company's carbon footprint.

We fully take into the consideration the negative effects of the climate change and reflect it in our business practices. The Company continues in its commitment to reduce carbon dioxide emission and to exit the coal mining and coal power plant industry, both in respect of investment as well as in respect of providing reinsurance covers for single risks.

We feel responsible for the impact of our employees, too. We motivate and financially support their preferential use of public transport for commuting to work. The Company consistently prefers public transport or vehicle sharing transport in case of business trips and to Company internal teambuilding events.

On site, we have environmentally-conscious waste management and recycling practice in place. We prefer the paperless office practice, with documents being shared, presented and published online. We avoid the use of single use plastic packaging materials whenever possible and ask our suppliers to comply with the same practice. No single use plastic containers and plates are used for our external as well as internal events: only certified sustainable forest paper and bamboo produced and sustainable plates and boxes.

In 2020, due to the spring lockdown, we were not able to organize and participate in the traditional VIG Re Socially Active Day. We continued to

support the local initiative of "Cleaning Sazava River" financially, with our contribution being used for cleaning of its riverbanks in the Central Bohemia region.

Diversity

In line with the values of Vienna Insurance Group, VIG Re believes in the importance of diversity when it comes to age, gender, ethnic backgrounds or religions.

The diversity of the employees plays a prominent role in VIG Re. We understand diversity as a source of bringing the international talents together and allowing them to work on their professional and career potential in a long-term perspective.

Our organizational environment allows people with different backgrounds, mindset and way of thinking to come up with better solutions, as they have different problem-solving approach and offer unique perspectives to challenges and opportunities. Diversity enables VIG Re employees to perform on their highest potential and helps the Company to achieve its business objectives. The diverse teams' policy, implemented and developed since our establishment in 2008, makes the VIG Re business more sustainable and competitive in a long-term, and has made VIG Re an attractive business partner for our clients.

In 2020, the VIG Re employees were of more than 15 nationalities across four continents. Disposing such a rich cross-cultural team allows us to explore together a deep knowledge of local markets and multiply our business insight. Our teams can though serve better and, on all markets with our active presence, effectively respond to the needs of our clients and other stakeholders.

Systematic creation of opportunities to work in international teams and possibilities to grow

professionally within the VIG Re units has helped us to develop our position of an attractive employer. People and their recognized potential and talents are the most valuable assets we dispose.

Our key topics in 2020 in terms of diversity were:

- Inclusion of parents in the work.
 - We systematically encourage people to use actively the proposed flexible package of part-time work, flexible working hours and home office, to allow them to balance their career and family needs accordingly.
 - 20.6 % of VIG Re employees are working part-time.

- Employer of the first choice.
 - We support the entry and integration of young people into the labor market, in the form of part-time employment of students and the possibility of full-time employment after their graduation.

For our current diversity concept, VIG Re has been awarded VIG Diversity Award for the Vienna Insurance Group's member companies.

Research, Science and Development

VIG Re activities in the area of research and development focus on the initiatives connected to insurance industry, digitalization and on organizations supporting the education and development of re/insurance talents.

VIG Re has invested into an insurance industry initiative B3i, which aims to gain efficiencies and enhanced security by using independent blockchain platform. This investment is a further step in the execution of the VIG Re ambition being in the forefront of the industry as the blockchain technology has significant cost reduction potential, enhances the operating model and will have a substantial impact on the value proposition of the industry.

Further VIG Re collaborates with and supports several universities and organizations. The Company is a long-term partner of the Technical University in Cologne, Germany, which regularly organizes reinsurance symposium where VIG Re participates. In the Czech Republic the Company is partnering with the Czech Actuarial Society and Charles University that we support not only financially but also by giving lectures to students.

Financial Results

(Individual Statements)

Income Statement in EUR '000	2020	2019
Premiums written	578 898	527 477
Property & Casualty	524 286	478 096
Life	26 257	23 499
Health	28 355	25 882
Combined ratio*	96.9%	96.0%
Result from investments	8 456	14 642
Profit before tax	22 560	26 242
Profit for the period	16 770	20 803

Balance Sheet in EUR '000	2020	2019
Investments	578 728	549 105
Total assets	1 048 361	962 676
Shareholders' equity	180 831	178 936
Claims provisions	675 288	602 157

* Combined ratio is calculated for P&C and Health business segments

The Company does not own its own shares neither its ownership interests.

Market Overview and Outlook

Macroeconomic environment

As consequence of the lockdown measures taken by the governments to cope with the Covid-19 pandemics in 2020, most economies are facing an economic downturn. While for the European Union Eurostat forecasts the GDP in 2020 to fall by 6.8%, Central and Eastern European countries of the EU report a more resilient development, with GDP reduction by an average of 4.2%. A more severe economic recession and a sharp increase of unemployment rates has been so far prevented by distinct fiscal measures and monetary policies. However, lower tax revenues and significantly elevated level of public sector spending will lead to consequential budget deficits and - in combination with the continued low interest environment - to an increased risk of inflation. In addition to this, financial markets and local currencies show a high level of volatility, driven by the current uncertainty about a future duration and severity of the pandemics.

For the economic development in 2021, it will be crucial if the countries in the CEE region succeed in containing the pandemics, allowing to ease the imposed containment restrictions. Any further extension of the containment restrictions will put a swift economic recovery at risk.

For the past couple of years, the global reinsurance industry has been challenged by a growing frequency of natural catastrophe claims. At the same time an additional capital in the form of alternative risk transfer was flowing into

the market and leading to a gradually softening of market conditions. The pandemic related claims coming on top of this situation caused an underwriting loss for the reinsurance industry in 2020.

Bearing in mind the uncertainty of the further duration of the pandemics, a prolonged recession, pending claims litigations and so-called "Long Covid" effects, the ultimate pandemic-related losses will only reveal over the next years. Hence it cannot be excluded that both the liability and assets of (re-)insurance companies will be affected in the future, by unwinding these claims. On the other hand, the reinsurance market conditions firmed during the course of 2020, with a distinct hardening of terms and conditions in many markets.

VIG Re

Compared to the performance of the global reinsurance industry, VIG Re has shown again a high level of resilience in 2020, as the business underwritten by the Company refers to a large degree on regions and lines of business with less exposure to natural catastrophes, a prudent retrocession program and a conservative investment policy. As for Covid-related losses, the insurance industry in CEE reported only minor pandemic related insurance losses. VIG Re could also benefit during renewals 2021 from the firming of market conditions which is expected to allow for improved risk returns and a further enhanced portfolio diversification.

The “VIG Re Strategy 2025” has been approved in the autumn 2020 and sets the strategic direction for the Company for the years 2021 to 2025. It is building up on the four strategic pillars of the Strategy 2020: care of collaboration and synergies within VIG, consolidation of the leading position of VIG Re within CEE, growth of revenues in the markets served by the branch offices and a prudent market entry in new markets. As of 2021, the Company will enter new underwriting territories, such as the Nordics, the Maghreb countries, Greece, Cyprus and Taiwan.

Furthermore, the Life & Health business segment is expected to develop dynamically, given the newly established role of VIG Re in bundling the outgoing life reinsurance of all VIG life insurance companies. The Company will also explore opportunities for profitable growth in single risk business.

Finally, the further refinement of the resilience and efficiency of its protection program and its capital management policy will be our strategic focus area in 2021.

In 2021, the Company will furthermore continue to enhance the efficiency of its internal processes and client interfaces through advanced digitalisation of our core systems. Despite the current situation and socially distant model of operation, we will explore alternative ways of fostering our client relations and delivering solutions.

Our continuous commitment to the principles of a comprehensive enterprise risk management, strict underwriting discipline, a conservative investment and protection policy will be paramount to ensure the resilience of our business, even more times of uncertainty and fast changing risk landscape.

Taking these parameters and a normalized loss burden from large natural and man-made catastrophes' losses into account, VIG Re expects

a premium volume at the level of EUR 570 million and a profit before taxes to be in the range of EUR 25 to 28 million for the year 2021. The combined ratio is expected to improve slightly to the level of around 95%.

A U D I T O R ' S
R E P O R T





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This document is an English translation of the Czech auditor's report.
Only the Czech version of the report is legally binding.

Independent Auditor's Report to the Shareholders of VIG RE zajišťovna, a.s.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of VIG RE zajišťovna, a.s. ("the Company"), prepared in accordance with International Financial Reporting Standards as adopted by the European Union, which comprise the statement of financial position as at 31 December 2020, and the statement of comprehensive income, the statement of changes in equity and the cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory notes. Information about the Company is set out in Note A.1 to the financial statements.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with the Act on Auditors, Regulation (EU) No. 537/2014 of the European Parliament and of the Council, and Auditing Standards of the Chamber of Auditors of the Czech Republic, consisting of International Standards on Auditing (ISAs), which may be supplemented and amended by relevant application guidelines. Our responsibilities under those regulations are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Act on Auditors and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Measurement of provisions for outstanding claims (life and non-life insurance)

As at 31 December 2020, provision for outstanding claims: TEUR 590,369 (including provision for insurance claims incurred but not yet reported (IBNR) of TEUR 188,528 and provision for claims incurred and reported, but not yet settled (RBNS) of TEUR 401,841).

Refer to additional information disclosed in Note B.11 and F.14 of the Company's financial statements.

Key audit matter	How the audit matter was addressed
<p>In measuring the provisions for outstanding claims, particular complexity is associated with the assessment of the amount of the expected ultimate cost of claims incurred but not yet reported ('IBNR'). A range of methods may be used, and in many cases standard actuarial methods need adjustments specific to the circumstances and such adjustments also require the application of significant judgment.</p> <p>When determining the IBNR provision, the Company uses actuarial and statistical methods, with management's judgment required regarding the selection of the methods, allocation of underlying data into homogeneous groups and treatment of historical data, as well as the assumptions relating to the prudence margin and the expected amount and frequency of future insurance claims.</p> <p>Key inputs in determining the IBNR provision represent data on claims incurred in prior periods, in particular their amount and frequency. Relatively minor changes in management's assumptions can have a significant effect on the recognized amount of the IBNR provision.</p> <p>Due to the above factors, we considered measurement of the provisions for outstanding claims to be our key audit matter.</p>	<p>Our procedures in the area, performed, where applicable, with the assistance of our own actuarial specialists, included the following, among other things:</p> <p>We tested the design and implementation of selected controls over measurement of the provisions for outstanding claims, including those over determination of actuarial assumptions.</p> <ul style="list-style-type: none"> – We tested the relevance and reliability of data used in making the IBNR estimate, which included, among other things, testing the allocation of the underlying claims data into homogeneous groups and assessment of the appropriateness of the Company's treatment of outliers within historical data; – In respect of the IBNR provision, with specific consideration of the expected effects of the COVID-19 pandemic, we: <ul style="list-style-type: none"> • critically assessed the method and model applied in measuring the amount of the provision against the relevant requirements of the financial reporting standards and market practice; • assessed the key assumptions applied, such as the characteristics of the insurance portfolio and expected amount



	<p>and frequency of future insurance claims, by reference to the Company's experience studies;</p> <ul style="list-style-type: none"> • tested the appropriateness of the prudency margin applied by reference to industry data, and we also assessed its consistency with that used in the prior year. <p>— We analysed significant year-to-year variations in the amount of the provisions and made relevant inquiries of the Company's actuarial experts. We also carried out own independent recalculations of the IBNR provision;</p> <p>— We evaluated the reasonableness of outstanding claim provisions by performing the comparison of the actual experience to previously expected results;</p> <p>In addition, we assessed the Company's disclosures regarding provisions for outstanding claims against the requirements of the relevant financial reporting standards.</p>
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Other Information

In accordance with Section 2(b) of the Act on Auditors, other information is defined as information included in the annual report other than the financial statements and our auditor's report. The statutory body is responsible for the other information.

Our opinion on the financial statements does not cover the other information. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. In addition, we assess whether the other information has been prepared, in all material respects, in accordance with applicable laws and regulations, in particular, whether the other information complies with laws and regulations in terms of formal requirements and the procedure for preparing the other information in the context of materiality, i.e. whether any non-compliance with those requirements could influence judgments made on the basis of the other information.

Based on the procedures performed, to the extent we are able to assess it, we report that:

- the other information describing matters that are also presented in the financial statements is, in all material respects, consistent with the financial statements; and
- the other information has been prepared in accordance with applicable laws and regulations.



In addition, our responsibility is to report, based on the knowledge and understanding of the Company obtained in the audit, on whether the other information contains any material misstatement. Based on the procedures we have performed on the other information obtained, we have not identified any material misstatement.

Responsibilities of the Statutory Body, Supervisory Board and Audit Committee for the Financial Statements

The statutory body is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as the statutory body determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the statutory body is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the statutory body either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Supervisory Board, in collaboration with the Audit Committee, is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the above regulations will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the above regulations, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the statutory body.
- Conclude on the appropriateness of the statutory body's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material



uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In compliance with Article 10(2) of Regulation (EU) No. 537/2014 of the European Parliament and of the Council, we provide the following information in our independent auditor's report, which is required in addition to the requirements of International Standards on Auditing:



Appointment of Auditor and Period of Engagement

We were appointed as the auditors of the Company by the General Meeting of Shareholders on 27 April 2018 and our uninterrupted engagement has lasted for 13 years.

Consistency with Additional Report to Audit Committee

We confirm that our audit opinion on the financial statements expressed herein is consistent with the additional report to the Audit Committee of the Company, which we issued on 7 April 2021 in accordance with Article 11 of Regulation (EU) No. 537/2014 of the European Parliament and of the Council.

Provision of Non-audit Services

We declare that no prohibited services referred to in Article 5 of Regulation (EU) No. 537/2014 of the European Parliament and of the Council were provided.

Except for the statutory audit, we did not provide the Company and its controlled undertakings with any other services that have not been disclosed in notes to the financial statements or annual report.

Engagement partner is the statutory auditor

Ondřej Fikrle is the statutory auditor responsible for the audit of the financial statements of VIG RE zajišťovna, a.s. as at 31 December 2020, based on which this independent auditor's report has been prepared.

Prague
7 April 2021

KPMG Česká republika Audit

KPMG Česká republika Audit, s.r.o.
Registration number 71

Ondřej Fikrle
Partner
Registration number 2525

SEPARATE
FINANCIAL
STATEMENTS

31 December 2020



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STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2020

Assets in EUR '000		2020	2019
Intangible assets	F.1	1 793	1 247
Property, plant and equipment	F.2	2 952	3 613
Investment in subsidiaries	F.3	6 758	6 758
Financial investments	F.4	578 728	542 347
Financial assets held to maturity		44 850	79 130
Financial assets available for sale		425 370	357 080
Loans – Term deposits		7 161	6 200
Deposits due from cedents		101 347	99 937
Receivables	F.5	122 231	121 805
Ceded share of reinsurance liabilities	F.6	278 425	242 586
Deferred tax assets	F.7	1 996	0
Other assets	F.8	391	409
Deferred acquisition costs	F.9	10 270	12 761
Cash and cash equivalents	F.10	44 817	31 150
Total ASSETS		1 048 361	962 676
<hr/>			
Equity and Liabilities		2020	2019
Shareholders' equity	F.11		
Share capital		126 850	126 850
Other components of equity		10 913	8 105
Retained earnings		43 068	43 981
Total equity		180 831	178 936
Subordinated liabilities	F.12	35 708	35 708
Reinsurance liabilities		697 982	625 571
Unearned premiums	F.13	22 693	23 414
Outstanding claims	F.14	590 369	513 827
Life reinsurance provision	F.15	84 920	88 330
Payables	F.16	131 521	116 848
Deferred tax liabilities	F.7	0	863
Current tax liabilities		- 411	2 110
Other liabilities	F.17	2 730	2 640
Total liabilities		867 530	783 740
Total equity and liabilities		1 048 361	962 676

INCOME STATEMENT FOR THE YEAR ENDING 31 DECEMBER 2020

Income Statement <small>in EUR '000</small>	Notes	2020	2019
Premiums	F.18		
Premiums written – Gross		578 898	527 477
Premiums written – Ceded		-214 591	-214 473
Premiums written – Retention		364 307	313 004
Change due to provision for unearned premiums – Gross		2 362	5 593
Change due to provision for unearned premiums – Ceded		-1 337	-2 205
Net earned premiums		363 282	309 616
Investment and interest income		14 622	17 257
Investment and interest expenses		-6 166	-2 615
Total investment result	F.19	8 456	14 642
Other income	F.20	3 152	958
Claims and insurance benefits	F.21		
Expenses for claims and insurance benefits – Gross		-275 542	-252 567
Expenses for claims and insurance benefits – Ceded		89 108	94 184
Claims and insurance benefits – retention		-186 434	-158 383
Change in claims and other reinsurance liabilities – Gross		-99 552	-78 738
Change in claims and other reinsurance liabilities – Ceded		50 754	23 513
Total expenses for claims and insurance benefits		-235 232	-213 608
Acquisition expenses			
Commission expenses	F.22	-135 365	-113 245
Other acquisition expenses		-6 185	-5 578
Change in deferred acquisition expenses	F.22, F.23	-2 398	3 036
Commission income from retrocessionaires	F.23	34 230	37 345
Total acquisition expenses		-109 718	-78 442
Other operating expenses	F.24	-5 663	-5 441
Finance cost	F.25	-1 466	-1 478
Other expenses	F.26	-251	-5
Profit before tax		22 560	26 242
Tax expense	F.27	-5 790	-5 439
Profit for the period		16 770	20 803
Attributable to owners of the Company		16 770	20 803

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDING 31 DECEMBER 2020

Statement of Comprehensive Income <small>in EUR '000</small>	2020			2019		
	Gross	Tax *	Net	Gross	Tax *	Net
Profit for the period	22 560	-5 790	16 770	26 242	-5 439	20 803
Other comprehensive income						
Gains (losses) recognized in equity – Available for sale financial assets	3 467	-659	2 808	8 564	-1 627	6 937
Other comprehensive income for the year	3 467	-659	2 808	8 564	-1 627	6 937
Comprehensive income for the period	26 027	-6 449	19 578	34 806	-7 066	27 740

* Consists of both current tax and deferred tax directly recognized in the statement of comprehensive income.

SHAREHOLDERS' EQUITY AS OF 31 DECEMBER 2020

in EUR '000	Share capital	Share premium	Available for sale reserve	Retained earnings	Shareholders' equity
As of 1 January 2020	126 850	49	8 056	43 981	178 936
Total comprehensive income for the period			2 808	16 770	19 578
Dividends				-17 683*	-17 683
As of 31 December 2019	126 850	49	10 864	43 068	180 831

in EUR '000	Share capital	Share premium	Available for sale reserve	Retained earnings	Shareholders' equity
As of 1 January 2019	126 850	49	1 119	40 868	168 886
Total comprehensive income for the period			6 937	20 803	27 740
Dividends				-17 690*	-17 690
As of 31 December 2019	126 850	49	8 056	43 981	178 936

* dividend per share was EUR 561 (in 2019: EUR 562)

CASH FLOW STATEMENT FOR THE YEAR ENDING 31 DECEMBER 2020

Cash Flow Statement in EUR '000	2020	2019
Profit before tax	22 560	26 242
Adjustments to profit before tax		
- net interest and other investment income	- 6 120	-9 268
- exchange differences	-248	1 000
- depreciation	1 396	1 990
- change in deferred acquisition costs	2 491	-3 036
- dividends	-1 118	-1 124
Cash flows from operating activities		
Change in reinsurance liabilities	72 411	77 066
Change in ceded share of reinsurance liabilities	-35 839	-7 700
Change in receivables	-426	-38 004
Change in deposits due from cedents	1 762	-102
Change in payables	15 070	26 704
Change in other assets and liabilities	108	419
Interest on lease liability paid	-66	-78
Income tax paid	-11 790	-3 511
Net cash flow from operating activities	60 192	70 598
Cash flows from investing activities		
Interest received	6 326	6 029
Dividends received	1 078	1 080
Payment for acquisition of intangible assets and property, plant and equipment	-1 281	-3 794
Cash proceeds from the sale of intangible assets and property, plant and equipment	0	0
Payment for acquisition of available for sale financial assets	-134 335	-158 859
Payment for acquisition of Loans – Term deposits	-961	850
Cash proceeds from the sale of available for sale financial assets	68 627	110 844
Cash proceeds from the maturity/sale of held to maturity financial assets	33 500	8 998
Net cash flow from investing activities	- 27 046	-34 852
Cash flows from financing activities		
Interest paid	-1 400	-1 400
Payment of principal of lease liabilities	- 396	-382
Cash proceeds from other financing activities (subordinated liabilities)	0	0
Dividend payment	-17 683	-17 690
Net cash flow from financing activities	-19 479	-19 472
Net change in cash and cash equivalents	13 667	16 274
Reconciliation of cash and cash equivalents		
Cash and cash equivalents at beginning of period	31 150	14 876
Foreign currency translation differences on cash balances	0	0
Net change in cash and cash equivalents	13 667	16 274
Cash and cash equivalents at end of period	44 817	31 150

SEGMENT REPORTING

The Company determines and presents operating segments based on the information that is internally provided to the Board of Directors, the Company's chief decision-making body. An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. An operating segment's operating results are reviewed regularly by the Board of Directors to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. Segment results that are reported to the Board of Directors include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly other income, other expenses and income tax expenses.

The Company has three reportable segments, as described below, which are the Company's strategic business units and are managed separately. For each of the strategic business units, the Board of Directors reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Company's reportable segments:

- Property/Casualty: car, property and liability, catastrophe and personal accident reinsurance;
- Life;
- Health.

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies.

The disclosures under segment reporting should be read in conjunction with additional disclosures under F.18.

SEGMENT REPORTING

INCOME STATEMENT BY LINES OF BUSINESS

Income Statement in EUR '000	Property/Casualty		Health		Life		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
Premiums written – Gross	524 286	478 096	28 355	25 882	26 257	23 499	578 898	527 477
Premiums written – Ceded	-204 479	-207 033	-1 828	-1 046	-8 284	-6 394	-214 591	-214 473
Change due to provision for premiums – Net	-1 199	-3 575	13	-107	161	294	-1 025	-3 388
1. Net earned premiums	318 608	267 488	26 540	24 729	18 134	17 399	363 282	309 616
Interest revenue	11 436	14 010	224	161	2 962	3 087	14 622	17 257
Other income and expense from investments	-6 056	-1 999	-54	-39	-56	-577	-6 166	-2 615
2. Investment result	5 380	12 011	170	121	2 906	2 510	8 456	14 642
Expenses for claims and insurance benefits and change in claims and other reinsurance liabilities– Gross	-350 930	-307 779	-9 379	-9 878	-14 785	-13 648	-375 094	-331 305
Expenses for claims and insurance benefits and change in claims and other reinsurance liabilities – Ceded	134 651	114 952	1 057	399	4 154	2 346	139 862	117 697
3. Claims and insurance benefits	-216 279	-192 827	-8 322	-9 479	-10 631	-11 302	-235 232	-213 608
Commission expenses including change in deferred acquisition expenses	-117 753	-94 984	-11 097	-6 475	-8 185	-8 165	-137 035	-109 624
Other acquisition expenses	-5 185	-4 718	-270	-270	-730	-590	-6 185	-5 578
Commission income from retrocessionaires including change in deferred acquisition revenues	29 735	33 419	39	40	3 728	3 301	33 502	36 760
4. Acquisition expenses	-93 203	-66 283	-11 328	-6 705	-5 187	-5 454	-109 718	-78 442
Operating profit measured on the segment basis	14 506	20 389	7 060	8 666	5 222	3 153	26 788	32 208
5. Other operating expenses	-5 094	-4 943	-270	-270	-299	-228	-5 663	-5 441
Operating profit	9 412	15 446	6 790	8 396	4 923	2 925	21 125	26 767
6. Other income							3 152	958
7. Other expenses							-251	-5
8. Finance cost							-1 466	-1 478
Profit before tax							22 560	26 242
Income tax							-5 790	-5 439
Profit after tax							16 770	20 803

Investment result was allocated among individual segments based on the balance of reinsurance liabilities as of 31 December 2020 and 2019.

NOTES TO THE FINANCIAL STATEMENTS

A. GENERAL INFORMATION

A.1. Description of the Company

VIG RE zajišťovna, a.s. ('Company' or 'VIG Re') is the first licensed reinsurance company established in the Czech Republic and is part of Vienna Insurance Group ('VIG'). VIG Re was incorporated on 18 August 2008 (ID 28445589) and has its registered office at Templová 747/5, Prague 1, postcode 110 01. VIG Re received the license to carry out reinsurance business and related activities on 8 August 2008 and has conducted the reinsurance business in property/casualty, life and health since

2009. In 2017, Company established a branch in Frankfurt a. M., Germany. In line with its strategy to strengthen investment in Western European markets, Company opened a new branch office in Paris, France, starting operation on 26 November 2018. Economic data of the branch are, in accordance with the legislation of the Czech Republic, an integral part of the financial statements of the Company.

Shareholders as of 31 December 2020:

VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe	55%
DONAU Versicherung AG Vienna Insurance Group	10%
Kooperativa pojišťovna, a.s., Vienna Insurance Group	10%
KOOPERATIVA poisťovňa, a.s. Vienna Insurance Group	10%
WIENER STÄDTISCHE Versicherung AG Vienna Insurance Group	15%

The members of the Board of Directors were as of 31 December 2020 as follows:

Chairman:	Johannes Martin Hartmann
Member:	Ivana Jurčíková
Member:	Tomasz Rowicki

Two members of the Board of Directors must always act together in the name of the Company.

The members of the Supervisory Board as of 31 December 2020 were as follows:

Chairman:	Peter Thirring
1 st Vice-Chairwoman:	Elisabeth Stadler
2 nd Vice-Chairman:	Alain Flandrin
Member:	Vladimír Bakeš
Member:	Peter Höfinger
Member:	Gerhard Lahner
Member:	Robert Lasshofer

A.2. Statement of Compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations as adopted by the European Union (EU) in accordance with the IAS Regulation (EC 1606/2002). The management has reviewed those standards

and interpretations adopted by the EU as at the date of preparation of the financial statements that were not effective at that date. An assessment of the expected impact of these standards and interpretations on the Company is shown in note C..

A.3. Basis of Preparation

Based on the current legislation (563/Sb.1991, § 19a/7), the Company keeps accounts and prepares these separate financial statements in accordance with IFRS (as adopted by the EU – refer to A.2.).

The financial statements are presented in the functional currency of the Company, euros (EUR), rounded to the nearest thousand (TEUR or EUR '000).

The financial statements have been prepared on a historical cost basis, except for financial instruments classified as available for sale. Financial assets and liabilities and non-financial assets and liabilities that are carried at historic cost are stated at amortized cost or historic cost, as appropriate, net of any relevant impairment.

The preparation of the financial statements in accordance with IFRS as adopted by the EU requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historic experience and various other factors that are believed to be appropriate under the circumstances, the results of which form the basis of the judgements about

the carrying values of assets and liabilities that cannot readily be determined from other sources. The actual values may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in both the period of the revision and future periods if the revision affects both the current and future periods.

Judgements made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next period are reinsurance liabilities, impairment of various assets, income taxes, and are discussed further in the Notes.

In view of the development of the pandemic of COVID- 19 and government measures taken to combat the spread of the disease, we are not aware of any major impact threatening the further functioning of the Company in 2021. The Company performed own assessment of the risk associated with the pandemic and regularly monitors the development as well as reports to the to the Czech National Bank.

B. SIGNIFICANT ACCOUNTING POLICIES

B.1. Intangible Assets

Purchased intangible assets are recognized in the balance sheet at acquisition cost less accumulated amortization and impairment losses. All intangible assets have a definite useful life. Amortization of an intangible asset is therefore

performed over its period of use. The useful lives of significant intangible assets are between 4 and 10 years. Intangible assets are amortized using the straight-line method.

B.2. Property, Plant and Equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future

economic benefits embodied within the part will flow to the Company and its costs can be measured reliably. The cost of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

Depreciation of property and equipment to residual values is recognized in profit and loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment.

The estimated useful lives for the current and comparative periods are as follows:

Item	Useful Lives of Assets
Vehicles	5
Other tangible assets and equipment	4 – 6

The depreciation methods, useful lives and residual values, if not insignificant, are reassessed annually. Gains and losses on disposal of an item of property, plant and equipment are determined by

comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within “Other income” or “Other expense” in profit or loss.

B.3. Investment in Subsidiaries

Investment in subsidiaries are recognized at acquisition cost less impairment.

B.4. Financial Investments

Financial investments include financial assets held to maturity, available for sale, loans and deposits due from cedents.

Financial investments are recognized on the balance sheet when the Company becomes a party to the contractual provisions of the instrument. Upon their initial recognition, the corresponding investments are recognized at acquisition cost, which equals fair value plus any directly attributable transaction costs at the time of acquisition. For regular purchases and sales of financial assets, the Company's policy is to recognize them using settlement date accounting. Any change in the fair value of an asset to be received during the period between the trade date and the settlement date is accounted for in the same way as if the Company used trade date accounting.

For subsequent measurement of financial investments two valuation methods are used – amortized cost and fair value.

The fair value of financial instruments is based on their quoted market price on an active market at the balance sheet date without any deduction for transaction costs. If a quoted market price is not available or if the market for an investment is not active, the fair value of the instrument is estimated using the discounted cash flow method.

Where discounted cash flow methods are used, estimated future cash flows are based on management estimates and the discount rate is derived from market rates at the balance sheet date for instruments with similar terms and conditions.

Financial Assets Held to Maturity

Held to maturity assets are financial assets with fixed or determinable payments and fixed maturity,

where the Company has the positive intent and ability to hold to maturity.

Financial assets held to maturity are valued at amortized cost using the effective interest method less any impairment losses. The amortization of premiums and discounts is recorded as interest income or expense.

Available for Sale Financial Assets

These financial investments are non-derivative financial assets that are designated as available for sale and are not classified as loans and deposits due from cedents and held to maturity financial investments. Subsequent to initial recognition, they are measured at fair value. Changes therein, other than impairment losses and foreign currency differences on available for sale monetary items, are recognized directly in other comprehensive income. When an investment is derecognized, the cumulative gain or loss in other comprehensive income is transferred to profit or loss.

Loans – Term Deposits

Loans consist mainly of deposits with financial institutions, or with third party companies in the case of financial reinsurance (B.23.). Loans and receivables (B.5.) are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market, other than being classified as available for sale. Loans and receivables are measured at amortized cost using the effective interest method and are reported net of allowances for loan losses to reflect the estimated recoverable amounts.

Deposits due from Cedents

Deposits due from cedents are receivables from cedents for cash deposits that have been retained under the terms of reinsurance agreements. Deposits due from cedents are accounted for at amortized cost less impairment.

B.5. Receivables

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

- Receivables from direct reinsurance business
- Receivables from ceded reinsurance business
- Other receivables
- Prepayments

Receivables are recognized at fair value and subsequently measured at amortized costs less impairment.

Impairment is necessary if there is material evidence of financial difficulties, such as default or delay in payment and the items therefore cannot be considered collectable or not fully collectable. In the case of receivables from direct reinsurance business, expected impairment losses from non-collectable reinsurance premium receivables are deducted from the receivables from direct reinsurance business using a valuation allowance. The amounts included are shown in Note F.5.

B.6. Ceded Share of Reinsurance Liabilities

The ceded share of reinsurance liabilities is valued in accordance with contractual retrocession arrangements. The creditworthiness of each counterparty is taken into account when assessing the carrying amount of the assets. Any impairment loss is recognized in profit and loss.

B.7. Taxes

The income tax expense comprises current tax and deferred tax. The income tax associated with transactions recognized directly in Other comprehensive income (unrealized gains and losses from available for sale financial instruments) is also recognized directly in Other comprehensive income.

The current tax is calculated using the Company's taxable income and the tax rate enacted or substantially enacted by the end of reporting period.

Deferred tax is calculated using the balance sheet liability method for all temporary differences between the asset and liability values recognized in the IFRS separate financial statements and the Company tax bases for these assets and

liabilities. Deferred tax is calculated using the tax rates that are expected to apply to the period when the asset is realized or the liability settled, based on the tax rates that have been enacted or substantially enacted by the end of the reporting period. Deferred tax assets are not recognized if it is not probable that the tax benefits they contain can be realized.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

On 1 January 2020, the Act No. 364/2019 Coll., on technical provisions taxation came into effect and technical provisions for tax calculation purposes were defined in accordance with the Solvency II

directive instead of the accounting standards as before. As a result of this new legal regulation, the tax provision was increased in 2020, and a deferred tax asset of the same amount was recognized.

B.8. Other Assets

Other assets are valued at acquisition cost less impairment losses.

B.9. Deferred Acquisition Costs

Acquisition costs comprise reinsurance commissions, brokerage for reinsurance intermediaries and other variable costs directly connected with the acquisition or renewal of reinsurance policies. Deferred acquisition costs and deferred retrocession commission revenue represent the proportion of acquisition costs incurred and revenue received that corresponds to the unearned premium reserve. Deferred

acquisition costs are subject to recoverability testing at the time of policy issue and at the end of each accounting period. Deferred acquisition costs which are not deemed to be recoverable are charged to the income statement.

For deferred acquisition costs in life see point B.11. Reinsurance liabilities, Life reinsurance provision.

B.10. Cash and Cash Equivalents

Cash consists of cash on hand and demand deposits with banks and other financial institutions. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value.

B.11. Reinsurance Liabilities

Unearned Premiums

The provision for unearned premiums comprises that part of gross premiums written attributable to the following financial year or to subsequent financial years, computed separately for each reinsurance contract using the pro rata temporis method.

claims arising from events that occurred up to the end of the financial year and are covered by reinsurance contracts, whether reported or not, less amounts already paid in respect of such claims, including the related internal and external claims settlement expenses.

Outstanding Claims

The provision for outstanding claims represents the total estimated ultimate cost of settling all

The provision for outstanding claims is for payment obligations arising from, covered by and calculated according to reinsurance contracts. Part of the provision is for known claims for which

individually calculated provisions are raised (RBNS). Another part is for claims incurred but not reported (IBNR). The provision for outstanding claims is based on information provided by cedents and the Company's estimates. The amounts raised are the realistically estimated future amounts to be paid. They are calculated on the basis of past experience and assumptions about future developments using appropriate actuarial methods. With the exception of annuities, the Company does not discount its provisions for outstanding claims. Where applicable, provisions are disclosed net of prudent estimates for salvage and subrogation recoveries as assessed by individual cedents.

Whilst the Board of Directors considers the provision for outstanding claims and the related reinsurance recoveries to be fairly stated, the ultimate liability may differ as a result of subsequent information and events and may result in significant adjustments to the amounts provided. Adjustments to the amounts of the provisions are reflected in the financial statements for the period in which the adjustments are made. The methods used, and the estimates made are reviewed regularly.

Life Reinsurance Provision

Life reinsurance provisions comprise the reserves for guaranteed claims of ceding companies in life reinsurance. They are determined using actuarial methods on the basis of the present value of future payments to cedents less the present value of premium still payable by cedents. The calculation follows the reinsurance contracts and includes assumptions relating to mortality, disability, lapse rates and the guaranteed interest rate. The actuarial bases used in this context allow an adequate safety margin for the risks of change, error and random fluctuation. They correspond to those used in the premium calculation.

The life reinsurance provision comprises the sum

of the reinsured part of the provisions for individual life insurance policies. The Company accounts for the provision using the zillmerization method. The zillmerization method results in the deferral of acquisition costs for life assurance contracts. These costs are included within the life provision through actuarial methods after eliminating temporary negative balances, which are capitalized and presented as deferred acquisition costs. The acquisition costs are capitalized and deferred in accordance with the prudence principle and take into account the risk of lapses and cancellations.

The provision is initially measured employing the assumptions used for calculating the corresponding premiums and remain unchanged except where liability inadequacy occurs. A liability adequacy test (LAT) is performed at each reporting date by the Company's actuaries using current estimates of future cash flows under its insurance contracts (see D). If those estimates show that the carrying amount of the provision is insufficient in the light of the estimated future cash flows, the difference is recognized in the income statement with corresponding increase to the life reinsurance provision.

Other

Other reinsurance liabilities consist mainly of the ageing provision in health and reinsurance provision for contractual non-discretionary bonuses in the non-life business. These provisions are calculated according to reinsurance contracts. The assumptions used for the calculation of the provisions are very conservative so that they are sufficient and include enough safety margins. Furthermore, in the health insurance business, yearly premium indexations in case of increases in claims expenses are usually contractually agreed with policyholders.

The ageing provision is created for those classes of non-life reinsurance where the premium amount

depends on the entry age or possibly the gender of the insured. This provision represents the value of the Company's liabilities calculated using actuarial methods.

The provision for contractual non-discretionary bonuses in the non-life business covers future benefits in the form of additional payments to original policyholders or reductions in policyholders' payments, which are a result

B.12. Provisions

A provision is created when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will occur, and a reliable estimate can be made of the amount of the obligation.

B.13. Payables

Liabilities arise when the Company has a contractual obligation to deliver cash or another financial asset. They are measured at amortized

B.14. Premiums

Premium written relates to business incepted during the year (irrespective of whether they relate in whole or in part to a later accounting period), together with any differences between booked premium for prior years and those previously recognized and includes estimates of premium due but not yet received or announced to the Company. Premium revenue is recognized as and when due in terms of the reinsurance contract.

of the past performance. This provision is not recognized for contracts where the future premium is reduced by bonuses resulting from favourable past policy claim experience and such bonus is granted irrespectively of whether the past claim experience was with the reporting entity. In such a situation, the reduction in the premium reflects the expected lower future claims, rather than the distribution of past surpluses.

Where the effect of discounting is material, provisions are discounted. The discount rate used is the pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

cost, which will normally equal their nominal or repayment value.

Premiums are disclosed gross of reinsurance brokerage and reinsurance commissions and exclude taxes. Estimates are included for premiums not yet announced by year end.

Outward ceded premiums are recognized as an expense.

B.15. Investment Result

Interest income and interest expense are recognized in the income statement on an accrual basis, taking into account the effective yield of the asset or liability, or an applicable floating rate. Interest income and interest expense includes the amortization of any discount or premium or other differences between the initial carrying amount of an interest-bearing instrument and its amount at maturity, calculated using the effective interest method.

B.16. Claims and Insurance Benefits

All payments to cedents arising from loss events, claims settlement expenses directly related to loss events (covered by reinsurance contracts) or internal costs attributable to claims settlement, are shown as expenses for claims. Expenses for claims are reduced by the income gained from recourses (this applies in particular to property/casualty reinsurance). Changes in provision for outstanding claims and other technical provisions are also shown in the expenses for claims item

B.17. Acquisition Expenses

Acquisition expenses are expenses arising from the conclusion of reinsurance contracts and include direct costs such as brokerage for reinsurance intermediaries, reinsurance commissions, and indirect costs such as the administrative expenses connected with the processing of proposals, renewals, and the issuing of policies. Acquisition expenses that vary with and are directly related to the

Other income and expenses from financial assets comprise realized gains/losses, dividends and impairment losses. A realized gain/loss arises on derecognition of financial assets. The amount of the realized gain/loss represents the difference between the carrying value of the financial asset and the sale price, adjusted for any cumulative gain or loss that had been recognized directly in the other comprehensive income.

as well as bonuses and rebates. Bonuses comprise all amounts chargeable for the financial year, representing the allocation of surplus or profit arising from the business as a whole or from a section of business, after the deducting amounts provided in previous years that are no longer required. Rebates comprise such amounts to the extent that they represent a partial refund of premiums resulting from the experience of individual contracts.

acquisition of reinsurance policies or the renewal of existing policies are deferred (namely brokerage for reinsurance intermediaries and reinsurance commissions) – see B.9..

Reinsurance commissions and profit participations include commissions paid and payable to cedents and profit participations based on reinsurance contracts.

B.18. Other Operating Expenses (Administrative Expenses)

Administrative expenses include expenses relating to the administration of the Company. These include personnel costs, office rental expenses and other operating expenses. Personnel costs include expenses arising from employee benefits, such as

salaries and wages, management remuneration and bonuses, social insurance and the costs of premium collection, portfolio administration and the processing of inwards and outwards reinsurance.

B.19. Foreign Currency Transaction

A foreign currency transaction is a transaction denominated in, or which requires settlement in, a currency other than the functional currency. The functional currency is the currency of the primary economic environment in which an entity operates. A foreign currency transaction is recorded, on initial recognition in the functional currency, by applying to the foreign currency amount the exchange rate effective at the date of the transaction. At each balance sheet date:

- a) foreign currency monetary items are translated using the closing foreign exchange rate;
- b) non-monetary items denominated in a foreign currency that are carried at historical cost are

translated using the foreign exchange rate at the date of the original transaction;

- c) and non-monetary items denominated in a foreign currency that are carried at fair value are translated using the foreign exchange rates valid at the dates the fair values were determined.

Exchange differences arising from the settlement of monetary items or from the translation of the Company's monetary items at rates different from those at which they were initially recorded or reported in previous financial statements, are recognized as 'Other income' or as 'Other expenses' in the period in which they arise.

B.20. Impairment

The carrying amounts of the Company's assets, other than deferred acquisition costs, inventories and deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The recoverable amount is measured annually, regardless of any indication of impairment, for intangible assets with an indefinite useful life and for intangible assets not yet available for use.

An impairment loss is recognized to the extent that the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in the income statement.

Individual impairment losses are losses that are specifically identified. General impairment losses are losses that are present in a portfolio of loans or receivables but not specifically identified.

The carrying amount of the subsidiary is annually tested for impairment. The Company observes if there were any events or any changes in the subsidiary business that could result in any possible impairment. The Company considers the level of other comprehensive income of the subsidiary as a key indicator for potential impairment. An impairment loss in respect of the subsidiary is not reversed in a subsequent period.

The recoverable amount of the Company's investments in held to maturity securities, loans and receivables is calculated as the present value of expected future cash flows, discounted at the original effective interest rate inherent in the asset. Receivables with a short duration are not discounted.

The recoverable amount of an available for sale asset is its current fair value. When there is objective evidence that it is impaired, the decline in fair value that had been recognized directly in other comprehensive income is recognized in the income statement.

An impairment loss in respect of a held to maturity security, loan, advance, receivable, or available for sale debt instrument is reversed through the income statement (up to the amount of the amortized cost), if the subsequent increase in the recoverable amount can be attributed objectively to an event occurring after the impairment loss was recognized.

B.21. Classification of Reinsurance Contracts

A reinsurance contract, whereby the Company assumes a significant insurance risk from another party (an insurance company) as a result of a provision whereby the insurance company receives compensation if a specified uncertain future event (the insured event) adversely affects the insurance company, is treated as an insurance policy as defined in IFRS as adopted by EU. A distinction is made between insurance risk and financial risk. Financial risk is the risk of a possible future change in specific interest rates, securities prices, price indices, interest rate indices, credit ratings, credit indices, or another variable, provided that, in the case of a non-financial variable, the variable is not specific to one counterparty.

Loans and advances are reported net of allowances for loan losses to reflect the estimated recoverable amounts. Receivables and held to maturity investments are stated at their cost less impairment losses.

The recoverable amount of other assets is the greater of their fair value less cost to sell and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In respect of other assets, an impairment loss is reversed through the income statement if there has been an increase in the recoverable amount and the increase can be objectively related to an event occurring after the date of the impairment. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount of the asset that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

In many cases, particularly in the life insurance area, reinsurance policies as defined in IFRS also transfer financial risk.

Reinsurance contracts in property/casualty and health are considered as insurance contracts. Moreover, the life reinsurance contracts transfer significant insurance risk (death benefits) and therefore they are considered as insurance contracts as well.

Contracts that are legally treated as reinsurance contracts but do not transfer significant risk are presented as financial investment contracts or service contracts.

B.22. Novation

Where the Company assumes rights and obligations relating to a portfolio of insurance and co-reinsurance contracts from another reinsurer

(novation), the assets and liabilities are recorded via the balance sheet only, and no premium income is recognized in respect of such transactions.

B.23. Financial Reinsurance

Financial reinsurance is a risk management tool, especially useful when the motivations of the ceding insurance company are focussed not only on managing underwriting risk but also on explicitly recognising and addressing other

financially oriented risks. The use of financial reinsurance, which represents a combination of a transfer of an insignificant insurance risk and financing risk, adds value to an insurer's risk management by providing flexibility and liquidity.

B.24. Clean Cut

A clean-cut agreement is usual for treaties with an accounting year-based accounting system. At the end of the business year, or at the expiry of the reinsurance period, reserves are set up for losses that have been incurred but not yet finally

settled, and for unearned premium. For treaties with a clean-cut system, these reserves are set up in the form of portfolio bookings when final account is received at the end of the period.

B.25. Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease.

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16.

This policy is applied to contracts entered into, on or after 1 January 2019.

The Company determines the lease term as the non-cancellable period of a lease, together with both:

- periods covered by an option to extend the lease

if the lessee is reasonably certain to exercise that option, and

- periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently

depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments,
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option;
- lease payments in an optional renewal period if the Company is reasonably certain to exercise

an extension option; and

- penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

After the commencement date, the Company measures the lease liability by:

- increasing the carrying amount to reflect interest on the lease liability,
- reducing the carrying amount to reflect the lease payments made, and
- remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease payments.

After the commencement date, the Company recognises in profit or loss, both:

- interest on the lease liability, and
- variable lease payments not included in the measurement of the lease liability in the period in which the event or condition that triggers those payments occurs.

The amount of the remeasurement of the lease liability shall be recognised as an adjustment to the right-of-use asset. However, if the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, any remaining amount of the remeasurement shall be recognised in profit or loss.

The Company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'payables' in the statement of financial position. Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Company

recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

B.26. Subordinated Liabilities

Subordinated liabilities are initially measured at fair value and subsequently measured at their amortized cost using the effective interest method.

The fair value of subordinated liabilities is shown in F.30 Fair value of financial assets and liabilities.

B.27. Changes in Significant Accounting Policies

In 2020, the Company changed the taxation of technical provisions stated in item B.7. (Taxes) according to Act No. 364/2019 Coll.

Since 2020 and the technical provisions for tax calculation have been defined in accordance with the European Solvency II Directive. As a result of this new legal regulation, the tax provision was increased in 2020 and a deferred tax asset of the same amount was recognized.

Other than the changes in taxation of technical provisions, the Company did not make any changes in accounting methods and procedures, did not apply any deviations from these methods and procedures during the accounting period and did not make any corrections of errors of previous years.

C. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED STANDARDS

The following published amendments and interpretations to existing standards are mandatory and relevant for the VIG Re accounting periods and have been applied by VIG Re since 1 January 2020.

Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors

(Effective for annual periods beginning on or after 1 January 2020)

The amendments clarify and align the definition of 'material' and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS Standards.

Amendments to IFRS 3 Business Combinations

(Effective for annual periods beginning on or after 1 January 2020)

The amendments narrowed and clarified the definition of a business. They also permit a simplified assessment of whether an acquired set of activities and assets is a group of assets rather than a business.

Amendments to IFRS 16 Leases COVID-19-Related Rent Concessions

(Effective for annual periods beginning on or after 1 June 2020)

The amendments introduce an optional practical expedient that simplifies how a lessee accounts for rent concessions that are a direct consequence of COVID-19. A lessee that applies the practical expedient is not required to assess whether eligible rent concessions are lease modifications, and accounts for them in accordance with other applicable guidance. The resulting accounting will depend on the details of the rent concession. For example, if the concession is in the form of

a one-off reduction in rent, it will be accounted for as a variable lease payment and be recognised in profit or loss.

The practical expedient will only apply if:

- the revised consideration is substantially the same or less than the original consideration;
- the reduction in lease payments relates to payments due on or before 30 June 2021; and
- no other substantive changes have been made to the terms of the lease.

This practical expedient is not available for lessors. The Amendments do not have an impact on the Company's financial statements.

Standards not yet in force:

Amendments to IAS 1 Presentation of Financial Statements

(Effective for annual periods beginning on or after 1 January 2023. Early application is permitted)

The amendments clarify that the classification of liabilities as current or non-current shall be based solely on the Company's right to defer settlement at the end of the reporting period. The Company's right to defer settlement for at least 12 months from the reporting date need not be unconditional but must have substance. The classification is not affected by management's intentions or expectations about whether and when the Company will exercise its right. The amendments also clarify the situations that are considered settlement of a liability.

The Company does not expect that the amendments, when initially applied, could have a material impact on its financial statements.

IFRS 9 Financial Instruments (2014)

(Generally effective for annual periods beginning on or after 1 January 2018; to be applied retrospectively with some exemptions. The restatement of prior periods is not required and is permitted only if information is available without the use of hindsight. Early application is permitted. The Company, as an insurance provider, intends to apply the exemption from adopting IFRS 9 and adopt it together with IFRS 17 for annual period beginning on 1 January 2023.)

This Standard replaces IAS 39, Financial Instruments: Recognition and Measurement, except that the IAS 39 exception for a fair value hedge of an interest rate exposure of a portfolio of financial assets or financial liabilities continues to apply, and entities have an accounting policy choice between applying the hedge accounting requirements of IFRS 9 or continuing to apply the existing hedge accounting requirements in IAS 39 for all hedge accounting.

Although the permissible measurement bases for financial assets – amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit and loss (FVTPL) – are similar to IAS 39, the criteria for classification into the appropriate measurement category are significantly different.

A financial asset is measured at amortized cost if the following two conditions are met:

- the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and,
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

In addition, for a non-trading equity instrument, a company may elect to irrevocably present

subsequent changes in fair value (including foreign exchange gains and losses) in OCI. These are not reclassified to profit or loss under any circumstances.

For debt instruments measured at FVOCI, interest revenue, expected credit losses and foreign exchange gains and losses are recognised in profit or loss in the same manner as for amortised cost assets. Other gains and losses are recognised in OCI and are reclassified to profit or loss on derecognition.

The impairment model in IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model, which means that a loss event will no longer need to occur before an impairment allowance is recognised.

IFRS 9 includes a new general hedge accounting model, which aligns hedge accounting more closely with risk management. The types of hedging relationships – fair value, cash flow and foreign operation net investment – remain unchanged, but additional judgment will be required.

The standard contains new requirements to achieve, continue and discontinue hedge accounting and allows additional exposures to be designated as hedged items.

Extensive additional disclosures regarding an entity's risk management and hedging activities are required.

The Company expects that the new Standard, when initially applied, will have a significant impact on its financial statements, since the classification and the measurement of the Company's financial instruments are expected to change.

At this stage it is still unclear what portion of the Company's debt securities will be measured

at FVTPL, FVOCI or amortized cost as this determination will depend on the outcome of the business model test. It is expected that a significant portion of debt securities will be reclassified under IFRS 9 either into or out of FVOCI.

It is also possible that a number of equity instruments currently classified as available for sale will be measured at FVTPL under IFRS 9, but this determination will depend on an election to be made by the Company at the date of initial application. The Company has not yet decided how it will classify these instruments.

The Company is not yet in position to quantify the expected impact that the initial application of IFRS 9 will have on its IFRS financial statements.

IFRS 17 Insurance Contracts

(Effective for annual periods beginning on or after 1 January 2023; to be applied prospectively. Early application is permitted. The Company does not intend to apply the standard earlier than on 1 January 2023.)

This pronouncement is not yet endorsed by the EU. IFRS 17 replaces IFRS 4, which was brought in as an interim Standard in 2004. IFRS 4 has given companies dispensation to carry on accounting for insurance contracts using national accounting

standards, resulting in a multitude of different approaches.

IFRS 17 solves the comparison problems created by IFRS 4 by requiring all insurance contracts to be accounted for in a consistent manner, benefiting both investors and insurance companies. Insurance obligations will be accounted for using current values, instead of historical cost.

The Company expects that the new Standard, when initially applied, will have a significant impact on the financial statements of the Company. There could be greater volatility in financial results and equity due to the use of current market discount rates. The Company may also need to revisit the design of their products and other strategic decisions, such as investment allocation. Implementing will require substantial effort, and new or upgraded systems, processes and controls.

The Company is currently not yet able to quantify the expected impact that the initial application of IFRS 17 will have on its IFRS financial statements.

Other standards, interpretations and amendments to published standards as adopted by EU that are not yet effective for annual periods beginning on 1 January 2020 will have no material impact on the financial statements of the Company as at year-end 2020.

D. PRINCIPAL ASSUMPTIONS

For reported but not settled claims (RBNS), the separate case-by-case assessment with regard to the claim circumstances, information available from loss adjusters, and historical evidence of the size of similar claims provided by the cedents is used and checked. The Company's share of case reserves is reviewed regularly and is updated as and when new information arises.

The estimation of the Company's incurred but not reported claims (IBNR) is generally subject to a greater degree of uncertainty than reported claims. IBNR provisions are predominantly assessed by the Company's actuary using information provided by cedents and actuarial techniques such as chain ladder methods, whereby historical data is extrapolated in order to estimate the ultimate costs of claims.

For IBNR calculation the Company uses methods which reflect the most recent known information such as loss ratio methodology and Incremental Loss Ratio methodology (ILR), which was developed by prof. Mack.

To the extent that these methods use historical claims development information, they assume that the historical claims development pattern will occur again in the future. There are reasons why this may not be the case, which, insofar as they can be identified, have been allowed for by modifying the methods. Such reasons include:

- a)** economic, legal, political and social trends (resulting in different than expected levels of inflation);
- b)** changes in the reinsurance contracts mix;
- c)** random fluctuations and large losses.

IBNR provisions are initially estimated as gross, and a separate calculation is carried out to estimate the size of reinsurance recoveries.

Retrocession share of IBNR provision is calculated as a proportion of gross IBNR provision for retrocession contracts that have a specified cession percentage. The Company calculates not only the IBNR on the estimated mean level, but also calculates an additional margin IBNR. The margin IBNR reflects the historical volatility embedded in the claims triangles and also serves as a security cushion balancing the uncertainty of estimations of the assumption's parameters.

The a priori estimated mean loss ratio and the estimated development factors are the two assumptions which have the greatest effect on setting of the IBNR level. To limit the volatility of the forecasted ultimate claims in time the Company systematically mitigates the uncertainty embedded in those assumptions.

The a priori estimated mean loss ratio is an estimated mean value which represents the ratio of expected ultimate claims incurred to premiums earned and is estimated for each new reinsurance contract acceptance on an individual basis. The Company has made significant investments into the pricing tools in the last years and for each reinsurance acceptance a stochastic actuarial model is created. The individual stochastic models serve as a basis for the Solvency II partial internal model and due to that reason, the Company's modelling approaches have been discussed regularly during technical meetings with the regulator. Due to the nature of reinsurance business a significant uncertainty is associated

with the a priori estimated mean loss ratio on an individual contract level, however, this uncertainty is considerably mitigated on the whole portfolio level due to the more than one thousand accepted reinsurance contracts by the Company on an yearly basis.

The estimated development factors used for ILR reserving methodology are predominantly calculated on aggregated claims triangles based on accounting data. Each triangle is created for a homogenous group of reinsurance contracts with minimum split per Solvency II line of business. To limit the uncertainty on a whole portfolio level, the Company performs an in-depth segmentation analysis annually where the homogeneity of calculation groups is further reviewed in view of the nature of the reinsurance contracts (Clean Cut, Losses Occurring and Risk Attaching basis), country of cedent and any similarities in reserving and cash flow characteristics. As the first accounting data come from the underwriting year 2009, the Company also uses the renewal information from the individual cedents for estimations of the development factors wherever appropriate, this concerns especially to the long tail business.

The volatility of the Company's estimated ultimate claims is also further protected against significant impact of changes in these key assumptions by the complex retrocession program.

Annuities

In MTPL reinsurance and other third-party liability lines, part of the claims payment may be in the form of an annuity. The provision for such claims is established as the present value

of expected future claims payments. The key assumptions involved in the calculation are the discount rate, the expected increase in wages and disability pensions, which influence the amount of annuities to be paid. The ultimate annuity claims are dependent on national legislation and the development of social and political factors beyond the Company's control.

Liability Adequacy – Non-Life

Liability adequacy test is performed gross of reinsurance. The undiscounted best estimate gross of reinsurance is compared to the IFRS reserve net of IFRS DAC and gross of reinsurance. The undiscounted best estimate gross of reinsurance is calculated according to Solvency 2 methodology.

Any excess of best estimate over the IFRS reserve net of IFRS DAC and gross of reinsurance leads to LAT reserve creation.

Liability Adequacy Test – Life

The liability adequacy test is performed gross of reinsurance. The best estimate gross of reinsurance is compared to the IFRS reserve net of IFRS DAC and gross of reinsurance. The best estimate gross of reinsurance is calculated as Statutory Reserve net of statutory DAC and gross of reinsurance less present value of future profits (gross of tax). Present value of future profits is calculated under the Market Consistent Embedded Value calculation.

Any excess of best estimate over the IFRS reserve net of IFRS DAC and gross of reinsurance leads to LAT reserve creation.

E. RISK REPORTING

E.1. Risk Management

E.1.1. Introduction

The Company is a member of VIG and is compliant with the Group risk management structure.

The risk management processes apply to the entire VIG Group and thus to the Company.

The Company's core competence is dealing with risk professionally. The Company's underwriting business is assuming risks from its clients

using a variety of reinsurance contract types. Based on its activity as a reinsurance company,

VIG Re is exposed to underwriting risk resulting from underwriting Life, Non-Life and Health reinsurance business, market risk stemming from the investments and also general risks such as the counterparty default risk, concentration risk, operational risk. One of the primary responsibilities of risk management is to ensure that the Company's activities are compliant with the Risk Strategy.

E.1.2. Risk Management Objectives and Methods

Risk in VIG Re is understood as the possibility of non-achievement of an explicitly formulated or implicitly resultant goal. A risk that can have a significant negative impact on the Company's solvency of financial position is considered material. Risk management processes are defined in order to identify, analyse, evaluate, monitor, report and control these risks. The Company's Risk Strategy distinguishes between accepted risks, conditionally accepted risks, and not accepted risks, defining the risk mitigating techniques that can be applied.

Within this context VIG Re defines risk categories covering all possible sources of risks, which are further split into subcategories during further Risk Management processes.

- Underwriting risk: The core business of VIG Re is the underwriting of insurance risks transferred from an insurance company to VIG Re. Underwriting risk stems from the Company's

Non-Life, Life and Health reinsurance obligations.

- Credit risk: This risk quantifies the potential loss due to a potential adverse development in the value of assets and financial instruments related to the unexpected default of counterparties and debtors.
- Market risk: Market risk arises from the level or volatility of market prices of financial instruments. Exposure to market risk is measured by the impact of movements in the level of financial variables such as stock prices, interest rates, immovable property prices and exchange rates.
- Liquidity risk: Liquidity risk reflects the risk that necessary financial resources cannot be provided in time, without additional costs, to fulfil the company's short- and long-term due payment obligations.
- Strategic risks: Strategic risk stems from the risk of adverse business development related to inappropriate business and investment

decisions, or to inadequate communication and implementation of goals, or to a lack of adjustment capacity to changes in the economic environment, or to conflicting business objectives.

- **Operational risks:** This covers risks that are related to potential loss arising from inadequate or failed internal processes, or from personnel and systems, or from external events.

Risk management in VIG and VIG Re is governed by internal standards (policies, guidelines and directives).

VIG Re's Risk Management system further develops the Company's governance culture and values.

The system is based on specific principles ensuring effective performance of all activities. The principles include but are not limited to avoidance of conflicts of interest, clear allocation of responsibilities, four eyes principle. The principles are applied in all activities the Company needs for its operation regardless of whether such activities are carried out directly by the Company or are outsourced.

The internal structure of the Risk Management system is structured in three lines of defence, which reflects the Risk Management principles. The essence of this structure lies in transparent segregation of employees' responsibilities into each line of defence, conflicts of interests prevention and application of effective controls.

E.1.3. Organizational Units and Departments Involved in Risk Management and Control in VIG Re

The overall responsibility of the risks assumed by VIG Re resides with the Board of Directors. Asset Risk Management is supported by other VIG Group companies in the Czech Republic according to the Company's Outsourcing Policy. The responsibilities for the risk categories are allocated as follows:

Risk management: The team is responsible for the implementation and assessment of the internal control system, monitoring and reporting to the Board of Directors on the adherence of risk tolerance and risk appetite of the Company. All relative Solvency II requirements, Own Risk and Solvency Assessment, Solvency Capital Requirement analyses are carried out by Risk Management.

Corporate Underwriting: The department monitors the Company's underwriting risk profile ensuring compliance with the Company's Underwriting Standards and Risk Strategy.

Actuarial Services and Retrocession:

The department develops the methodology and

tools used for reinsurance modelling which are the source of Premium and Catastrophe risk in the Company's Partial Internal Model. In addition, it is responsible for calculations related to technical provisions and reserve risk. The department also assesses the Company's natural accumulation exposure and is responsible for retrocession efficiency analyses.

Controlling: Controlling, reporting and Planning department manages the Company's planning process, monitors and controls the Company's business development by comparing plans and reinsurance contracts signed and is also responsible for data quality management.

Internal Audit: The Company outsources Internal Audit to VIG internal audit department. The internal audit department systematically monitors operating and business processes, the internal controlling system of all operational corporate areas, and the functionality and adequacy of risk management. The internal audit department

operates continuously and reports directly to the Board of Directors. The Company also identifies the holders of governance functions and their responsibilities as specified in the governance

E.2. Underwriting Risk

Underwriting risk reflects the underwriting process including the collection of data, technical assessment of the underlying portfolios, modelling and pricing of the reinsurance contracts, reserving, and the conclusion of reinsurance contracts. It is mitigated by the compliance with the underwriting guidelines and directives of the Company and the governance of quantitative limits, including accumulation control. The Company assumes reinsurance on proportional and non-proportional, obligatory and facultative basis. It offers services for defined lines of business within the Property and Casualty, Personal Accident and Health and Life segment. Main underwriting territories are Austria and CEE countries, Russia /CIS, Germany, Switzerland, Italy and Turkey. The Company is also active in French, Spain, Portugal and Japanese markets. Underwriting policy, standards and limits are defined in detail in VIG Re reinsurance underwriting guidelines and underwriting directives.

VIG Re's objective is to maintain strict underwriting policy that, in combination with its very solid

system of the Solvency II framework, which are Internal Audit, Compliance, Risk management and Actuarial functions.

financial security and its in-depth understanding of local market standards, provide a strong value proposition to its clients.

In order to achieve this, VIG Re follows a disciplined underwriting policy which is defined in detail in VIG Re's underwriting guidelines. The Company monitors and controls its accumulation risks, especially in the area of natural catastrophe exposure. As part of the risk management strategy, underwriting limits are defined by class of business and underwriting authorities are allocated "ad personam" according to the level of the underwriter's professional expertise. In respect of business originating from VIG Group companies, VIG Re assumes up to 100% of the respective contracts. In the event of significant underlying exposures, for instance from natural catastrophe, VIG Re acts as an aggregator not retaining a material risk position. The Company adheres conservative approach towards reinsurance protection, surpassing the VIG reinsurance rules. VIG Re's reinsurance panel is carefully chosen in compliance with VIG security guidelines.

E.2.1. Underwriting Risk Categories

The Company offers services for the following lines of business:

Property & Casualty

Property & Casualty underwriting risk arises from Non-life reinsurance obligations, in relation to the perils covered and the processes followed in the conduct of the business.

Property reinsurance: For property reinsurance contracts frequency of large losses (for example Fire, Terrorism) and unknown accumulations (for example business interruption, CBI) are significant factors which can increase losses significantly. In respect of natural catastrophe reinsurance contracts, climate change gives rise to more frequent and severe extreme weather events

and their consequences. The Company usually assumes one-year reinsurance policies and thus has the right to re-price the risk on renewal. It also has the ability to impose deductibles and reject fraudulent claims. The greatest likelihood of significant losses on these contracts arises from windstorm and flood perils. The Company buys retrocession cover according to accumulation analysis.

Casualty reinsurance: The frequency and severity of claims can be affected by several factors. The most significant are the increasing amounts of awards for damage suffered and the increasing numbers of cases coming to court that were inactive or latent for a long period of time. The estimated inflation is also a significant factor due to the long period of time typically required to settle these cases.

The Company manages these risks through its underwriting strategy, adequate reinsurance arrangements, and proactive claims management.

Life

Life underwriting risk arises from life reinsurance obligations, in relation to the risks covered and the processes followed in the conduct of the business.

The largest risk for Life underwriting risk is lapse risk. For most risks, the Company follows the primary insurer approach to risk, however applying its own assumptions in the calculation. The Company underwrites life risk with limits per person, therefore the exposure is limited in this respect.

The risk transfer (retrocession) has been defined and executed from the beginning of the Life active business by the Company. In general, the Company Life Retrocession is very strict and prudent.

The Company has achieved a significant degree of diversification by operating internationally across Europe covering a range of different lines of business. Long-term relations with clients ensure mitigation of unexpected losses over time.

The Company's underlying life business is underwritten using the mutually agreed conditions. The underwriting conditions are precisely defined for every Line of business by setting the maximum sum insured and required medical underwriting procedure.

Health

The Company has limited exposure to Health risk, predominantly from Group business. Generally, processes for steering and risk mitigation of this risk follows principles of Non-life underwriting risk. The Company does not face Similar to life techniques (SLT) health underwriting risk.

Health Non-Similar to Life techniques (NSLT) risk is arising from health reinsurance obligations, pursued on a technical basis which is similar to Non-Life business, in relation to the risks covered and processes used in the conduct of business. This includes the health premium and reserve risk and the NSLT health lapse risk.

Health catastrophe risk is the risk of loss, or of adverse change in the value of insurance and reinsurance liabilities, resulting from significant uncertainty of pricing and provisioning assumptions related to outbreaks of major epidemics, as well as the unusual accumulation of risks under such extreme circumstances. This extends to mass accidents, pandemics and concentration risks. Health catastrophe exposure arise mainly from the VIG Group Personal Accident program. Health catastrophe exposure arise mainly from the VIG Group Personal Accident program.

E.2.2. Retrocession Guidelines

In order to mitigate the underwriting risks the Company pursues a prudent underwriting philosophy and portfolio management using the diversification benefits when assuming underwriting risks from different lines of business and geographies while monitoring potential concentration risks. In order to further mitigate the assumed underwriting risk, the Company uses Retrocession, i.e. reinsurance protection of its assumed reinsurance contracts as a central instrument to hedge especially against major loss events.

The retrocession guidelines and protection structure are jointly determined each year by the Board of Directors and approved by the Supervisory Board of VIG Re, ensuring compliance with the VIG Security Guidelines.

The reinsurance guidelines define the following principles:

- Retrocession contracts shall ensure that the Company's capital is not overexposed. This is achieved through assessing the impact on solvency capital position and underwriting result.

- The Company purchases sufficient protection according to underwriting limits and accumulation analyses. The Company hedges against major loss events, both natural catastrophe and man-made, on the basis of an assumed 1 in 250 years return period (i.e. value of risk quantile of 99.6%).
- The retrocession program shall ensure that the net retention resulting from a single event is not higher than the net underwriting capacity as defined in the Underwriting Guidelines. The Company's net retention shall not exceed 3% of the Company's equity.
- The mitigation of an underwriting risk must ensure that a failure of a single retrocessionaire does not threaten the financial stability of the Company.
- Before a retrocession contract is concluded, a potential retrocessionaire has to be approved as business partner. Limitations apply in respect of liability per lines of business which can be reinsured with a single retrocessionaire. Retrocessionaires not pre-approved according to the VIG Reinsurance Guideline Security List of the or exceeding the limits set out in the Cession Limitation table are subject to approval of the VIG Security Committee.

E.2.3. Concentration Risk

The highest risk exposure the Company faces is stemming from European Flood risk scenario, followed by Windstorm risk scenario naturally arising from its exposure in CEE and DACH regions. Non-Life concentration risk is stemming from lack of diversification. The Company faces underwriting concentration risk from natural catastrophe events caused by natural perils or single risk accumulation from various assumed portfolios. Accumulation control for natural catastrophe events is monitored continually especially during the renewal period

resulting in a comprehensive retrocession program. The Company is governed by underwriting policies and guidelines and sets underwriting limits on single exposures in order to manage the risk from single risk accumulation. In addition, particular retrocession treaties cover single active treaties or portfolios of active treaties. The portfolios may contain treaties from several reserving segments, several lines of business and proportional or non-proportional business.

E.3. Credit Risk

Credit risk reflects the risk of loss, or adverse change in the value of assets and financial instruments related to the unexpected default of counterparties and debtors.

E.3.1. Credit Risk from Financial Investments

The Company invests in debt securities, bond funds, equity funds and deposits, taking into account the overall risk position of the Company and the Investment and Risk strategy. For more about the investment strategy, see below.

In managing risks related to credit quality, a distinction must be made between “liquid” or “marketable” risks (e.g. exchange-listed bonds) and “bilateral” risks such as, for example, time deposits and loans. Risks relating to the former are limited at the portfolio level by means of rating and diversification limits. Consideration is only given to those issuers or contracting parties whose credit quality or reliability can be assessed by VIG Re, whether on the basis of an analysis performed by the Company or credit assessments/ratings from recognized sources.

According to the Company Investment and Risk strategy, financial investments (debt securities and term deposits) are made mainly in investments with a rating range of AAA to BBB according to defined limits. There are also specific limits for investments in different asset categories (term deposits, bonds etc.). Investments outside

the limits set in the strategy can only be made in individual cases and in accordance with decisions made by the Board of Directors and Supervisory Board.

The goals are to achieve the greatest possible diversification among individual issuers, to avoid accumulation risks, to ensure good average credit quality, to control foreign currency gap and to make the majority of investments in mid- to long-term maturities according to the liabilities duration. Deposits retained on assumed reinsurance serve directly as collateral for technical provisions, covering business assumed from cedents in reinsurance. They do not trigger any cash flows and may not be used by the cedents independently. The credit risk is therefore limited. The amount of and changes in deposits retained on assumed reinsurance in the balance sheet year generally derive from the values for the changes in the related technical provisions for the reinsured business. Deposits retained on assumed reinsurance business thus do not have a fixed maturity date, as their release is generally dependent on run-off of the corresponding provisions.

E.3.2. Credit Risk – Receivables due from Cedents

The Company assumes business with those issuers or contracting parties whose credit quality or reliability can be assessed by the Company. Before entering a business relationship, especially

before submitting a legal binding offer to enter a contractual relationship, a business partner has to be assessed through a client due diligence process.

E.3.3. Credit Risk – Reinsurers Share in Reinsurance Liabilities and Amounts due from Reinsurers in Respect of Claims already Paid (Retrocession)

The Company limits its potential liability from reinsurance business by passing on some of the risks it assumes to the international reinsurance market (retrocession). It spreads this reinsurance coverage over a large number of different international reinsurance companies that

VIG Re believes have adequate creditworthiness, to minimize the credit risk due to the insolvency of the reinsurers. The Company strictly adheres to the Security Guidelines issued by the VIG Group, limiting the counterparties with which VIG Re can conclude retrocession contracts.

E.3.4. Credit Risk Exposure

The tables below provide a detailed analysis of the Company's exposure to credit risk.

Credit Risk Exposure in EUR '000	Receivables		Other Financial Assets	
	2020	2019	2020	2019
Individually impaired:				
Gross amount	809	858	0	0
Carrying amount	0	0	0	0
Collectively impaired:				
Gross amount	0	0	0	0
Carrying amount	0	0	0	0
Past due but not impaired:				
Gross amount				
Up to 30 days after maturity	169	44	0	0
31 days to 90 days after maturity	9 937	7 124	0	0
91 days to 180 days after maturity	7 020	3 312	0	0
181 days to 1 year after maturity	5 306	2 004	0	0
1 year to 2 years after maturity	2 883	947	0	0
Neither past due nor impaired – carrying amount:	96 916	108 374	901 970	816 083
Total carrying amount	122 231	121 805	901 970	816 083

Individually impaired receivables are primarily represented by balance owed by broker Reunion AG that were fully impaired in 2017 due to financial difficulties of the company. VIG Re filed court proceedings in 2017 to recover the receivables.

The credit quality of neither past due nor impaired financial assets is monitored per individual case. The Company closely monitors each counter party and evaluates its credit quality.

Cash and cash equivalents are neither individually nor collectively impaired.

Credit Risk Exposure in EUR '000						2020
Standard & Poor's rating	AAA	AA	A	B / BB / BBB	No Rating	Carrying value in balance sheet
Financial investments*	30 001	101 855	154 334	95 848	95 343	477 381
Deposits due from cedents	0	77 427	13 534	205	10 181	101 347
Cash and cash equivalents	0	0	0	0	44 817	44 817
Receivables from reinsurance and ceded share of reinsurance liabilities	0	28 383	301 067	4 700	66 340	400 490
Other receivables	0	0	0	0	166	166
Total	30 001	207 665	468 935	100 753	216 847	1 024 201
In %	2.93	20.28	45.79	9.84	21.17	100.00

* Except for deposits due from cedents

Credit Risk Exposure in EUR '000						2019
Standard & Poor's rating	AAA	AA	A	B / BB / BBB	No Rating	Carrying value in balance sheet
Financial investments*	33 702	130 764	156 757	54 939	66 248	442 410
Deposits due from cedents	0	84 075	10 050	0	5 812	99 937
Cash and cash equivalents	0	0	0	0	31 150	31 150
Receivables from reinsurance and ceded share of reinsurance liabilities	0	32 503	262 036	3 784	65 593	363 916
Other receivables	0	0	0	0	475	475
Total	33 702	247 342	428 843	58 723	169 278	937 888
In %	3.59	26.38	45.74	6.26	18.03	100.00

* Except for deposits due from cedents

The most sizeable financial investments are in bonds issued or guaranteed by the governments of the EU countries where VIG Re operates (Czech Republic, Slovakia, Poland and Austria). Nevertheless, the Company is exposed to credit-related losses that may occur as a result of future negative development in the European Union and/or of any of the rest bond portfolio issuers.

E.4. Liquidity Risk

Liquidity risk refers to the risk of the Company being unable to realize investments and other assets in order to settle their financial obligations when they become due. Liquidity risk may arise because the actual pay-out structure of liabilities differs from that assumed in asset-liability

management, for example due to a lengthening or acceleration of the period to pay claims of a line of business or of a particular region.

The Company regularly assesses its liquidity position, by processing short-term and mid-term

overviews of expected inflows and outflows. Long-term Asset and Liability cashflows are also analysed. This enables the Treasury department to properly manage the Company's funds in order to ensure sufficient cash to fulfil its liabilities at any point in time.

Liquidity risk is governed by the Investment and Risk Strategy. The strategy also defines a Liquidity buffer, which consists of highly liquid securities and cash. At least EUR 10 million shall be held in highly

liquid investment assets as liquidity cushion (cash, deposits, T-bills, money market funds, floating rate or short-term fixed rate bonds) with other assets ready to cover possible cash-flow needs and deliver needed return.

The Investment and Risk Strategy, Asset and Liability management as well as the liquidity buffer defined, enable the Company to settle its financial obligations in timely manner (including the lease liabilities).

The contractual maturities of relevant assets (measured in the same way as in the financial statements) as monitored by the Company are provided below:

Expected Remaining Contractual Maturities of Assets in EUR '000	2020					Carrying value in balance sheet
	Up to one year	From one to five years	From five to ten years	More than ten years	Not specified	
Financial investments	54 806	153 324	175 189	56 365	139 044	578 728
Financial assets held to maturity	17 212	27 638	0	0	0	44 850
Financial assets available for sale	25 286	105 273	145 339	10 428	139 044	425 370
Loans – Term deposits	0	1 100	3 933	2 128	0	7 161
Deposit due from cedents *	12 308	19 313	25 917	43 809	0	101 347
Receivables	122 873	0	0	0	-808	122 065
Ceded share of reinsurance liabilities *	167 279	42 631	39 666	28 849	0	278 425
Cash and cash equivalents	44 817	0	0	0	0	44 817
Other receivables	166	0	0	0	0	166
Total	389 941	195 955	214 855	85 214	138 236	1 024 201

*expected timing of cash flows

The following table provides details of the expected maturity profile of the Company's obligations with respect to its financial liabilities and estimated cash flows of recognized insurance contract liabilities. The table includes both interest and principal cash flows.

Expected Remaining Contractual Maturities of Liabilities <small>in EUR '000</small>	2020				Carrying value in balance sheet
	Up to one year	From one to five years	From five to ten years	More than ten years	
Subordinated liabilities	708	0	35 000	0	35 708
Reinsurance liabilities*	349 667	114 061	125 186	109 068	697 982
Unearned premiums	22 693	0	0	0	22 693
Outstanding claims	320 605	97 077	103 956	68 731	590 369
Life reinsurance provision	6 369	16 984	21 230	40 337	84 920
Payables	126 015	1 221	2 376	1 909	131 521
Current tax liabilities	-411	0	0	0	-411
Other liabilities	2 730	0	0	0	2 730
Total	478 709	115 282	162 562	110 977	867 530

*expected timing of cash flows

The contractual maturities of relevant assets (measured in the same way as in the financial statements) as monitored by the Company are provided below:

Expected Remaining Contractual Maturities of Assets <small>in EUR '000</small>	2019					Carrying value in balance sheet
	Up to one year	From one to five years	From five to ten years	More than ten years	Not specified	
Financial investments	57 721	119 839	212 221	61 679	90 887	542 347
Financial assets held to maturity	34 310	17 205	27 615	0	0	79 130
Financial assets available for sale	11 763	83 505	159 564	11 361	90 887	357 080
Loans – Term deposits	0	0	0	6 200	0	6 200
Deposit due from cedents *	11 648	19 129	25 042	44 118	0	99 937
Receivables	122 188	0	0	0	-858	121 330
Ceded share of reinsurance liabilities *	125 960	53 575	36 497	26 554	0	242 586
Cash and cash equivalents	31 150	0	0	0	0	31 150
Other receivables	475	0	0	0	0	475
Total	337 494	173 414	248 718	88 233	90 029	937 888

*expected timing of cash flows

The following table provides details of the expected maturity profile of the Company's obligations with respect to its financial liabilities and estimated cash flows of recognized insurance contract liabilities. The table includes both interest and principal cash flows.

Expected Remaining Contractual Maturities of Liabilities <small>in EUR '000</small>	2019				Carrying value in balance sheet
	Up to one year	From one to five years	From five to ten years	More than ten years	
Subordinated liabilities	708	0	35 000	0	35 708
Reinsurance liabilities*	270 859	140 284	112 715	101 713	625 571
Unearned premiums	23 414	0	0	0	23 414
Outstanding claims	240 820	122 618	90 632	59 757	513 827
Life reinsurance provision	6 625	17 666	22 083	41 956	88 330
Payables	109 916	1 537	2 991	2 404	116 848
Current tax liabilities	2 110	0	0	0	2 110
Other liabilities	2 640	0	0	0	2 640
Total	386 233	141 821	150 706	104 117	782 877

*expected timing of cash flows

E.5. Market Risk

Market risk arises from the level or volatility of market prices of financial instruments. Exposure to market risk is measured by the impact of movements in the level of financial variables such as stock prices, interest rates, immovable property prices and exchange rates.

The Company invests in debt securities, bond and equity funds and term deposits according to its Investment and Risk Strategy. When determining exposure volumes and limits, the risk inherent in the specified categories and the market risks are of fundamental importance. Asset Risk Management guidelines are defined on a centralized basis and are mandatory for all VIG Group companies.

The Investment and Risk Strategy of the Company establishes the below mentioned principles:

- The Company invests only in types of assets, for which it can recognize, measure, monitor, manage and control the related risks accordingly by own means.
- VIG Re achieves a proper balance between invested assets and technical provisions while maintaining a balanced risk-return profile.
- The asset allocation is made by defining acceptable limits for each asset class in order to limit the risk related to different industries and groups.
- VIG Re maintains a high liquidity position with money market and short-term bond funds and liquid AFS securities which leads to stable returns and low volatility.
- Counterparties are selected by taking into account the credit rating and reputation of each entity. Credit ratings are used as a way of properly identifying and managing the risk attached to a counterparty and the Company ensures only counterparties with a high enough credit rating are used.
- The Company's market risk exposure is defined firstly by interest rate risk and equity risk, followed by spread (covered in Credit risk) and currency risk. Concentration risk, given the diversified investment portfolio of VIG Re, is rather insignificant.

E.5.1. Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the level or volatility of foreign exchange rates. Foreign exchange risk arises from both assets and liabilities denominated in another currency than the functional currency.

The Company exposure to foreign currency risk within the investment portfolios supporting the Company's euro zone reinsurance and

investment operations, arises primarily from purchased investments and assumed reinsurance contracts that are denominated or payable in currencies other than Euros. Currency risk is limited by regularly updated and approved Investment and risk strategy. There are defined maximum allocation limits for each specified foreign currency. Through Asset management unit, the Company matches FX exposure coming from assets and liabilities and the resulting GAPs close to minimum.

The tables below summarize the Company's exposure to foreign currency exchange rate risk as of 31 December. The Company's assets and liabilities at carrying amounts are included in the table, categorized by currency at their carrying amount:

Currency in EUR '000	2020		
	Total Assets	Total Liabilities	Net Amount
EUR	963 028	754 938	208 090
TRY	19 092	23 912	-4 820
PLN	16 385	23 471	-7 086
CZK	12 076	19 551	-7 475
JPY	11 325	12 325	-1 000
CHF	8 554	8 398	156
HUF	6 563	9 231	-2 668
USD	6 039	6 840	-801
KZT	1 954	1 661	293
Other	3 345	7 203	-3 858
Total	1 048 361	867 530	180 831

A 10% negative movement in exchange rates against EUR would cause a gain of 2 726 TEUR. The highest currency sensitivity with 10% fluctuation in exchange rate as of 31 December 2020 has CZK/EUR in amount of 748 TEUR.

Currency in EUR '000	2019		
	Total Assets	Total Liabilities	Net Amount
EUR	844 014	665 912	178 102
TRY	24 738	25 774	-1 036
PLN	22 666	22 860	-194
CZK	21 980	20 379	1 601
JPY	21 211	21 470	-259
USD	8 515	6 931	1 584
HUF	8 398	9 146	-748
CHF	3 616	3 712	-96
RUB	1 987	1 608	379
Other	5 551	5 948	-397
Total	962 676	783 740	178 936

E.5.2. Interest Rate Risk

For VIG Re, interest rate risk arises from all assets and liabilities, which are sensitive to changes in the term structure of interest rates or interest rate volatility.

The Company's exposure to interest rates arises primarily from the Company's bond portfolio from assets side as these are susceptible to changes in interest rates, and the settlement of future claims

from the liability side as the discount rates applied to claims settlement projections are impacted by interest yield curves.

Interest rate risk stemming from asset side is governed by the Investment and Risk Strategy though clearly defined limits regarding eligible investments, maturity and issuer types.

The tables below summarize the Company's exposure to interest rate risk as of 31 December.

Interest Rate Risk 2020 in EUR '000	Effective interest rate	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Not specified	Total
Financial instruments								
Financial assets available for sale – debt securities	1.21%	15 278	10 008	11 041	94 232	155 767	0	286 326
Financial assets available for sale – investment funds and shares in other related parties		0	0	0	0	0	139 044	139 044
Financial assets held to maturity – debt securities	4.66%	2 057	15 156	0	27 637	0	0	44 850
Loans – Term deposits	2.41%	0	0	1 100	0	6 061	0	7 161
Deposit due from cedents	4.14%	0	12 308	19 313	0	69 726	0	101 347
Cash and cash equivalents	0%	44 817	0	0	0	0	0	44 817
Total financial assets		62 152	37 472	31 454	121 869	231 554	139 044	623 545

Interest Rate Risk 2019 in EUR '000	Effective interest rate	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Not specified	Total
Financial instruments								
Financial assets available for sale – debt securities	1.31%	5 816	5 947	22 361	61 144	170 925	0	266 193
Financial assets available for sale – investment funds and shares in other related parties		0	0	0	0	0	90 887	90 887
Financial assets held to maturity – debt securities	4.47%	19 633	14 676	17 206	0	27 615	0	79 130
Loans – Term deposits	2.53%	0	0	0	0	6 200	0	6 200
Deposit due from cedents	3.89%	0	11 648	19 129	0	69 160	0	99 937
Cash and cash equivalents	0%	31 150	0	0	0	0	0	31 150
Total financial assets		56 599	32 271	58 696	61 144	273 900	90 887	573 497

E.5.3. Equity Risk

Equity risk arises from the level or volatility of market prices for equities. Exposure to equity risk refers to all assets and liabilities whose value is sensitive to changes in equity prices.

The exposure in equity risk arises mainly from the Company's investments in investment funds portfolio.

E.5.4. Sensitivity Analysis:

The market risk of the Company's financial assets is monitored and measured on a continuous basis using a Value at Risk ('VaR') analysis. Value at Risk takes into account the interdependencies between market risk variables.

VaR represents the potential losses from adverse changes in market factors for a specified time period and confidence level. This approach calculates the VaR using a parametric method. The VaR is calculated daily at a 99% confidence level and for a period of 60 working days.

The assumptions on which the VaR model is based give rise to certain limitations, especially the following:

- VaR is a statistical estimation and therefore it is possible that there could be a greater number of days in any given period in which losses could exceed the calculated VaR implied by the confidence level.
- The measure is a 'point in time' calculation reflecting positions recorded as of 31 December.
- The methodology is applicable to instruments with a linear relationship between position value and market rates.
- VaR is calculated on an end-of-day basis and does not reflect exposures that may arise on positions during the trading day.
- The VaR measure is dependent upon the Company's position and the volatility of market prices. The VaR of an unchanged position reduces if the market price volatility declines, and vice versa.
- A 99 percent confidence level does not reflect losses that may occur beyond this level.

The VaR positions of the financial investments were as follows:

VaR Including HTM as of 31 December in EUR '000	2020	2019
Market value of portfolio	485 264	455 597
Parametrical VaR 60d; 99%	14 737	16 532
Relative VaR (%) 60d; 99%	3.04%	3.63%

The VAR including HTM is calculated on the total portfolio including held to maturity positions. The HTM positions do not have a direct impact on market risk exposure.

VaR Excluding HTM as of 31 December in EUR '000	2020	2019
Market value of portfolio	415 331	351 074
Parametrical VaR 60d; 99%	11 369	11 968
Relative VaR (%) 60d; 99%	2.74%	3.41%

The VaR excluding HTM is calculated on the available for sale portfolio.

The VaR figures can be interpreted as giving a 1% probability that the portfolio will fall in value by more than 14 737 TEUR (whole portfolio) or 11 369 TEUR (AFS portfolio) over a 60-day period, assuming markets are normal and there is no trading. The accuracy of the VaR model is regularly monitored.

E.6. Capital Management

The Company operates in the insurance/reinsurance sector, which is a regulated industry therefore has to comply with all regulations stipulated through the Insurance Act No. 277/2009 Coll. and Regulation No. 306/2016 Coll., including the solvency requirements relating to capital. The capital of the Company is managed also in compliance with quantitative levels and limits of own funds as set out in Commission Delegated Regulation (EU) 2015/35 from 10 October 2014 and Directive 2009/138/EC.

The methodology for Solvency Capital Requirement calculation is defined in the above-mentioned legislation. The Company has developed a Partial Internal Model for Non-Life Underwriting risk and Health Non-Similar to Life techniques Underwriting risk (excluding Health Catastrophe). The Company applied for

regulator's approval in June 2019 and received the approval letter from Österreichische Finanzmarketaufsicht (FMA) dated 10 December 2019, therefore the model had been used since 2019 year-end calculation. For all the rest risk modules the Company used the Standard Formula approach.

The Capital management process starts with the assessment of the capital adequacy. During the capital adequacy assessment, the Risk Management Function analyses outputs of plan and projection (Solvency II Balance Sheet, Own funds, SCR) as well as current solvency position.

The industry's regulator is the Czech National Bank, which monitors the capital requirements for the Company.

The Company closely monitors its compliance with the regulatory capital requirements. The current calculation base with respect to capital requirements is based on the Solvency II principles, which replaced the system of regulatory capital

calculation – Solvency I in 2016.

The Company has sufficient capital based on the Solvency II principles. For further information please refer to SFCR report.

F. NOTES ON THE FINANCIAL STATEMENTS

F.1. Intangible Assets

Intangible Assets in EUR '000	2020	2019
Software and licenses	1 793	1 247
Total intangible assets	1 793	1 247

Intangible Assets 2020 in EUR '000	License	Software	Total
Balance as of 1 January	1 785	4 261	6 046
Additions	116	537	653
Reclassification*	95	222	317
Balance as of 31 December	1 996	5 020	7 016
Balance as of 1 January	1 767	3 032	4 799
Amortization	0	424	424
Balance as of 31 December	1 767	3 456	5 223
Book value as of 1 January	19	1 229	1 247
Book value as of 31 December	229	1 564	1 793

Intangible Assets 2019 in EUR '000	License	Software	Total
Balance as of 1 January	1 785	3 766	5 551
Additions	0	495	495
Balance as of 31 December	1 785	4 261	6 046
Balance as of 1 January	1 588	1 830	3 418
Amortization	179	1 202	1 381
Balance as of 31 December	1 767	3 032	4 799
Book value as of 1 January	197	1 936	2 133
Book value as of 31 December	18	1 229	1 247

* Reclassification regarding purchase of assets in total amount of 317 TEUR.

F.2. Property, Plant and Equipment

Property, Plant and Equipment – 2020 in EUR '000	Vehicles	Buildings (RoU)	Other	Total
Balance as of 1 January	118	2 888	1 568	4 574
Additions	73	15	246	334
Disposals	38	35	16	89
Reclassification*	0	0	- 317	- 317
Balance as of 31 December	153	2 868	1 481	4 502
Balance as of 1 January	76	417	468	961
Depreciation	20	385	239	644
Disposals	38	0	16	54
Balance as of 31 December	58	802	691	1 551
Book value as of 1 January	42	2 471	1 110	3 613
Book value as of 31 December	96	2 066	790	2 952

Property, Plant and Equipment – 2019 in EUR '000	Vehicles	Buildings (RoU)	Other	Total
Balance as of 1 January	118	2 888	1 150	4 156
Additions	0	0	425	425
Disposals	0	0	7	7
Balance as of 31 December	118	2 888	1 568	4 574
Balance as of 1 January	61	0	284	345
Depreciation	15	417	191	623
Disposals	0	0	7	7
Balance as of 31 December	76	417	468	961
Book value as of 1 January	57	0	866	923
Book value as of 31 December	42	2 471	1 100	3 613

* Reclassification regarding purchase of assets in total amount of 317 TEUR.

Right-of-use assets are described in F.28 Leases.

F.3. Investments in Subsidiaries

Investment in Subsidiaries in EUR '000	31.12.2020	Country	NAV	Cost of investment	Impairment losses	Net cost of investment	Proportion of ownership interest	Proportion of voting power
Wiener Re a.d.o. Serbia	6 758	Serbia	7 646	6 758		6 758	100%	100%
Total	6 758			6 758				

Investment in Subsidiaries in EUR '000	31.12.2019	Country	NAV	Cost of investment	Impairment losses	Net cost of investment	Proportion of ownership interest	Proportion of voting power
Wiener Re a.d.o. Serbia	6 758	Serbia	7 622	6 758		6 758	100%	100%
Total	6 758			6 758				

Investment in Subsidiaries in EUR '000	Date of acquisition	Proportion of ownership	Assets acquired	Liabilities acquired
Wiener Re a.d.o. Serbia	22.7.2010	99%	20 445	14 137
Wiener Re a.d.o. Serbia	17.3.2017	1%	454	383
Total			20 899	14 520

Wiener Re a.d.o. Serbia was acquired in 2010 from WIENER STÄDTISCHE Versicherung AG Vienna Insurance Group.

F.4. Financial Investments

Financial Investments in EUR '000	2020	2019
Available for sale financial assets	425 370	357 080
Held to maturity financial assets	44 850	79 130
Loans and receivables	108 508	106 137
Total	578 728	542 347

F.4.1. Financial Assets Available for Sale

Financial Assets Available for Sale in EUR '000	2020	2019
Debt securities		
Government bonds	172 958	197 741
Covered bonds	7 628	9 978
Corporate bonds	35 913	17 804
Bonds from banks	69 827	40 669
Investment funds	131 695	84 346
Shares	1 337	530
Shares in other related parties	6 012	6 012
Total	425 370	357 080

Financial Assets Available for Sale 2020	Amortized value/ Purchase price	FX differences	Unrealized gains or losses	Impairment	Fair value
Debt securities	275 839	-2 924	13 411	0	286 326
Investment funds	131 696	0	0	0	131 696
Shares	1 337	0	0	0	1 337
Shares in affiliated non-consolidated companies	6 012	0	0	0	6 012
Total	414 884	-2 924	13 411	0	425 370

Financial Assets Available for Sale 2019	Amortized value/ Purchase price	FX differences	Unrealized gains or losses	Impairment	Fair value
Debt securities	257 014	-183	9 361	0	266 192
Investment funds	83 762	0	584	0	84 346
Shares	530	0	0	0	530
Shares in affiliated non-consolidated companies	6 012	0	0	0	6 012
Total	347 318	-183	9 945	0	357 080

Fair Value Hierarchy – 2020 in EUR '000	Level 1	Level 2	Level 3	Total
Balance as of 1 January	339 180	6 367	11 533	357 080
Reclassification to level		1 017		1 018
Reclassification from level	-1 017			-1 018
Additions	130 284	3 538	547	134 369
Disposals	-66 705	0	0	-66 705
Changes in value recognised in profit and loss	-2 479	-446	0	-2 925
Changes in value recognised directly in equity	3 169	382	0	3 551
Balance as of 31 December	402 432	10 858	12 080	425 370

Fair Value Hierarchy – 2019 in EUR '000	Level 1	Level 2	Level 3	Total
Balance as of 1 January	280 128	10 333	5 003	295 464
Reclassification to level	4 276	0	0	4 276
Reclassification from level	0	-4 276	0	-4 276
Additions	152 330	5	6 530	158 865
Disposals	-105 631	0	0	-105 631
Changes in value recognised in profit and loss	-230	48	0	-182
Changes in value recognised directly in equity	8 307	257	0	8 564
Balance as of 31 December	339 180	6 367	11 533	357 080

Level 1 represents quoted prices in active markets for identical assets or liabilities (close/traded exchange prices, net asset values for opened-ended funds that are redeemable at any time, that report a daily NAV and that can be redeemed at this NAV)

Level 2 represents marked-to-market – the comparable financial instrument is calculated using valuation techniques for which all significant inputs are based on observable market data.

Level 2 Pricing Method	Used for	Fair value	Input parameters observable
Present value method	Bonds	Theoretical price	Issuer, sector and rating-dependent yield curves
Hull-White present value method	Bonds	Theoretical price	Maturity dependent implied volatilities rating-dependent yield curves
Hull-White present value method	Bonds	Theoretical price	Issuer, sector and rating-dependent yield curves

Level 3 represents an investment where the inputs for the asset valuation are not observable market data (issuer, sector and rating-dependent yield curves of non-government bonds).

This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. The financial instruments allocated to this level of the fair value hierarchy include investment share in an unlisted real estate companies (12 081 TEUR in 2020; 11 533 TEUR in 2019) measured in purchase price (as its fair value cannot be reliably measured).

For fair value measurements in Level 3, if changing one or more of the inputs to reasonably possible

alternative assumptions would significantly change the fair value, then the entity states that fact and discloses, through the class of financial instruments, the effect of those changes. For this purpose, significance is judged with respect to profit or loss, and total assets or total liabilities, or, when changes in fair value are recognized in other comprehensive income, total equity. In our view, reasonably possible alternative assumptions are those that could reasonably have been included in the valuation model as of the reporting date based on the circumstances at the reporting date.

Reclassification – 2020 in EUR '000	Level 2 to Level 1
Debt securities	
Amortized value	1 361
FX differences	-322
Unrealized gains or losses	-22
Total	1 017
Number	1

Investments, which were in the past priced on active markets and their valuation was acquired from Bloomberg (Level 1), are currently measured by VIG model (level 2).

Reclassification – 2019 in EUR '000	Level 2 to Level 1
Debt securities	
Amortized value	4 109
FX differences	110
Unrealized gains or losses	57
Total	4 276
Number	3

Investments, which were in the past measured by VIG model (Level 2), were in 2019 priced on active markets and their valuation was acquired from Bloomberg (Level 1).

F.4.2. Financial Assets Held to Maturity

Financial Assets Held to Maturity in EUR '000	2020	2019
Debt securities		
Government bonds	37 765	68 448
Corporate bonds	7 085	10 682
Total	44 850	79 130

Financial Assets Held to Maturity – 2020 in EUR '000	Carrying amount	Fair value
Debt securities		
Government bonds	37 765	44 564
Corporate bonds	7 085	7 356
Total	44 850	51 920

Financial Assets Held to Maturity – 2019 in EUR '000	Carrying amount	Fair value
Debt securities		
Government bonds	68 448	77 169
Corporate bonds	10 682	11 358
Total	79 130	88 527

All financial assets held to maturity are allocated to the Level 1 of the fair value hierarchy.

F.4.3. Loans and Deposits

Loans and Deposits in EUR '000	2020	2019
Loans – Term deposits	7 161	6 200
Deposits due from cedents	101 347	99 937
Total	108 508	106 137

Deposits Due from Cedents in Relation to Reinsurance Liabilities in EUR '000		2020	
Assets		Liabilities	
Deposits due from cedents	101 347	Unearned premiums	5 764
		Outstanding claims	7 229
		Life reinsurance provision	88 354
Total gross	101 347		101 347

Deposits Due from Cedents in Relation to Reinsurance Liabilities in EUR '000		2019	
Assets		Liabilities	
Deposits due from cedents	99 937	Unearned premiums	3 634
		Outstanding claims	8 083
		Life reinsurance provision	88 220
Total gross	99 937		99 937

Deposits due from cedents serve directly as collateral for technical provisions covering business assumed from cedents in reinsurance. They do not trigger any cash flows and may not be used by the cedent independently. The credit risk is therefore limited. The amount of and changes in deposits retained on assumed reinsurance during the period generally derive from the values for the changes in the related technical provisions for the reinsured business.

Deposits due from cedents thus do not have a fixed maturity date, their release is generally being dependent on the run-off of the corresponding provisions.

The book value of deposits due from cedents represents their fair value.

All loans and deposits are allocated to the Level 3 of the fair value hierarchy.

F.5. Receivables

Receivables in EUR '000	2020	2019
Receivables from direct reinsurance business	84 517	83 160
Receivables from ceded reinsurance business	38 357	39 027
Other receivables	27	134
Prepayments	139	342
Total gross	123 040	122 663
Impairment	809	858
Total net	122 231	121 805

The book value of receivables represents their fair value.

All receivables are allocated to the Level 3 of the fair value hierarchy.

F.6. Ceded Share of Reinsurance Liabilities

Ceded Share of Reinsurance Liabilities in EUR '000	2020	2019
Unearned premiums	11 864	11 530
Outstanding claims	265 785	230 499
Life reinsurance provision – retrocession	776	557
Total	278 425	242 586

F.7. Deferred Tax

The deferred tax assets and liabilities recognized relate to the amounts of temporary differences in balance sheet items listed in the following table. The differences were already valued using applicable tax rates.

Deferred Tax	2020		2019	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Property, plant and equipment	13	0	5	0
Intangible assets	0	-15	42	0
Revaluation differences	0	-1 951	0	-1 288
RoU and lease liabilities	11	0	9	0
*Technical provisions	3 554	0	0	0
Other provisions	384	0	369	0
Total	3 962	-1 966	425	-1 288
Net Balance	1 996			-863

*Deferred tax assets from technical provisions consists of taxation of technical provisions based on new Act no. 364/2019 Coll., that came into effect on 1 January 2020.

Movement in Deferred Tax	2020	2019
Net deferred tax assets/(liability) – opening balance	-863	806
Deferred tax (expense)/income for the period – through Profit or Loss	3 523	138
Change in revaluation differences	-664	-1 807
- Tax from AFS investments	-5	-181
- Deferred tax through Other Comprehensive Income	-659	-1 627
Net deferred tax asset/(liability) – closing balance	1 996	-863

In accordance with the accounting method described in B.7., the amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date which is 19% for the year in question (2019: 19%).

F.8. Other Assets

Other Assets in EUR '000	2020	2019
Prepaid expenses	391	409
Total	391	409

F.9. Deferred Acquisition Costs

Development of DAC in EUR '000	2020	2019
Book value – opening balance	12 761	9 725
Costs deferred during the current year	1 676	6 739
DAC released during the current year	4 074	3 703
FX translation	-93	1
Book value – closing balance	10 270	12 761

F.10. Cash and Cash Equivalents

Cash and Cash Equivalents in EUR '000	2020	2019
Cash and cash equivalents	4	4
Cash at bank	44 813	31 146
Total	44 817	31 150

F.11. Shareholders' Equity

Share Capital in EUR '000	2020	2019
Authorized number of shares		
25 000 of EUR 4 078.32 shares	101 958	101 958
6 500 of EUR 3 829.66 shares	24 892	24 892
Issued number of shares		
25 000 of EUR 4 078.32 shares	101 958	101 958
6 500 of EUR 3 829.66 shares	24 892	24 892
Total	126 850	126 850

F.12. Subordinated Liabilities

Subordinate Liabilities in EUR '000	2020	2019
Nominal value	35 000	35 000
Accrued interests	708	708
Total	35 708	35 708

Company borrowed subordinated loan with ten years maturity and interest rate 4% from Vienna Insurance Group AG Wiener Versicherung Gruppe in June 2018.

F.13. Unearned Premiums

Unearned Premium Provision – 2020 in EUR '000	Gross	Reinsurance	Net
Book value – opening balance	23 414	11 530	11 884
Premium written during the current year	578 898	214 591	364 307
Less premium earned during the current year	-576 457	-213 366	-363 091
Effect of clean cut	-2 715	-837	-1 878
FX translation	-447	-54	-393
Book value – closing balance	22 693	11 864	10 829

The Company booked portfolio entries of provisions as explained in B.24.

Unearned Premium Provision – 2019 in EUR '000	Gross	Reinsurance	Net
Book value – opening balance	19 203	9 700	9 503
Premium written during the current year	527 477	214 473	313 004
Less premium earned during the current year	-521 884	-212 267	-309 617
Effect of clean cut	-1 384	-1 206	-177
FX translation	2	830	-828
Book value – closing balance	23 414	11 530	11 884

F.14. Outstanding Claims

Provisions (RBNS, IBNR) – 2020 in EUR '000	Gross	Reinsurance	Net
Book value – opening balance	513 827	230 499	283 328
Claims incurred	378 504	139 643	238 861
Less claims paid	-275 542	-89 108	-186 434
Effect of clean cut	-18 614	-10 849	-7 765
FX translation	-7 806	-4 400	-3 406
Book value – closing balance	590 369	265 785	324 584

Claims Development Table – Property/Casualty on a Gross Basis in EUR '000	UY 2020	UY 2019	UY 2018	UY 2017	UY 2016	UY 2015	UY 2014	UY 2013	UY 2012	UY 2011 +	Total
Estimate of total cumulative claims at the end of the year	327 180	291 659	198 010	293 745	190 331	205 507	225 203	248 954	99 028	430 765	2 510 382
One year later		324 498	217 253	305 337	178 940	236 188	251 289	257 699	115 795	473 172	2 360 173
Two years later			206 597	312 647	180 291	239 441	237 267	254 582	115 588	473 295	2 019 710
Three years later				313 871	177 471	237 164	258 181	249 393	112 776	452 377	1 801 233
Four years later					182 293	233 378	259 619	247 119	109 294	442 565	1 474 268
Five years later						233 686	257 303	245 487	107 477	439 127	1 283 080
Six years later							254 613	244 876	108 904	432 203	1 040 597
Seven years later								243 278	108 635	430 957	782 870
Eight years later									107 994	429 451	537 445
Nine years later										429 352	429 352
Ten years later										510 756	510 756
Estimate of cumulative claims	327 180	324 498	206 597	313 871	182 293	233 686	254 613	243 278	107 994	428 265	2 622 276
Cumulative payment	110 723	188 475	160 328	263 112	149 751	206 642	237 375	229 477	94 163	389 086	2 029 132
Value recognized in balance sheet	216 457	136 023	46 269	50 760	32 542	27 044	17 239	13 800	13 830	39 179	593 144

The Company booked portfolio entries of provisions as explained in B.24. Existing portfolio transfers from novation are considered to be in the underwriting year in which they come into the Company's portfolio.

Outstanding claims relating to health (7 499 TEUR) and life (5 988 TEUR) and FX differences (16 220 TEUR) are not included in the above table due to their relative insignificance.

Provisions (RBNS, IBNR) – 2019 in EUR '000	Gross	Reinsurance	Net
Book value – opening balance	438 362	224 629	213 732
Claims incurred and reported	333 866	117 696	216 170
Less claims paid	-252 567	-94 184	-158 383
Effect of clean cut	-4 679	-16 900	12 221
FX translation	-811	-487	-324
Book value – closing balance	513 827	230 497	283 330

Claims Development Table – Property/Casualty on a Gross Basis in EUR '000	UY 2019	UY 2018	UY 2017	UY 2016	UY 2015	UY 2014	UY 2013	UY 2012	UY 2011	UY 2010 +	Total
Estimate of total cumulative claims at the end of the year	291 659	198 010	293 745	190 331	205 507	225 203	248 954	99 028	69 418	361 347	
One year later		217 253	305 337	178 940	236 188	251 289	257 699	115 795	82 973	390 199	
Two years later			312 647	180 291	239 441	237 267	254 582	115 588	79 040	394 256	
Three years later				177 471	237 164	258 181	249 393	112 776	75 586	376 792	
Four years later					233 378	259 619	247 119	109 294	74 521	368 043	
Five years later						257 303	245 487	107 477	74 039	365 088	
Six years later							244 876	108 904	70 630	361 574	
Seven years later								108 635	70 968	359 990	
Eight years later									70 308	359 144	
Nine years later										358 643	
Ten years later										153 201	
Estimate of cumulative claims	291 659	217 253	312 647	177 471	233 378	257 303	244 876	108 635	70 308	358 453	2 271 984
Cumulative payment	104 148	132 351	234 963	144 174	199 135	236 092	228 614	92 443	61 259	326 136	1 759 315
Value recognized in balance sheet	187 511	84 902	77 684	33 297	34 243	21 211	16 262	16 192	9 049	32 317	512 668

The Company booked portfolio entries of provisions as explained in B.24. Existing portfolio transfers from novation are considered to be in the underwriting year in which they come into the Company's portfolio.

Outstanding claims relating to health (5 240 TEUR) and life (4 400 TEUR) and FX differences (-8 481 TEUR) are not included in the above table due to their relative insignificance.

F.15. Life Reinsurance Provision

Development in 2020 in EUR '000	Gross	Reinsurance	Net
Book value – opening balance	88 330	557	87 773
Additions	115	219	-104
Disposals	3 525	0	3 525
Book value – closing balance	84 920	776	84 144

Development in 2019 in EUR '000	Gross	Reinsurance	Net
Book value – opening balance	90 940	557	90 383
Additions	450	0	450
Disposals	3 060	0	3 060
Book value – closing balance	88 330	557	87 773

F.16. Payables

Payables in EUR '000	2020	2019
Payables arising out of reinsurance operations – cedents	103 536	86 417
Payables arising out of reinsurance operations – retrocession	22 482	24 273
Trade payables	753	464
Wages and salaries	293	251
Social security and health insurance and tax payables	244	220
Lease liabilities	2 124	2 505
Other payables	2 089	2 718
Total	131 521	116 848

F.17. Other Liabilities

Other Liabilities in EUR '000	2020	2019
Accruals	2 730	2 640
Total	2 730	2 640

F.18. Premium

Premium Written - Reinsurance Premium 2020 in EUR '000	Property/ Casualty	Health	Life	Total
Gross				
Austria	164 394	15 829	7 989	188 212
Germany	51 293	3 696	5 753	60 742
Czech Republic	46 064	188	239	46 491
Italy	42 353	5	204	42 562
Poland	31 914	1	1 532	33 447
Turkey	26 397	4 826	86	31 309
Slovakia	15 582	1 753	8 118	25 453
France	24 008	31	0	24 039
Romania	12 356	23	85	12 464
Serbia	8 960	455	189	9 604
Japan	13 682	0	36	13 718
Croatia	10 872	0	128	11 000
Bulgaria	7 761	87	91	7 939
Hungary	8 121	115	502	8 738
Switzerland	9 879	0	0	9 879
Other*	50 650	1 346	1 305	53 301
Premium written	524 286	28 355	26 257	578 898
Retroceded premium	204 479	1 828	8 284	214 591
Premium written – Retained	319 807	26 527	17 973	364 307

*) Other represents the following countries: Albania, Armenia, Azerbaijan, Belgium, Bosnia, Estonia, Georgia, Greece, Kazakhstan, Kosovo, Latvia, Liechtenstein, Lithuania, Luxembourg, Macedonia, Moldova, Montenegro, Netherlands, Portugal, Russia, Slovenia, South Korea, Spain, Ukraine, United Kingdom.

Premium Written - Reinsurance Premium 2019 <small>in EUR '000</small>	Property/ Casualty	Health	Life	Total
Gross				
Austria	160 764	15 612	8 645	185 021
Germany	50 542	3 163	4 930	58 635
Czech Republic	45 370	107	55	45 532
Italy	31 887	4	0	31 891
Poland	29 128	0	1 018	30 146
Turkey	25 282	4 210	0	29 492
Slovakia	16 500	717	6 839	24 056
France	14 393	18	0	14 411
Romania	11 428	23	91	11 543
Serbia	8 685	473	66	9 224
Japan	9 124	0	32	9 156
Croatia	8 699	0	110	8 809
Bulgaria	8 391	0	29	8 420
Hungary	7 439	234	316	7 989
Switzerland	6 785	0	0	6 785
Other*	43 677	1 321	1 370	46 368
Premium written	478 095	25 882	23 499	527 477
Retroceded premium	-207 033	-1 046	-6 394	-214 473
Premium written – Retained	271 062	24 836	17 105	313 004

*) Other represents the following countries: Albania, Armenia, Belgium, Bosnia, Estonia, Georgia, Greece, Kazakhstan, Kosovo, Latvia, Luxembourg, Macedonia, Moldova, Montenegro, Russia, Slovenia, South Korea, Spain, Ukraine.

In 2020 the Company wrote premium of 345 212 TEUR from VIG Group companies and 233 686 TEUR from external parties (in 2019: 337 832 TEUR from VIG Group companies and 189 645 TEUR from external parties).

Premium Written – Reinsurance Premium 2020 <small>in EUR '000</small>	Gross	Ceded	Net
Property/Casualty			
Motor Third Party Liability	85 795	-28 036	57 759
Motor Own Damage	35 175	-769	34 406
Personal Accident	13 182	-6 595	6 587
General Third Party Liability	19 630	-2 895	16 735
Property	356 377	-160 627	195 751
Marine	14 047	-5 691	8 356
Premium written	524 207	-204 612	319 594

**Premium Written – Reinsurance
Premium 2019** in EUR '000

	Gross	Ceded	Net
Property/Casualty			
Motor Third Party Liability	76 135	-28 834	47 301
Motor Own Damage	33 180	-565	32 615
Personal Accident	11 495	-6 297	5 198
General Third Party Liability	16 990	-2 384	14 606
Property	326 853	-163 437	164 013
Marine	13 442	-6 113	7 329
Premium written	478 095	-207 630	270 465

F.19. Investment Result**Investment Income** in EUR '000

	2020	2019
Interest income		
Loans and term deposits	363	184
Deposits due from cedents	3 741	5 023
Financial investments held to maturity	2 519	3 589
Financial investments available for sale	4 632	3 713
Total interest income	11 255	12 509
Gains from the disposal of financial investments		
Financial investments available for sale	3 341	4 718
Total gains from disposals of investments	3 341	4 718
FX gains	0	0
Kick-back and other fees	26	30
Total	14 622	17 257

Investment Expense in EUR '000

	2020	2019
Losses from disposal of investments	1 988	131
Management fees	298	414
FX losses	3 029	505
Interests from retrocession operations	851	1 565
Total	6 166	2 615

F.20. Other Income**Other Income** in EUR '000

	2020	2019
Foreign currency gains	3 145	958
Income from sale of inventory	7	0
Total	3 152	958

F.21. Claims and Insurance Benefits

Expenses for Claims and Insurance Benefits – 2020	Gross	Retrocession	Net
<i>in EUR '000</i>			
Property/casualty/health			
Expenses for insurance claims			
Claims and benefits	258 531	86 432	172 099
Changes in provision for outstanding claims	95 682	49 276	46 406
Subtotal	354 213	135 708	218 505
Changes in mathematical reserve	355	0	355
Changes in other insurance liabilities	5 741	0	5 741
Total non-life expenses for claims and insurance benefits	360 309	135 708	224 601
Life			
Expenses for insurance claims			
Claims and benefits	17 011	2 676	14 335
Changes in provision for outstanding claims	1 539	1 259	280
Subtotal	18 550	3 935	14 615
Changes in mathematical reserve	-3 765	219	-3 984
Changes in other insurance liabilities	0	0	0
Total life expenses for claims and insurance benefits	14 785	4 154	10 631
Total	375 094	139 862	235 232

Expenses for Claims and Insurance Benefits – 2019	Gross	Retrocession	Net
<i>in EUR '000</i>			
Property/casualty/health			
Expenses for insurance claims			
Claims and benefits	237 723	93 027	144 696
Changes in provision for outstanding claims	79 502	22 066	57 436
Subtotal	317 225	115 093	202 132
Changes in mathematical reserve	88	0	88
Changes in other insurance liabilities	344	257	87
Total non-life expenses for claims and insurance benefits	317 657	115 350	202 307
Life			
Expenses for insurance claims			
Claims and benefits	14 844	1 157	13 687
Changes in provision for outstanding claims	1 503	1 190	313
Subtotal	16 347	2 347	14 000
Changes in mathematical reserve	-2 699	0	-2 699
Changes in other insurance liabilities	0	0	0
Total life expenses for claims and insurance benefits	13 648	2 347	11 301
Total	331 305	117 697	213 608

F.22. Acquisition Expenses

Commission Expenses 2020 in EUR '000	Property/ Casualty	Health	Life	Total
Reinsurance commission – Fix	63 430	1 360	2 986	67 776
Reinsurance commission – Sliding scale	30 610	720	0	31 330
Reinsurance commission – Profit commission	24 111	8 580	3 568	36 259
Deferred acquisition expenses	-398	438	1 630	1 670
Total	117 753	11 098	8 184	137 035

Commission Expenses 2019 in EUR '000	Property/ Casualty	Health	Life	Total
Reinsurance commission – Fix	55 852	2 071	7 296	65 219
Reinsurance commission – Sliding scale	29 295	-931	0	28 364
Reinsurance commission – Profit commission	10 749	5 742	3 171	19 662
Deferred acquisition expenses	-913	-407	-2 302	-3 622
Total	94 984	6 475	8 165	109 623

F.23. Commission Income from Retrocessionaires

Commission Income from Retrocessionaires in EUR '000	2020	2019
Reinsurance commissions	32 017	34 463
Profit commissions	2 213	2 882
Deferred acquisitions revenues	-728	-586
Total	33 502	36 759

F.24. Other Operating Expenses

Other Operating Expenses in EUR '000	2020	2019
Personnel expenses	2 136	1 816
Mandatory social security contributions and expenses	573	480
Depreciation of property, plant and equipment	213	206
Depreciation of leasing assets	405	417
Amortization of intangible assets	734	1 381
Rental expenses	494	100
Services	40	88
Allocation/Release of receivable adjustments	-1	11
Other administrative and IT expenses	1 069	942
Total	5 663	5 441

Information about fees paid to auditors for statutory audit services are disclosed in consolidated financial statements of parent company VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe. In 2020 Company has paid a SFCR audit fee of EUR 18 150 (2019: EUR 23 247).

Management and Employee Statistics <small>Number of members</small>	2020	2019
Management – BoD	3	3
Other employees	107	78
Total	109	81

Personal Expenses <small>in EUR '000</small>	2020	2019
Wages and salaries	2 003	1 681
Mandatory social security contribution expenses	573	480
Other social security expenses	133	135
Total	2 709	2 296

Board of Directors and Supervisory Board Compensation <small>in EUR '000</small>	2020	2019
Board of Directors compensation	857	838
Supervisory Board compensation	95	95
Total	952	933

F.25. Finance Cost

Finance Cost <small>in EUR '000</small>	2020	2019
Interest expenses from subordinated liabilities	1 400	1 400
Interest on lease liabilities	66	78
Total	1 466	1 478

F.26. Other Expenses

Other Expenses <small>in EUR '000</small>	2020	2019
Foreign currency losses	251	5
Total	251	5

F.27. Tax Expense

Tax Expense in EUR '000	2020	2019
Current taxes		
- Actual taxes current period	9 337	5 628
- Actual taxes related to other periods	-29	-232
Total current taxes	9 308	5 397
Deferred taxes (F.7)	-3 518	43
- Tax from AFS investments	5	181
- Deferred tax (expense)/income for the period – through Profit or Loss	-3 523	138
Other income tax	0	0
Total taxes	5790*	5 439*

* Tax calculated based on tax base in CZK (currency used for tax purposes). The final tax is then recalculated using the EUR/CZK FX rate as of 31 December 2020 and 31 December 2019.

Tax Rate Reconciliation in EUR '000	2020	2019
Expected tax rate in %	19	19
Profit before tax	22 560	26 242
Expected tax expense	4 286	4 986
Adjusted for tax effects due to:		
- Tax exempt income	-1 228	-1 781
- Non-deductible expenses – other	1 467	1 896
- Income exempted from tax	0	0
- Expense exempted from tax	90	96
- Taxes from previous years	-29	-232
- Changes in tax rates	0	0
Other adjustments	882	0
- FX differences**	320	474
Income tax expense	5 790	5 439
Effective tax rate in %	25.67	20.73

** FX effect caused by difference between functional currency (EUR) and currency used for calculating tax duty and preparing the tax return (CZK).

F.28. Leases

Property, plant and equipment comprise owned and leased assets that do not meet the definition of investment property.

Property, Plant and Equipment in EUR '000	2020	2019
Property, plant and equipment owned	886	1 142
Right-of-use assets, except for investment property	2 066	2 471
Total	2 952	3 613

The Company leases its head office building in Prague, the Czech Republic and office premises of its branches in Frankfurt a. M., Germany and Paris, France. Information about leases for which the Company is a lessee is presented below.

Right-of-use assets

Buildings in EUR '000	2020	2019
Balance at 1 January	2 471	2 888
Depreciation charge for the year	-385	-417
Additions/Disposals	-20	0
Balance at 31 December	2 066	2 471

There were no additions to right-of-use assets during 2020.

Lease liabilities

Lease Liability in EUR '000	2020	2019
Maturity analysis – contractual undiscounted cash flows		
Less than one year	464	460
One to five years	1 664	1 789
More than five years	150	476
Total undiscounted lease liabilities at 31 December	2 278	2 725
Lease liabilities included in the statement of financial position at 31 December	2 124	2 505
Current	409	394
Non-current	1 715	2 111

Lease liabilities are presented in 'Payables' in the statement of financial position.

Amounts recognised in profit or loss

Amounts Recognised in Profit or Loss in EUR '000	2020	2019
Interest on lease liabilities	-66	-78
Depreciation charge for the year	-385	-417

Amounts recognised in the statement of cash flows

Amounts Recognised in the Statement of Cash Flows in EUR '000	2020	2019
Total cash outflow for leases	-462	-460

F.29. Related Parties

The related party transactions were made on terms equivalent to those that prevail in arm's length transactions.

F.29.1. Shareholders

Shareholders as of 31 December 2020:

VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe	55%
DONAU Versicherung AG Vienna Insurance Group	10%
Kooperativa pojišťovna, a.s., Vienna Insurance Group	10%
KOOPERATIVA poisťovňa, a.s. Vienna Insurance Group	10%
WIENER STÄDTISCHE Versicherung AG Vienna Insurance Group	15%

The ultimate parent of the Company is VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe (VIG).

Transactions With the Parent Company in EUR '000	2020	2019
Balance sheet		
Receivables	1 577	14 982
Outstanding claims	45 324	51 968
Liabilities	1 462	1 690
Income statement		
Premiums written	14 944	16 258
Change due to provision for premiums	0	0
Expenses for claims and insurance benefits	- 7 098	-17 497
Change in claims and other reinsurance liabilities	5 864	589
Commission expenses	247	-132
Other operating expenses	-693	-693

Transactions between the Company and its parent relate to reinsurance/retrocession contracts and servicing contracts related to back office.

Transactions with Other Entities with Joint Control or Significant Influence* in EUR '000	2020	2019
Balance sheet		
Deposits due from cedents	1 344	1 260
Receivables	15 748	67 120
Unearned premiums	3 979	5 364
Premium reserve	320	353
Outstanding claims	74 025	71 425
Liabilities	97 731	16 267
Income statement		
Premiums written	203 064	198 359
Change due to provision for premiums	-1 196	-486
Investment and interest income/expense	46	55
Expenses for claims and insurance benefits	-90 507	-98 696
Change in claims and other reinsurance liabilities	-17 431	18 658
Commission expenses	-54 135	-38 700
Intergroup outsourcing	-450	-508

*Donau Versicherung AG, Kooperativa pojištovna, a.s., Kooperativa poistovna, a.s., Wiener Städtische Versicherung AG

Transactions between the Company and entities with joint control relate to reinsurance/retrocession contracts and servicing contracts related to back office.

F.29.2. Subsidiaries

The Company has one subsidiary: Wiener Re a.d.o. Serbia (for details B.3.).

Transactions with Subsidiaries in EUR '000	2020	2019
Balance sheet		
Receivables	1 314	631
Unearned premiums	964	408
Outstanding claims	5 667	5 951
Liabilities	189	823
Income statement		
Premiums written	10 972	10 696
Change due to provision for premiums	-556	-49
Investment and interest income	396	438
Expenses for claims and insurance benefits	-6 460	-5 746
Change in claims and other reinsurance liabilities	-284	-140
Commission expenses	-3 382	-2 946

Transactions between the Company and its subsidiaries relate to reinsurance/retrocession contracts and servicing contracts related to back office.

F.29.3. Key Management Personnel of the Entity and its Parent

Key management personnel are those persons with authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity. The key management personnel are comprised of the Board of Directors and the Supervisory

Board, together with members of the Board of Directors of VIC. Close family members of key management personnel are also deemed to be related parties. The Company has no transactions with family members of key management personnel and key management personnel except for the compensation mentioned in F.24.

Other Related Parties

Other related parties comprise fellow subsidiaries, associates and joint ventures of the ultimate parent company.

Transactions between the Company and other related parties are based only on reinsurance contracts.

Transactions with Other Related Parties in EUR'000	2020	2019
Balance sheet		
Deposits due from cedents	9 326	7 696
Receivables	19 162	13 462
Unearned premiums	13 187	12 648
Premium reserve	830	599
Outstanding claims	127 707	112 692
Liabilities	12 228	37 505
Income statement		
Premiums written	117 482	112 519
Change due to provision for premiums	260	1 085
Miscellaneous earnings/expenditures of investment	92	106
Expenses for claims and insurance benefits	-68 293	-54 742
Change in claims and other reinsurance liabilities	-14 515	-12 156
Commission expenses	-19 816	-20 291

Transactions between the Company and other related parties relate to reinsurance/retrocession contracts.

F.30. Fair Value of Financial Assets and Liabilities

Financial Assets in EUR '000	31.12.2020		31.12.2019	
	Fair value	Carrying amount	Fair value	Carrying amount
Financial investments	484 991	477 381	452 190	442 410
Financial assets held to maturity	51 920	44 850	88 527	79 130
Financial assets available for sale	425 370	425 370	357 080	357 080
Loans – Term deposits	7 701	7 161	6 584	6 200
Receivables	122 231	122 231	121 805	121 805
Cash and cash equivalents	44 817	44 817	31 150	31 150
Total financial assets	652 039	644 429	605 145	595 365

Financial Liabilities in EUR '000	31.12.2020		31.12.2019	
	Fair value	Carrying amount	Fair value	Carrying amount
Subordinated liabilities	35 708	35 708	35 708	35 708
Payables	131 521	131 521	116 848	116 848
Other liabilities	2 730	2 730	2 640	2 640
Total financial liabilities	169 959	169 959	155 196	155 196

The fair value of financial assets besides loans is determined through either an observable market price or a price calculated by discounting cash flow. The price calculated by discounting cash flow is equal to the present value of future cash flows discounted by a risk free yield curve and an appropriate credit spread. The appropriate credit spread is obtained from a reference bond with the same rating, from the same industry sector, and with similar maturity, seniority and issuer.

The deposits due from cedents amounting to 101 347 TEUR (in 2019 amounting to 99 937 TEUR), which are part of the financial investments, serve directly as an advance payment of future liabilities covering assumed business from cedents. These

deposits do not trigger any cash flows and may not be used by the cedent independently. The credit risk is therefore limited and stating the fair value is not relevant. Furthermore, the deposits due from cedents do not have a fixed maturity date and their release depends on the corresponding provision.

The expected contractual maturities of other financial assets and liabilities are up to 1 year. Therefore, the fair value of these assets and liabilities represents their carrying amount.

Financial assets and liabilities except for HTM and part of AFS investments are classified to level 3 in fair value hierarchy. The instruments are measured by valuation technique which includes inputs not based on observable data.

F.31. Fair Value Analysis of the Financial Assets

Fair value analysis of the financial assets:

Financial Assets in EUR '000	31.12.2020		31.12.2019	
	SPPI	Other*	SPPI	Other*
Financial investments	59 621	425 370	95 111	357 080
Financial assets held to maturity	51 920	0	88 527	0
Financial assets available for sale	0	425 370	0	357 080
Loans – Term deposits	7 701	0	6 584	0
Other receivables	166	0	475	0
Cash and cash equivalents	44 817	0	31 150	0
Total financial assets	104 604	425 370	126 736	357 080

*Financial instruments that do not meet SPPI criteria or financial instruments that meet SPPI criteria but are held for trading or managed on a fair value basis.

SPPI in EUR '000	2020				Balance as of 31 December
	Balance as of 1 January	Changes in additions, disposals and amortized value	Changes in FX difference	Changes in unrealized gains and losses	
SPPI	126 736	-22 132	0	0	104 604
Financial assets held to maturity	88 527	-36 607	0	0	51 920
Loans – Term deposits	6 584	1 117	0	0	7 701
Other receivables	475	-309	0	0	166
Cash and cash equivalents	31 150	13 667	0	0	44 817
Other*	357 080	68 290	0	0	425 370
Financial assets available for sale	357 080	68 290	0	0	425 370

*Financial instruments that do not meet SPPI criteria or financial instruments that meet SPPI criteria but are held for trading or managed on a fair value basis.

SPPI in EUR '000	2019				
	Balance as of 1 January	Changes in additions, disposals and amortized value	Changes in FX difference	Changes in unrealized gains and losses	Balance as of 31 December
SPPI	122 649	4 032	0	55	126 736
Financial assets held to maturity	100 535	-12 063	0	55	88 527
Loans – Term deposits	6 997	-413	0	0	6 584
Other receivables	241	234	0	0	475
Cash and cash equivalents	14 876	16 274	0	0	31 150
Other*	295 464	51 854	-182	9 944	357 080
Financial assets available for sale	295 464	51 854	-182	9 944	357 080

*Financial instruments that do not meet SPPI criteria or financial instruments that meet SPPI criteria but are held for trading or managed on a fair value basis.

SPPI financial assets rating categories:

Credit Risk Exposure -

SPPI in EUR '000

2020

Standard & Poor's rating	AAA	AA	A	B / BB / BBB	No Rating	Carrying value in balance sheet
Financial assets	0	8 071	29 618	6 061	1 100	44 850
Loans – Term deposits					7 161	7 161
Other receivables					166	166
Cash and cash equivalents					44 817	44 817
Total	0	8 071	29 618	6 061	53 244	96 994
In %	0.00	11.79	30.54	8.86	77.79	100.00

Credit Risk Exposure -

SPPI in EUR '000

2019

Standard & Poor's rating	AAA	AA	A	B / BB / BBB	No Rating	Carrying value in balance sheet
Financial assets	0	28 476	50 654			79 130
Loans – Term deposits					6 200	6 200
Other receivables					475	475
Cash and cash equivalents					31 150	31 150
Total	0	28 476	50 654	0	37 825	116 956
In %	0.00	24.35	43.31	0.00	32.34	100.00

Credit Risk Exposure - Other

in EUR '000

2020

Standard & Poor's rating	AAA	AA	A	B / BB / BBB	No Rating	Carrying value in balance sheet
Financial assets – debt securities	30 001	93 783	99 531	59 014	5 333	287 662
Financial assets – investment funds					137 708	137 708
Total	30 001	93 783	99 531	59 014	143 041	425 370
In %	7.05	22.05	23.40	13.87	33.63	100.00

Credit Risk Exposure - Other

in EUR '000

2019

Standard & Poor's rating	AAA	AA	A	B / BB / BBB	No Rating	Carrying value in balance sheet
Financial assets – debt securities	33 702	102 288	106 103	24 630		266 722
Financial assets – investment funds					90 357	90 357
Total	33 702	102 288	106 103	24 630	90 357	357 079
In %	9.44	28.65	29.71	6.90	25.30	100.00

Company assessed credit risk on financial assets that meet SPPI criteria as not significant at the end of the reporting period in compliance with IFRS 9 requirements.

F.32. Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. Therefore, accounting estimates might not be equal to the actual results. Significant estimates and assumptions are summarized below.

F.32.1. Assumptions Used in Reinsurance Liabilities and Reinsurance Assets

The Company uses certain assumptions when calculating its insurance liabilities and insurance assets. The process used to determine the assumptions that have the greatest effect on the measurement of the items in the Company's

financial statements, and the effects of changes in the assumptions that would have a material effect on the recognized amounts, are discussed in part D.

F.32.2. Impairment of Loans and Receivables

At each balance sheet date, the Company assesses whether there is objective evidence that any loan, receivable or reinsurance assets are impaired. They are impaired if there is objective evidence of impairment as a result of one or more events that have occurred since their initial recognition and the resulting loss event (or events) has an impact on the estimated future cash flows that can be reliably estimated (e.g., significant financial difficulty for the issuer or obligor; a breach of contract, such as default on interest or principal payments).

The Company first individually assesses whether objective evidence of impairment exists for any loans or receivables that are individually significant, and individually or collectively for any loans, receivables and reinsurance assets that are not individually significant. For the purposes of the collective evaluation of impairment, loans and receivables are grouped on the basis of similar credit risk characteristics.

F.32.3. Income Taxes

Judgement is required in determining the provision for income taxes. If the final tax outcome is different from the amounts that

were initially recorded, such difference impacts the income tax and deferred tax in the period in which such determination is made.

F.32.4. Fair Value of Financial Instruments

The fair value of financial instruments that are not traded on an active market is determined using valuation techniques. The Company uses its judgement to select a variety of methods and

makes assumptions that are mainly based on the market conditions existing at each balance sheet date.

F.32.5. Contract Classification

When entering into an arrangement, certain judgement is used to determine the appropriate classification of the contracts entered in terms of International Financial Reporting Standards. In the application of management's judgement, the management considers the substance of the contractual arrangement rather than

the legal terms, especially with regard to contractual arrangements that are complex in nature. The application of the substance of the arrangement includes the consideration of all information available when the contract becomes binding.

F.33. Consolidated Statements


Based on Act on Accounting No. 563/1991 Coll, as amended, par. 22aa, the Company does not have to prepare its consolidated financial statements, as the Company is fully consolidated by VIG holding, therefore the conditions of par 22aa were fulfilled.

F.34. Subsequent Events

Mr. Tomasz Rowicki resigned from his office of Board of Directors member with the effect as of 31 December 2020.

The Company's management is not aware of any other event that has occurred since the balance sheet date that would have a material impact on the financial statements.

The financial statements were authorized by the Board of Directors of the Company on 1 April 2021.



Johannes Martin Hartmann
Chairman of the Board of Directors



Ivana Jurčíková
Member of the Board of Directors

REPORT OF
THE BOARD
OF DIRECTORS
ON RELATED
PARTIES



Report of the Board of Directors

on relations between the controlling party and the controlled party and between the controlled party and other parties controlled by the same controlling party in accordance with Section 82 of the Act No. 90/2012 Coll., on Business Companies and Cooperatives (on Business Corporations), as amended (hereinafter the “**Act on Business Corporations**”).

Financial period from 1 January 2020 to 31 December 2020 is the vesting period of this Report on relations between the controlling party and the controlled party and between the controlled party and other parties controlled by the same controlling party (hereinafter the “**Report on Relations**”)

I. Structure of relations

VIG RE zajišťovna, a.s., a company with its registered office at Templová 747/5, 110 01 Prague 1, Id. No.: 28445589, registered in the Commercial Register maintained with the Municipal Court in Prague, Section B, File 14560 (hereinafter “**VIG Re**” or “Company”), is the **controlled person**.

VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe, a company with its registered office at Schottenring 30, Vienna 1010, Austria, registered in the Commercial Register maintained with the Commercial Court in Vienna, Section FN, File 75687 F (hereinafter “**VIG AG**”), is the **controlling person**.

II. Role of the Company in the VIG Group

VIG AG is the leading person of the Vienna Insurance Group (hereinafter “VIG Group”), having the legal form of a joint-stock company.

VIG Re is a part of the VIG Group and engages especially in reinsurance activities under the Insurance Act.

III. Method and means of controlling

VIG AG holds shares of VIG Re in the aggregate nominal value of 55% of the registered capital, whereby it fully controls VIG Re, especially by making decisions at the General Meeting.

VIG AG's shares in other subsidiaries, expressed in percent of the registered capital, are specified in Annex 2 to this Report (hereinafter "**VIG Group Companies**").

IV. Overview of mutual agreements between VIG Re and VIG Group Companies valid in the year 2020

The list of agreements between VIG Re and VIG Group Companies is enclosed in Annex 1 to this Report.

V. Overview of actions undertaken during the previous financial period at the instigation or in the interest of VIG AG or other VIG Group Companies

In 2020, no legal acts or other measures were undertaken in the interest or at the instigation of related parties. VIG Re only paid off the relevant

dividend to the controlling person and other shareholders, in line with resolution of General Meeting.

VI. Assessment of the harm incurred and its compensation

VIG Re did not suffer any harm in 2020 based on agreements concluded between VIG Re on one

hand and VIG AG and other VIG Group Companies on the other.

VII. Confidentiality

Information and facts that form business secrets of the VIG Group Companies as well as information that has been designated as confidential by any VIG Group Company are deemed confidential within the VIG Group. Furthermore, confidential information also includes any information obtained in the course of trade that could be, in itself or

in connection with other information or facts, to the detriment of any of the VIG Group Companies.

With a view to avoiding any harm to VIG Re, this Report on Relations does not comprise financial details of any performance or counter-performance under the concluded contracts and agreements.

VIII. Evaluation of the relations and risks within the VIG Group

The VIG Group is one of the leading insurance and reinsurance operators on the European market. VIG Re thus has access to know-how, inter alia, in the fields of Solvency II, audit, compliance

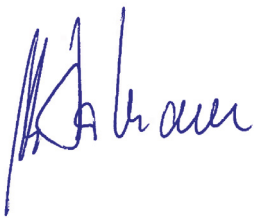
and information technology. It is possible to conclude that VIG Re prevalingly benefits from the relationships within the VIG Group.

IX. Conclusion

This Report on Relations was drawn up by the Board of Directors of the controlled person, VIG RE zajišťovna, a.s., for the period from 1 January 2020 to 31 December 2020 and will be presented for review to the Supervisory Board.

Given that VIG Re is required by valid law to prepare an Annual Report, this Report on Relations will form an integral part of the Annual Report. The Annual Report will be submitted for audit to audit firm KPMG Česká republika Audit, s.r.o.

In Prague, on 1 April 2021



Johannes Martin Hartmann
Chairman of the Board of Directors



Ivana Jurčíková
Member of the Board of Directors

ANNEX 1
TO THE REPORT
ON RELATIONS



Overview of mutual agreements between VIG Re and VIG Group Companies

Contracts and Agreements in effect for VIG AG and VIG Re in 2020

Re-insurance contracts between VIG Re and VIG AG

Contracts and Agreements in effect for VIG Re and other Controlled Parties, where the Controlling party is VIG AG in 2020

Subordinated Loan Agreement between VIG Re and VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe

Agreement on sharing of costs between VIG Re and Kooperativa pojišťovna, a.s., Vienna Insurance Group

Agreement on sharing of costs between VIG Re and VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe

Agreement on sharing of costs between VIG Re and InterRisk Versicherungs-AG Vienna Insurance Group

Lease contract between VIG Re and Kooperativa pojišťovna, a.s., Vienna Insurance Group

Lease contract between VIG Re and InterRisk Versicherungs-AG Vienna Insurance Group

Insurance contracts between VIG Re and Kooperativa pojišťovna, a.s., Vienna Insurance Group

Loan Agreement between VIG Re and KKB Real Estate SIA

Loan Agreement between VIG Re and Sanatorium Astoria

Re-insurance contracts between VIG Re and VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe

Re-insurance contracts between VIG Re and BTA Baltic Insurance Company AAS, Riga

Re-insurance contracts between VIG Re and ASIGURAREA ROMANEASCA - ASIROM VIENNA INSURANCE GROUP S.A., Bucharest

Re-insurance contracts between VIG Re and "BULSTRAD LIFE VIENNA INSURANCE GROUP" EAD, Sofia

Re-insurance contracts between VIG Re and INSURANCE JOINT-STOCK COMPANY "BULSTRAD VIENNA INSURANCE GROUP", Sofia

Re-insurance contracts between VIG Re and Compania de Asigurari "DONARIS VIENNA INSURANCE GROUP" Societate pe Actiuni, Chisinau

Re-insurance contracts between VIG Re and Compensa Life Vienna Insurance Group SE, Tallinn

Re-insurance contracts between VIG Re and Compensa Towarzystwo Ubezpieczen Na Zycie Spolka Akcyjna Vienna Insurance Group, Warsaw

Re-insurance contracts between VIG Re and Compensa Towarzystwo Ubezpieczen Spolka Akcyjna Vienna Insurance Group, Warsaw

Re-insurance contracts between VIG Re and Compensa Vienna Insurance Group, akcine draudimo bendrove, Vilnius

Re-insurance contracts between VIG Re and Česká podnikatelská pojišťovna, a.s., Vienna Insurance Group, Prague

Re-insurance contracts between VIG Re and DONAU Versicherung AG Vienna Insurance Group, Vienna

Re-insurance contracts between VIG Re and Stock Company for Insurance and Reinsurance MAKEDONIJA Skopje Vienna Insurance Group, Skopje

Re-insurance contracts between VIG Re and Joint Stock Company International Insurance Company IRAO, Tbilisi

Re-insurance contracts between VIG Re and InterRisk Lebensversicherungs-AG Vienna Insurance Group, Wiesbaden

Re-insurance contracts between VIG Re and InterRisk Towarzystwo Ubezpieczen Spolka Akcyjna Vienna Insurance Group, Warsaw
Re-insurance contracts between VIG Re and InterRisk Versicherungs-AG Vienna Insurance Group, Wiesbaden
Re-insurance contracts between VIG Re and INTERSIG VIENNA INSURANCE GROUP Sh.A., Tirana
Re-insurance contracts between VIG Re and Joint Stock insurance company WINNER - Vienna Insurance Group, Skopje
Re-insurance contracts between VIG Re and Joint Stock Company Insurance Company GPI Holding, Tbilisi
Re-insurance contracts between VIG Re and Komunálna Poistovna a.s. Vienna Insurance Group, Bratislava
Re-insurance contracts between VIG Re and KOOPERATIVA poistovňa, a.s. Vienna Insurance Group, Bratislava
Re-insurance contracts between VIG Re and Kooperativa pojišť'ovna, a.s. Vienna Insurance Group, Prague
Re-insurance contracts between VIG Re and Insurance Company Nova Ins EAD, Sofia
Re-insurance contracts between VIG Re and OMNIASIG VIENNA INSURANCE GROUP S.A., Bucharest
Re-insurance contracts between VIG Re and Private Joint-Stock Company "INSURANCE COMPANY "KNIAZHA LIFE VIENNA INSURANCE GROUP", Kiev
Re-insurance contracts between VIG Re and PRIVATE JOINT-STOCK COMPANY "UKRAINIAN INSURANCE COMPANY "KNIAZHA VIENNA INSURANCE GROUP", Kiev
Re-insurance contracts between VIG Re and Private Joint-Stock Company "Insurance company" Ukrainian insurance group", Kiev
Re-insurance contracts between VIG Re and Ray Sigorta Anonim Sirketi, Istanbul
Re-insurance contracts between VIG Re and Sigma InterAlbanian Vienna Insurance Group Sh.a., Tirana
Re-insurance contracts between VIG Re and UNION Vienna Insurance Group Biztosító Zrt., Budapest
Re-insurance contracts between VIG Re and Wiener Osiguranje Vienna Insurance Group ad, Banja Luka
Re-insurance contracts between VIG Re and Wiener osiguranje Vienna Insurance Group dioničko društvo za osiguranje, Zagreb
Re-insurance contracts between VIG Re and WIENER RE akcionarsko društvo za reosiguranje, Beograd, Belgrade
Re-insurance contracts between VIG Re and WIENER STÄDTISCHE VERSICHERUNG AG Vienna Insurance Group, Vienna
Re-insurance contracts between VIG Re and Joint Stock Insurance Company WINNER LIFE - Vienna Insurance Group, Skopje
Re-insurance contracts between VIG Re and Vienna Life Towarzystwo Ubezpieczeń na Życie S.A. Vienna Insurance Group, Warsaw
Re-insurance contracts between VIG Re and Wiener TU S.A, Vienna Insurance Group, Warsaw, Poland
Re-insurance contracts between VIG Re and BCR Asigurari de Viata Vienna Insurance Group
Re-insurance contracts between VIG Re and Vienna Life Lichtenstein

ANNEX 2
TO THE REPORT
ON RELATIONS



Related parties to VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe

Company	Country	The current capital share in %
Consolidated companies		
"BULSTRAD LIFE VIENNA INSURANCE GROUP" EAD	Bulgaria	100.00
"Grüner Baum" Errichtungs- und Verwaltungsges.m.b.H.	Austria	100.00
ASIGURAREA ROMANEASCA - ASIROM VIENNA INSURANCE GROUP S.A.	Romania	99.72
ATBIH GmbH	Austria	100.00
Anděl Investment Praha s.r.o.	Czech Republic	100.00
Anif-Residenz GmbH & Co KG	Austria	100.00
BCR Asigurari de Viata Vienna Insurance Group S.A.	Romania	93.98
BTA Baltic Insurance Company AAS	Latvia	100.00
Blizzard Real Sp. z o.o.	Poland	100.00
Bulgarski Imoti Asistans EOOD	Bulgaria	100.00
Businesspark Brunn Entwicklungs GmbH	Austria	100.00
Compania de Asigurari "DONARIS VIENNA INSURANCE GROUP" Societate pe Actiuni	Moldova	99.99
CAPITOL, akciová spoločnosť	Slovakia	100.00
CENTER Hotelbetriebs GmbH	Austria	80.00
CP Solutions a.s.	Czech Republic	100.00
Camelot Informatik und Consulting Gesellschaft m.b.H.	Austria	95.00
Central Point Insurance IT-Solutions GmbH	Austria	100.00
Česká podnikatelská pojišťovna, a.s., Vienna Insurance Group	Czech Republic	100.00
Compensa Life Vienna Insurance Group SE	Estonia	100.00
Compensa Towarzystwo Ubezpieczen Na Zycie Spolka Akcyjna Vienna Insurance Group	Poland	99.97
Compensa Towarzystwo Ubezpieczen Spolka Akcyjna Vienna Insurance Group	Poland	99.94
Compensa Vienna Insurance Group, akcine draudimo bendrove	Lithuania	100.00
DBLV Immobesitz GmbH	Austria	100.00
DBLV Immobesitz GmbH & Co KG	Austria	100.00
DBR-Liegenschaften GmbH & Co KG	Germany	100.00
DBR-Liegenschaften Verwaltungs GmbH	Germany	100.00
DONAU Versicherung AG Vienna Insurance Group	Austria	100.00
DV ImmoHolding GmbH	Austria	100.00
DVIB GmbH	Austria	100.00
DVIB alpha GmbH	Austria	100.00
Deutschmeisterplatz 2 Objektverwaltung GmbH	Austria	100.00
Donau Brokerline Versicherungs-Service GmbH	Austria	100.00

ELVP Beteiligungen GmbH	Austria	100.00
Floridsdorf am Spitz 4 Immobilienverwertungs GmbH	Austria	100.00
Gesundheitspark Wien-Oberlaa Gesellschaft m.b.H.	Austria	100.00
INSURANCE JOINT-STOCK COMPANY "BULSTRAD VIENNA INSURANCE GROUP"	Bulgaria	100.00
INTERSIG VIENNA INSURANCE GROUP Sh.A.	Albania	89.98
Insurance Company Nova Ins EAD	Bulgaria	100.00
Insurance Company Vienna osiguranje d.d., Vienna Insurance Group	Bosnia and Herzegovina	100.00
Stock Company for Insurance and Reinsurance MAKEDONIJA Skopje Vienna Insurance Group	Macedonia	94.26
InterRisk Lebensversicherungs-AG Vienna Insurance Group	Germany	100.00
InterRisk Towarzystwo Ubezpieczen Spolka Akcyjna Vienna Insurance Group	Poland	100.00
InterRisk Versicherungs-AG Vienna Insurance Group	Germany	100.00
Joint Stock Company Insurance Company GPI Holding	Georgia	90.00
Joint Stock Company International Insurance Company IRAO	Georgia	100.00
KALVIN TOWER Ingatlanfejlesztési és Beruházási Korlátolt Felelőségi Társaság	Hungary	100.00
KAPITOL, a.s.	Czech Republic	100.00
KOMUNÁLNA poisťovňa, a.s. Vienna Insurance Group	Slovakia	100.00
KOOPERATIVA poisťovňa, a.s. Vienna Insurance Group	Slovakia	98.47
Kaiserstraße 113 GmbH	Austria	100.00
Kooperativa pojišťovna, a.s. Vienna Insurance Group	Czech Republic	97.28
LD Vermögensverwaltung GmbH	Austria	100.00
LVP Holding GmbH	Austria	100.00
Limited Liability Company "UIG Consulting"	Ukraine	100.00
MAP-WSV Beteiligungen GmbH	Austria	100.00
MC EINS Investment GmbH	Austria	100.00
MH 54 Immobilienanlage GmbH	Austria	100.00
Nußdorfer Straße 90-92 Projektentwicklung GmbH & Co KG	Austria	100.00
OMNIASIG VIENNA INSURANCE GROUP S.A.	Romania	99.54
PFG Holding GmbH	Austria	89.23
PFG Liegenschaftsbewirtschaftungs GmbH & Co KG	Austria	92.88
Private Joint-Stock Company "Insurance company" Ukrainian insurance group"	Ukraine	100.00
PRIVATE JOINT-STOCK COMPANY "UKRAINIAN INSURANCE COMPANY "KNAZHA VIENNA INSURANCE GROUP"	Ukraine	99.99
Private Joint-Stock Company "INSURANCE COMPANY "KNAZHA LIFE VIENNA INSURANCE GROUP"	Ukraine	99.81
PROGRESS Beteiligungsges.m.b.H.	Austria	70.00
Palais Hansen Immobilienentwicklung GmbH	Austria	56.55
Passat Real Sp. z o.o.	Poland	100.00
Pension Assurance Company Doverie AD	Bulgaria	92.58
Porzellangasse 4 Liegenschaftsverwaltung GmbH & Co KG	Austria	100.00
Projektbau GesmbH	Austria	100.00
Projektbau Holding GmbH	Austria	90.00

Rathstraße 8 Liegenschaftsverwertungs GmbH	Austria	100.00
Ray Sigorta Anonim Sirketi	Turkey	94.96
SECURIA majetkovosprávna a podielová s.r.o.	Slovakia	100.00
SIA "Alauksta 13/15"	Latvia	100.00
SIA "Gertrudes 121"	Latvia	100.00
SIA "Global Assistance Baltic"	Latvia	100.00
SIA "Urban Space"	Latvia	100.00
SIA "Artilerijas 35"	Latvia	100.00
SIGMA INTERALBANIAN VIENNA INSURANCE GROUP Sh.A.	Albania	89.05
SMARDAN 5 DEVELOPMENT S.R.L.	Romania	100.00
SVZ GmbH	Austria	100.00
SVZD GmbH	Austria	100.00
SVZI GmbH	Austria	100.00
Schulring 21 Bürohaus Errichtungs- und Vermietungs GmbH & Co KG	Austria	100.00
Senioren Residenz Fultererpark Errichtungs- und Verwaltungs GmbH	Austria	100.00
Senioren Residenz Veldidenapark Errichtungs- und Verwaltungs GmbH	Austria	66.70
T 125 GmbH	Austria	100.00
TBI BULGARIA EAD in Liquidation	Bulgaria	100.00
TECHBASE Science Park Vienna GmbH	Austria	100.00
UNION Vienna Insurance Group Biztosító Zrt.	Hungary	98.64
Untere Donaulände 40 GmbH & Co KG	Austria	100.00
VIG FUND, a.s. (Konzernabschluss)	Czech Republic	100.00
VIG Home, s.r.o.	Slovakia	100.00
VIG ND, a.s.	Czech Republic	100.00
VIG Offices 1, s.r.o.	Slovakia	100.00
VIG Properties Bulgaria AD	Bulgaria	99.97
VIG RE zajišťovna, a.s.	Czech Republic	100.00
VIG REAL ESTATE DOO	Serbia	100.00
VIG Services Ukraine, LLC	Ukraine	100.00
VIG-AT Beteiligungen GmbH	Austria	100.00
VIG-CZ Real Estate GmbH	Austria	100.00
VITEC Vienna Information Technology Consulting GmbH	Austria	51.00
Vienibas Gatve Investments OÜ	Estonia	100.00
Vienibas Gatve Properties SIA	Latvia	100.00
Vienna Life Towarzystwo Ubezpieczen na Zycie S.A. Vienna Insurance Group	Poland	100.00
Vienna-Life Lebensversicherung AG Vienna Insurance Group	Liechtenstein	100.00
WGPV Holding GmbH	Austria	100.00
WIBG Holding GmbH & Co KG	Austria	100.00
WIBG Projektentwicklungs GmbH & Co KG	Austria	100.00
WIENER RE akcionarsko drustvo za reosiguranje, Beograd	Serbia	100.00
WIENER STÄDTISCHE OSIGURANJE akcionarsko drustvo za osiguranje Beograd	Serbia	100.00

WIENER STÄDTISCHE VERSICHERUNG AG Vienna Insurance Group	Austria	97.75
WIENER VEREIN BESTATTUNGS- UND VERSICHERUNGSSERVICE-GESELLSCHAFT M.B.H.	Austria	100.00
WILA GmbH	Austria	100.00
Joint Stock Insurance Company WINNER-Vienna Insurance Group	Macedonia	100.00
WINO GmbH	Austria	100.00
WNH Liegenschaftsbesitz GmbH	Austria	100.00
WSBV Beteiligungsverwaltung GmbH & Co KG	Austria	100.00
WSV Beta ImmoHolding GmbH	Austria	100.00
WSV ImmoHolding GmbH	Austria	100.00
WSV Triesterstraße 91 Besitz GmbH & Co KG	Austria	100.00
WSV Vermögensverwaltung GmbH	Austria	100.00
WSVA Liegenschaftbesitz GmbH	Austria	100.00
WSVB Liegenschaftbesitz GmbH	Austria	100.00
WSVC Liegenschaftbesitz GmbH	Austria	100.00
WWG Beteiligungen GmbH	Austria	87.07
Wiener Osiguranje Vienna Insurance Group ad	Bosnia and Herzegovina	100.00
Wiener Towarzystwo Ubezpiezen Spolka Akcyjna Vienna Insurance Group	Poland	100.00
Wiener osiguranje Vienna Insurance Group dionicko drustvo za osiguranje	Croatia	97.82
arithmetica Consulting GmbH	Austria	100.00
twinformatics GmbH	Austria	100.00
CAL ICAL "Globus"	Ukraine	100.00

Companies consolidated using the equity method

AB Modřice, a.s.	Czech Republic	100.00
AIS Servis, s.r.o.	Czech Republic	100.00
Alpenländische Gemeinnützige WohnbauGmbH	Austria	94.84
Beteiligungs- und Immobilien GmbH	Austria	25.00
Beteiligungs- und Wohnungsanlagen GmbH	Austria	25.00
Bohemia Servis Finance a.s.	Czech Republic	100.00
Bohemika HYPO s.r.o.	Czech Republic	100.00
CPP Servis, s.r.o.	Czech Republic	100.00
CROWN-WSF spol. s.r.o.	Czech Republic	30.00
ERSTE drustvo s ogranicenom odgovornoscu za upravljanje obveznim i dobrovljnim mirovinskim fondovima	Croatia	25.30
Erste gemeinnützige Wohnungsgesellschaft Heimstätte Gesellschaft m.b.H.	Austria	99.77
FinServis Plus, s.r.o.	Czech Republic	100.00
GLOBAL ASSISTANCE, a.s.	Czech Republic	100.00
Gemeinnützige Industrie-Wohnungsaktiengesellschaft	Austria	55.00
Gemeinnützige Mürz-Ybbs Siedlungsanlagen-GmbH	Austria	99.92
Gewista-Werbegesellschaft m.b.H.	Austria	33.00

Global Expert, s.r.o.	Czech Republic	100.00
Global Partner ČR, a.s.	Czech Republic	65.00
HOTELY SRNÍ, a.s.	Czech Republic	100.00
Main Point Karlín II., a.s.	Czech Republic	100.00
NEUE HEIMAT OberAustria Gemeinnützige Wohnungs- und SiedlungsgesmbH	Austria	99.82
Neuland gemeinnützige Wohnbau-Gesellschaft m.b.H.	Austria	61.00
Pražská softwarová s.r.o	Czech Republic	100.00
S - budovy, a.s.	Czech Republic	100.00
SCHWARZATAL Gemeinnützige Wohnungs- und Siedlungsanlagen GmbH	Austria	100.00
SOZIALBAU gemeinnützige Wohnungsaktiengesellschaft	Austria	54.17
SURPMO, a.s.	Czech Republic	100.00
Sanatorium Astoria, a.s.	Czech Republic	100.00
Towarzystwo Ubezpieczen Wzajemnych "TUW"	Poland	52.16
Urbanbau Gemeinnützige Bau-, Wohnungs- und Stadterneuerungsgesellschaft m.b.H.	Austria	51.46
VBV - Betriebliche Altersvorsorge AG (Konzernabschluss)	Austria	25.32
Austriaisches Verkehrsbüro Aktiengesellschaft (Konzernabschluss)	Austria	36.58

Unconsolidated companies

"Assistance Company "Ukrainian Assistance Service" LLC	Ukraine	100.00
"Eisenhof" Gemeinnützige Wohnungsgesellschaft m.b.H.	Austria	20.13
"Neue Heimat" Stadterneuerungsgesellschaft m.b.H.	Austria	79.51
Akcionarsko drustvo za zivotno osiguranje Wiener Städtische Podgorica, Vienna Insurance Group	Montenegro (Rep.)	100.00
ALBA Services GmbH	Austria	48.87
Amadi GmbH	Germany	100.00
AQUILA Hausmanagement GmbH	Austria	97.75
AREALIS Liegenschaftsmanagement GmbH	Austria	48.87
Autosig SRL	Romania	99.54
B&A Insurance Consulting s.r.o.	Czech Republic	48.45
Beesafe Spolka z Ograniczona Odpowiedzialnoscia	Poland	99.99
Benefia Ubezpieczenia Spolka z ograniczona odpowiedzialnoscia	Poland	99.94
Brunn N68 Sanierungs GmbH	Austria	48.87
Bulstrad Trudova Meditzina EOOD	Bulgaria	100.00
CAPITOL CONSULTANCY SERVICES S.R.L.	Romania	99.15
CAPITOL INTERMEDIAR DE PRODUSE DE LEASING S.R.L.	Romania	99.15
CARPLUS Versicherungsvermittlungsagentur GmbH	Austria	97.75
CLAIM EXPERT SERVICES S.R.L.	Romania	99.15
Compensa Dystrybucja Spolka z ograniczona odpowiedzialnoscia	Poland	99.98
DELOIS s. r. o.	Slovakia	98.47

DV Asset Management EAD	Bulgaria	100.00
DV CONSULTING EOOD	Bulgaria	100.00
DV Invest EAD	Bulgaria	100.00
DVS Donau-Versicherung Vermittlungs- und Service-Gesellschaft m.b.H.	Austria	100.00
EBS Wohnungsgesellschaft mbH Linz	Austria	24.44
EBV-Leasing Gesellschaft m.b.H.	Austria	47.90
EGW Datenverarbeitungs-Gesellschaft m.b.H.	Austria	71.92
EGW Liegenschaftsverwertungs GmbH	Austria	71.92
EGW Wohnbau gemeinnützige Ges.m.b.H.	Austria	71.92
Erste Biztosítási Alkalmazó Kft	Hungary	98.64
European Insurance & Reinsurance Brokers Ltd.	United Kingdom	100.00
EXPERTA Schadenregulierungs-Gesellschaft mbH	Austria	99.44
Finanzpartner GmbH	Austria	48.87
Foreign limited liability company "InterInvestUchastie"	Belarus	100.00
GELUP GmbH	Austria	32.58
GGVier Projekt-GmbH	Austria	53.76
Glamas Beteiligungsverwaltungs GmbH & Co "Beta" KG	Austria	28.51
Global Assistance Polska Spolka z ograniczona odpowiedzialnoscia	Poland	99.99
GLOBAL ASSISTANCE SERVICES s.r.o.	Czech Republic	100.00
GLOBAL ASSISTANCE SERVICES SRL	Romania	99.21
GLOBAL ASSISTANCE SLOVAKIA s.r.o.	Slovakia	99.22
Global Services Bulgaria JSC	Bulgaria	100.00
Hausservice Objektbewirtschaftungs GmbH	Austria	20.72
HORIZONT Personal-, Team- und Organisationsentwicklung GmbH	Austria	98.29
Hotel Voltino in Liquidation	Croatia	97.82
Immodat GmbH	Austria	20.72
IMOVE Immobilienverwertung- und -verwaltungs GmbH	Austria	20.72
INSHIFT GmbH & Co. KG	Germany	23.53
InterRisk Informatik GmbH	Germany	100.00
ITIS Spolka z ograniczona odpowiedzialnoscia	Poland	49.01
JAHORINA AUTO d.o.o.	Bosnia and Herzegovina	100.00
Joint Stock Company "Curatio"	Georgia	90.00
Joint Stock Insurance Company WINNER LIFE - Vienna Insurance Group Skopje	Macedonia	100.00
Kitzbüheler Bestattung WV GmbH	Austria	97.75
KUPALA Belarusian-Austrian Closed Joint Stock Insurance Company	Belarus	98.26
KWC Campus Errichtungsgesellschaft m.b.H.	Austria	48.87
Lead Equities II Auslandsbeteiligungs AG	Austria	21.59
Lead Equities II.Private Equity Mittelstandsfinanzierungs AG	Austria	21.59
LiSciV Muthgasse GmbH & Co KG	Austria	28.51
Money & More Pénzügyi Tanácsadó Zártkörűen Működő Részvénytársaság	Hungary	98.64

PFG Liegenschaftsbewirtschaftungs GmbH	Austria	73.69
POLISA - ZYCIE Ubezpieczenia Spolka z ograniczona odpowiedzialnoscia	Poland	99.97
Privat Joint-Stock Company "OWN SERVICE"	Ukraine	100.00
Projektbau Planung Projektmanagement Bauleitung GesmbH	Austria	54.51
Renaissance Hotel Realbesitz GmbH	Austria	40.00
Risk Consult Bulgaria EOOD	Bulgaria	51.00
Risk Consult Polska Sp.z.o.o.	Poland	68.15
RISK CONSULT Sicherheits- und Risiko- Managementberatung Gesellschaft m.b.H.	Austria	51.00
Risk Expert Risk ve Hasar Danismanlik Hizmetleri Limited Sirketi	Turkey	64.19
Risk Experts Risiko Engineering GmbH	Austria	12.24
Risk Experts s.r.o.	Slovakia	51.00
Risk Logics Risikoberatung GmbH	Austria	51.00
Rößlergasse Bauteil Drei GmbH	Austria	100.00
Rößlergasse Bauteil Zwei GmbH	Austria	97.75
S. C. SOCIETATEA TRAINING IN ASIGURARI S.R.L.	Romania	99.15
S.C. CLUB A.RO S.R.L.	Romania	99.72
S.C. Risk Consult & Engineering Romania S.R.L.	Romania	51.00
S.O.S.- EXPERT d.o.o. za poslovanje nekretninama	Croatia	100.00
samavu s.r.o	Slovakia	98.47
SB Liegenschaftsverwertungs GmbH	Austria	40.26
Senioren Residenzen gemeinnützige Betriebsgesellschaft mbH	Austria	97.75
serviceline contact center dienstleistungs-gmbh	Austria	97.75
Slovexperta, s.r.o.	Slovakia	98.70
Soleta Beteiligungsverwaltungs GmbH	Austria	28.51
Sparkassen-Versicherungsservice Gesellschaft m.b.H.	Austria	97.75
Spolzielnia Usługowa VIG EKSPERT W WARSZAWIE	Poland	99.97
TAUROS Capital Investment GmbH & Co KG	Austria	19.55
TAUROS Capital Management GmbH	Austria	24.93
TBI Info AD	Bulgaria	20.00
TGMZ Team Gesund Medizin Zentren GmbH	Austria	39.10
TOGETHER CCA GmbH	Austria	24.71
twinfaktor GmbH	Austria	74.16
UAB "Compensa Life Distribution"	Lithuania	100.00
UNION-Erted Ellatasszervező Korlátold Felelőssegű Tarsasag	Hungary	89.69
Versicherungsbüro Dr. Ignaz Fiala Gesellschaft m.b.H.	Austria	47.90
Vienna Insurance Group Polska Spolka z ograniczona odpowiedzialnoscia	Poland	99.99
Vienna International Underwriters GmbH	Austria	100.00
viesure innovation center GmbH	Austria	98.87
VIG AM Services GmbH	Austria	100.00
VIG Asset Management, a.s.	Czech Republic	100.00

VIG Management Service SRL	Romania	99.15
VIG Offices, s.r.o.	Slovakia	98.47
VIG Polska Real Estate Spolka z Ograniczona Odpowiedzialnosc	Poland	99.97
VIG Services Bulgaria EOOD	Bulgaria	100.00
VIG Services Shqiperi Sh.p.K.	Albania	89.52
VIG ZP, s. r. o.	Slovakia	99.22
VIG/C-QUADRAT Towarzystwo Funduszy Inwestycyjnych SPÓŁKA AKCYJNA	Poland	39.99
VIVECA Beteiligungen GmbH	Austria	100.00
VÖB Direkt Versicherungsagentur GmbH	Austria	48.87
WAG Wohnungsanlagen Gesellschaft m.b.H.	Austria	24.44
Wien 3420 Aspern Development AG	Austria	23.92
Wiener Städtische Donau Leasing GmbH	Austria	97.75
Wiener Verein Bestattungsbetriebe GmbH	Austria	97.75
WOFIN Wohnungsfinanzierungs GmbH	Austria	20.72
WSBV Beteiligungsverwaltung GmbH	Austria	97.75


DECLARATION
BY THE BOARD
OF DIRECTORS



Declaration by the Board of Directors

We declare that the information stated in this annual report corresponds to the actual situation and that no fundamental information that could influence a correct and precise assessment has been omitted.

1 April 2021



Johannes Martin Hartmann
Chairman of the Board of Directors



Ivana Jurčíková
Member of the Board of Directors