2021

ANNUAL REPORT

VIG Re

Table of Content

Letter of Chairman of the Supervisory Board

Dear ladies and gentlemen, dear clients,

Within the past 13 years of its existence, VIG Re has been continuously building a successful franchise and its position as a respected and leading reinsurer in the CEE region. In addition, it has been steadily growing its position in the Continental Europe as well as in Asia over the last five years. The company serves now more than 550 insurance companies in 45 countries.

The past year presented unprecedented circumstances due to the prolonged COVID-19 pandemics, causing significant restriction of our private and business activities. The resilience of the insurance and reinsurance industry has been put to additional tests as it had in addition to dealing with record high natural catastrophe losses, continued low interest rates and accelerating inflation.

Therefore, I am very proud that despite the challenging environment, VIG Re managed to provide safe working environment for its employees, transforming its business operations into a remote setup to ensure a flawless customer experience. In line with the “VIG Re Strategy 2025”, new underwriting territories have been added and the Company will further extend its footprint in Life Reinsurance and Facultative Reinsurance offerings, to further diversify and improve the portfolio mix. In 2021, we have welcomed Stephan Wirz as a new member of the Board of Directors taking over responsibility for the incoming reinsurance, as well as Karl Fink and Wolfgang Petschko complementing the Supervisory Board.

In conclusion, on behalf of the entire Supervisory Board, I take this opportunity to sincerely express my appreciation to the management and all employees of VIG Re for their excellent work in the challenging year 2021. I am also grateful to the clients and shareholders for their support. I am confident VIG Re will be successful in its endeavours for sustainable and profitable growth in the years to come.

Sincerely

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

Letter of Chairman of the Board of Directors

Dear business partners,

The defining memory of 2021 will be the ongoing COVID-19 pandemic and the record high natural catastrophes in Continental Europe. When it mattered most, VIG Re was there for its business partners and employees.

Alongside the pandemic related government directives, VIG Re took in 2021 further cautionary measures to protect the health and wellbeing of our employees and clients by imposing strict hygienic measures and fostering remote work and business meetings. Providing our clients with reliable, responsive, and efficient services, they are used from VIG Re remained our second priority.

Also the year 2021 will be recorded as the costliest year on record for the reinsurers in Continental Europe - including VIG Re. Especially our clients in Germany and Belgium that have been hit hard by fluvial floods - but also other European territories have suffered from convectional storms, torrential rain and hailstorms. I am very proud that VIG Re has supported people and companies affected, by settling claims swiftly without asking unnecessary questions. I was extremely touched when our employees showed their empathy by making financial donations and hands on help to the victims of this devasting tornado and people in need. Taking into account the accelerating climate change we might expect further increased of weather abnormalities in the years to come.

Despite these headwinds, I am proud that in this difficult pandemic environment, VIG Re has delivered excellent financial results, with our business growing by 19 % and a profit before tax of EUR 26,8 million, the highest in its history. We have anchored our position as a leading reinsurer in the CEE region and continuously expanded our business in Continental Europe and East Asia. Our financial strength has been re-confirmed by Standard & Poor's with an A+ FSR rating assigned for the 13th year in a row.

I am also very pleased to welcome Stephan Wirz as my fellow member of the Board of

Directors since 1st of May. His renowned reinsurance expertise is a great addition to the overall strength of the management.

Our business activities are geared towards long-term partnership, sustained growth, and profitability. Our commitment for 2022 is therefore to further strengthen our operational excellence in client service and making VIG Re a great place to work. This makes me confident that we will manage to overcome any challenges lying ahead of us in 2022 and in the years to come.

In closing, I would like to thank to our clients for their support and co-operation as well as all our employees for working so hard during the last year to make VIG Re a strong and respected reinsurance partner.

Sincerely,

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

VIG Re

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 has made the Group a leader in 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 pursues a long-term strategy in the markets where it is represented. The Group generates more than half of its total business volume in CEE and still sees scope for considerable growth in this region. The economic growth in CEE was on average twice as high as in Western Europe and the insurance density is still far below the EU average.

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. 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

13 Years
of existence*

Gross written premium
€ 661.3 mn

Profit before taxes
€ 26.8 mn

Member of
VIG

A+ with stable outlook
S&P financial strength rating last confirmed on 3 November 2021.

Combined ratio
96.1%

Return on equity
11.7%

Solvency ratio
173.5%

550
clients

45
countries

110
Employees

Branch Germany

Established in 2017 in Frankfurt am Main

Serving to 76 clients

Underwriting Territories: Germany, Austria, Switzerland

Business Scope: Third Party Non-Life Treaty and Facultative

Branch France

Established in 2018 in Paris

Serving to 58 clients

Underwriting Territories: France, Belgium, Netherlands, Luxembourg, Morocco, Tunisia, Algeria, Spain, and Portugal

Business Scope: Third Party Non-Life Treaty and Facultative

Wiener Re

Established in 2008

Serving to 18 insurance and reinsurance clients in Serbia, Bosnia and Herzegovina, Macedonia and Montenegro

100% owned VIG Re subsidiary

Key Figures as at 31.12.2021
*formed in 2008 as a reinsurance company of Vienna Insurance Group.

Governance Bodies

Board of Directors

Johannes Martin Hartmann

Chairman of the Board of Directors

Main Responsibilities:

Representation of VIG Re towards Financial Supervisory Authority, public authorities, and professional associations · Representation of VIG Re towards Supervisory Board · Public Relations & Communication · Corporate Underwriting · Actuarial Services · Retrocession

Ivana Jurčíková

Member of the Board of Directors

Main Responsibilities:

Finance, Investments · Reinsurance Accounting · Claims Management
Controlling, Planning & Reporting · Business Processes and IT Solutions
Corporate Governance and Legal · Office Management · Outsourcing
Human Resources

Stephan Wirz

Member of the Board of Directors

Main Responsibilities*:

Assumed Property and Casualty Reinsurance · Assumed Life Reinsurance
Assumed Accident and Health Reinsurance · VIG Group Reinsurance Protection
Business Administration

Joint Responsibilities:

Strategy • Internal Audit • Actuarial Matters
Branch and Subsidiary Management • Enterprise Risk Management
Compliance Matters

* Mr. Stephan Wirz joined his office of Board of Directors member with the effect as of 1 May 2021.

Supervisory Board

Peter Thirring
Chairman of the Supervisory Board

Elisabeth Stadler
1st Vice-Chairwoman of the Supervisory Board

Alain Flandrin
2nd Vice-Chairman of the Supervisory Board

Vladimír Bakeš
Member of the Supervisory Board

Peter Höfinger
Member of the Supervisory Board

Gerhard Lahner
Member of the Supervisory Board

Karl Fink
Member of the Supervisory Board

Wolfgang Petschko
Member of the Supervisory Board

Ralph Müller
Member of the Supervisory Board

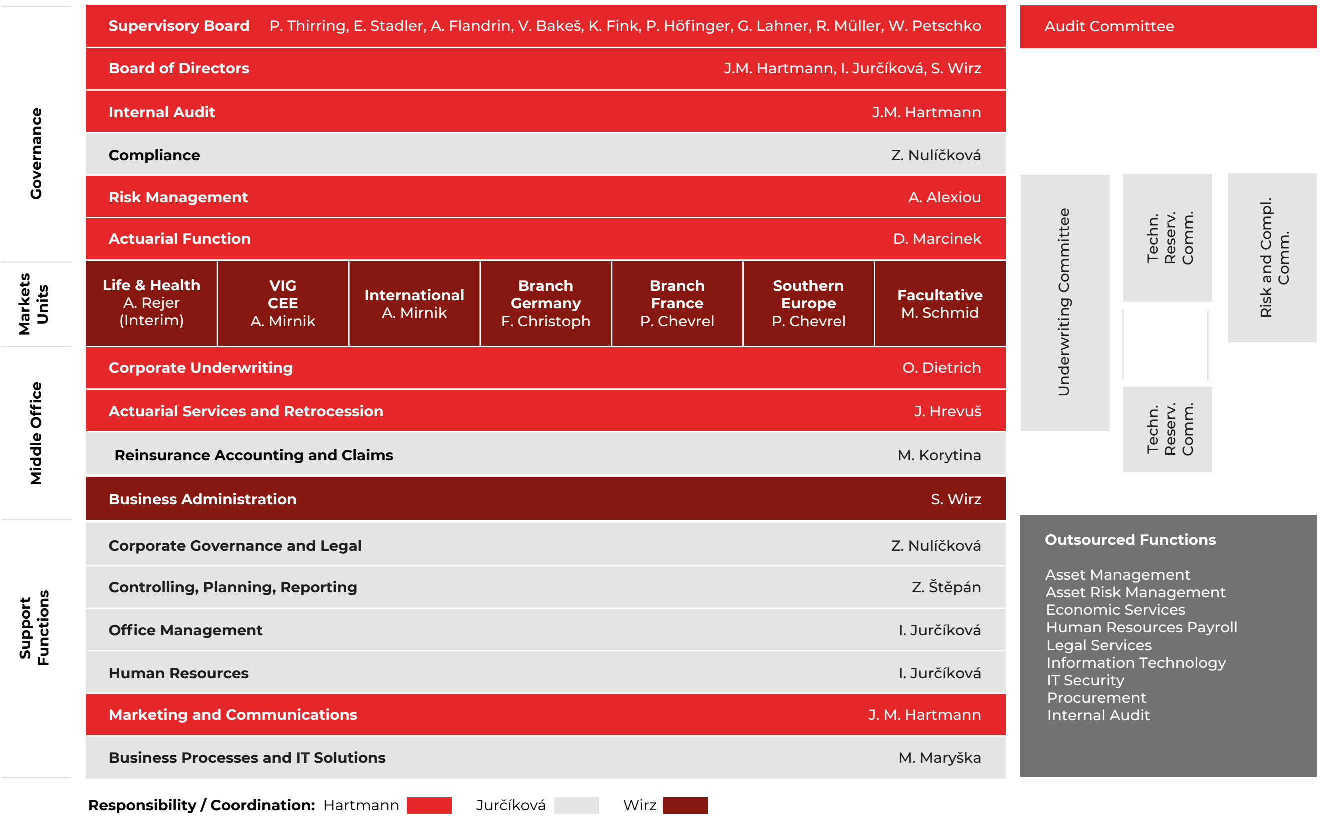
Audit Committee

František Dostálek
Chairman of the Audit Committee

Alain Flandrin
Member of the Audit Committee

Peter Thirring
Member of the Audit Committee

Organisational Chart as of 31 December 2021



Corporate Social Responsibility

Reinsurance strengthens the resilience of society to cope with the fast-changing risk landscape of our world. In this context VIG Re stands for stability and competence in the field of risk transfer and capital solutions. We understand that success is not only defined by short term commercial performance, but to act as a socially responsible company. Sustainability and Responsibility are cornerstones of our business.

Compliance with Laws and Standards of Behaviour

In all our activities and relations with business partners, employees, investors, and public stakeholders we ensure full compliance with legal obligations and regulatory authorities.
We apply a zero-tolerance policy towards any form of corruption or transactions suspicious for money laundering or involvement in activities intending to evade legal standards.

Code of Business

We at VIG Re are conscious that the successful development of our company requires to maintain a high standards of a professional and ethical business conduct. We build our business relationships on transparency and trust. Our rules for ethical behaviour and conduct follow the standards of professional conduct defined for Vienna Insurance Group and established re/insurance best practices.

Commitment Towards Our Business Partners and Clients

A true long-term partnership, the respect for and the understanding of our business partners' needs, solidarity is in the DNA of VIG Re being part of Vienna Insurance Group with its 200 years roots as a mutual insurer. We work with reputable business partners and conduct a thorough due diligence before entering a business relation. We fulfil our promises and take consistent and rational decisions. Necessary changes in our underwriting policy are communicated in a fair and transparent way. We use our professional reinsurance expertise and intimate market knowledge to provide solutions which meet our client needs. We look actively for client feedback to continuously improve our services.

Commitment towards our Employees

Skills, Passion and Teamwork

The qualifications and the commitment of our people and teamwork makes the difference at VIG Re. For us, a team is more than the sum of individual talents. We focus on empowering our people to promote a diverse work environment, make decisions, learn from mistakes but also to take responsibility for their actions. We invest in the professional development of our employees and offer equal long-term career opportunities.

Professional Development

As the qualification and commitment of our employees is paramount to our success, we emphasize the importance of their professional development and personal growth. Career opportunities and trainings are offered to all employees according to their needs and ambitions, independent of gender or hierarchy. In total, 31 employees passed in 2021 specific training actions in line with the Insurance Distribution Directive (IDD), accounting for more than 761 training hours. In view of the ongoing pandemic and the further digitalisation of many business processes, most training events were shifted to online formats.

In 2021, we continued not only with the two-year Leadership Development Programme designed for line managers and key position holders and completed the first edition of the VIG Re Talent Programme for future leaders. Both programmes contained besides lectures, workshops, and project work, also dedicated personal coaching for all participants.

Health and Safety at Work

We foster a healthy work environment which supports the physical and mental health and wellbeing of our employees. Employees may choose from a broad range of benefits through the VIG Re Cafeteria program, tailored to their personal needs and preferences. We also emphasize the importance of safety and work-life balance or healthy lifestyle. In the spring 2021 we launched “Energy Boost Programme”, focussing on healthy nutrition and mindfulness. Support and sponsorship of various sport activities such as “Bike to Work” in May and team initiatives such as the Jedlička Run initiative continued also in 2021.

Coping with COVID-19

During the pandemic, we took special measures to protect the health and safety of our employees.

We supported our employees through the following measures:

- As of March 2020, VIG Re Crisis Management Team started to meet up regularly on weekly basis deciding on all COVID-19 related contingency measures and regular communication to employees and external stakeholders.
- As of March 2020, extended hygienic measures including disinfectants available at all workplaces; rules for social distancing and distribution of protective face masks took place.
- All trainings were transformed into on-line courses.
- As of October 2020, extended home office policy came into force, permitting employees to work on a regular basis 3 days per week from home.
- During the most critical period of the pandemic, from March 2021 until May 2021 VIG Re premises were closed and all employees were asked to work remotely.
- Antigen testing and as of December PCR testing were conducted and paid by the Company for employees working on the premises.

By the end of 2021, in total 98% of our employees were fully vaccinated. 12% of our employees reported a positive PCR COVID-19 test result during the year, and fortunately, none of them suffered severe medical conditions from this disease in 2021.

Diversity at VIG Re

At VIG RE, we believe that diversity and open communication are foundations for our success. We believe that diverse and inclusive teams make on average better decisions. We therefore focus on empowering our people to promote a diverse working environment, make decisions, learn from mistakes but also to take responsibility for their actions.

Trust and mutual respect are a precondition for diversified team to excel. That is why we encourage and foster diversity of our team regarding gender, age, professional and cultural background,

We take over responsibility for our employees and strive to be a role model in our society. We do not discriminate any employee because of his / her gender, age, religion, sexual orientation, colour, or nationality.

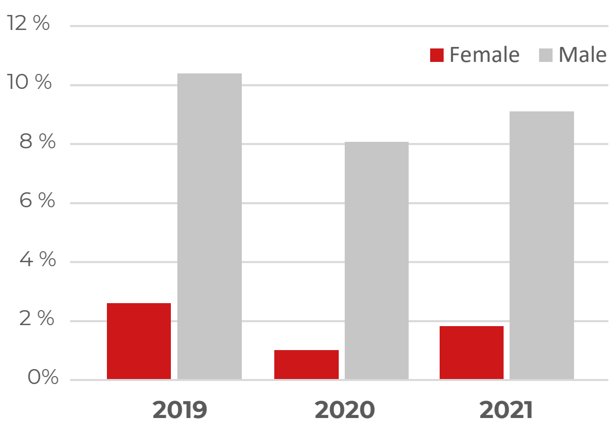
To monitor and measure our progress, we have identified and set up five main diversity targets:

1. Gender balance
2. Women in leadership positions
3. Equal pay
4. Balanced age mix
5. International company culture

We support women in leadership positions

Via various development programmes and mentoring, we support our talented female team members to unlock their leadership potential and aspirations, understand and mitigate personal and professional road blockers as well as identify career opportunities. Flexible working hours and remote working allow for a better alignment of family life and their career. Coaching, mentoring programs and assigning women as project leaders and to challenging assignments boosts their confidence in their leadership capabilities.

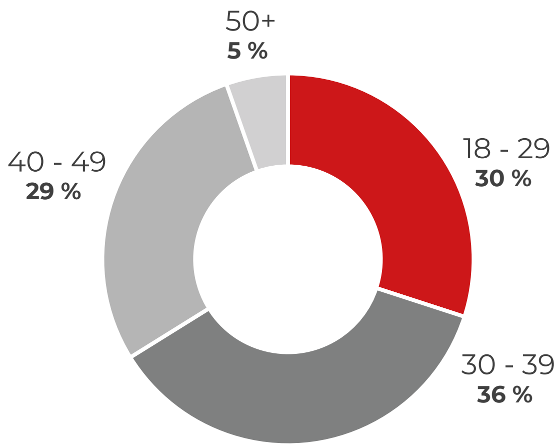
Management Positions at VIG Re



We create equal pay and fair employee renumeration

We maintain an equal pay policy for men and women employed in similar positions and equal employment and work conditions. In 2021, with the help of an external consultant, we conducted a thorough salary and renumeration review and adjusted salaries as appropriate.

Age Distribution at VIG Re



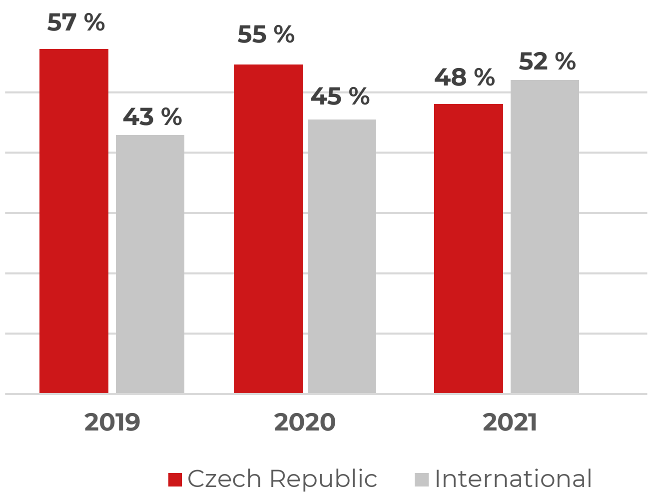
We are conscious of a well-balanced age and gender structure

VIG Re as a relatively young and dynamic company has attracted many young talents in the past. On the other hand, we are conscious to support seniority at VIG Re and recruit experienced professionals. They help us to work with our pool of young talents within the company, enabling them to further grow professionally. Due to the active recruitment of more senior staff over the past 5 years, the average age of our employees has increased to 36 years.

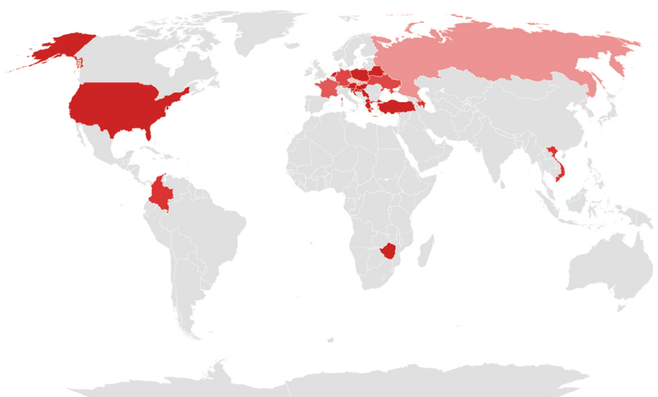
We foster an international company culture

VIG Re serves customers in 45 countries and employs people from 25 different countries and 4 continents. The international vibes of VIG Re is a major factor in attracting talents – both locals and expats who like to work in an international environment. And the colourful company culture is praised by employees in regular employee satisfaction surveys.

Nationalities - Diversity Ratio at VIG Re



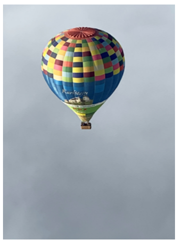
Nationalities at VIG Re



Team Buildings

To keep the team spirit up during the time of compulsory social distancing in 2021, the company organise on a monthly basis virtual get together under the motto “Let’s be socially distant but connected”.






Topics such as healthy food and mindfulness, sport activities, virtual dinner and breakfast events were organised as well as fun events such as online contests, and pub quiz games including home delivery of food and drinks. These activities were highly appreciated by the employees, as shown in the employee satisfaction survey. When the pandemic situation eased and allowed personal contact in the middle of the year 2021, we organised a “Mid-Summer Barbecue Night” and an “Up in the Air” event where the employees enjoyed a ride in 12 hot air balloons and a view down on Central Bohemia.

Employee Satisfaction Survey

In 2021, we conducted for the third time an employee satisfaction survey to monitor our people engagement and areas of development. Team spirit and collaboration scored especially high in the survey. Our follow-up measures for 2022 will be further strengthening of the professional development measures and to continue our support of employees in coping with the challenges of the pandemic.

Commitment towards the Society

The ultimate purpose of reinsurance is to strengthen the resilience of our society through the mitigation of risks in a world which is facing unprecedented speed of technological, economic, socio-political, and environmental changes.

As a company, we are committed to protect the values that matter to our society. We align our actions with the principles of good governance and high ethical values. VIG Re's Code of Business Ethics lays down the principles and ensures compliance with essential rules in acting with integrity in our dealings with business partners, employees, shareholders, our society, and our environment.

We promoted the services and goods of local producers and manufactures with a proven sustainability record for our day-to-day needs and at Company events in 2021.

Following the devasting tornado that hit Moravia in the Czech Republic in June 2021, VIG Re and its employees donated financial and material help to people in need. In total, 50 employees and VIG Re donated CZK 120 000.

VIG Re Social Active Day 2021 was organized in cooperation with "Naděje" (Czech for Hope), a local NGO supporting homeless people and other individuals who live in sheltered accommodation. 51% of our employees took part and collected warm clothes, blankets, shoes and other items for homeless people and people. VIG Re added financial and hygienic donations in the value of CZK 70 000. The Social Active Day counts as a working day for participating employees.

Commitment towards our Environment

Our environmental management system aims to minimize the Company's consumption of energy, water, paper, plastic, and other public utilities. We have waste separation points in our building, and we have banned plastic dishes or cutlery in our offices and at events organized by VIG Re. We have made substantial progress in promoting a paperless office through digital communication and digitally signed documents - not only as one of the few positive side effects of the pandemics.

Through the VIG Re Cafeteria program we sponsor and encourage our people to use public transport, and the use of bikes instead of using individual motorized vehicles when commuting to work or on business trips. We buy goods from local providers with proven sustainability records to minimize transport. We foster long term value over short time price.

In 2021, our employees and the senior management accounted on average for 376 km of air travel, a reduction of 57% compared to 2020. While to a large degree this has to be credited to the pandemic travel restrictions, we will continue with our policy to reduce business air travel and we are confident that the enhanced usage of videoconferencing will help us to further reduce our carbon footprint.

An additional measure to move towards a low-carbon future, we advanced in our exit policy from coal mining and coal power plant industry, both in respect of abstaining from underwriting these risks and not investing in respective assets. We have also increased our investments in green bonds and environmentally friendly certified investments.

Research, Science and Development

Innovation is necessary to develop a sustainable future. We believe that scientific progress and responsible entrepreneurship go hand in hand to address environmental global challenges.

VIG Re research and development activities focus on collaboration with universities and organizations supporting the education and development of re/insurance talents, as well as digitalization and the application of new technologies in reinsurance. VIG Re supports reinsurance related research at the University of Applied Sciences in Cologne, the Charles University in Prague and the Prague University of Economics and Business. VIG Re is also a partner of the Czech Actuarial Society. Apart from financial contributions, we actively take part in reinsurance symposiums and conferences and we provide lecturers for universities.

Last year we also sponsored the translation of the second edition of the “Handbook of Reinsurance Practice” (authors Andreas Schwepcke, Alexandra Vetter, published by VVW GmbH in 2022). This publication has earned a reputation as a compendium on the fundamentals of the reinsurance business and a reference work for all special problems in the field of reinsurance.

In 2021, VIG Re has increased its investment in B3i, a Swiss Insuretech company aiming to achieve efficiencies gains and enhanced security by using independent blockchain technology in reinsurance and corporate insurance applications.

Financial Results (Individual Statements)

Income Statement in EUR '000	**2021**	**2020**
Premiums written	**661 275**	**578 898**
Property & Casualty	600 096	524 286
Life	32 867	26 257
Health	28 312	28 355
Combined ratio*	**96.1%**	**96.9%**
Result from investments	**9 610**	**8 456**
Profit before tax	**26 846**	**22 560**
Profit for the period	**21 136**	**16 770**

Balance Sheet in EUR '000	**2021**	**2020**
Investments	**608 672**	**578 728**
Total assets	**1 470 637**	**1 048 361**
Shareholders' equity	**179 835**	**180 831**
Claims provisions	**1 040 214**	**675 288**

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

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

Market Outlook

Macroeconomic Environment: Economic uncertainty in politically unstable times

By the end of 2021 optimism was widely prevailing that the global economy will continue on its recovery path from the impacts of the COVID-19 pandemic. National vaccination programs and contingent measures were able to contain the spread of the virus and the public life started to adopt to a “new normal”. Governmental deficit spending as well as fiscal and central bank monetary policy supported the economic recovery. By the end of 2021 new virus variations were regarded as the largest threat to the recovery, leading to a stressed health system and reinforcing partial lock down measures. While by the end of 2021 inflation was hiking up as a consequence of stretched supply chains and rising energy prices, most economist assessed this as a temporary effect, which would ease in the course of the year.

The Russian war on Ukraine in February 2022 however did not only bring hardship and destruction to a large country in Central and Eastern Europe but is likely to have a significant impact on the global economy. The global increase of energy and food prices as immediate effects leads to an even more pronounced inflation. The international sanctions imposed on Russia and the disruption of European supply chains from Ukrainian production sites will have adverse impacts on the globe and even more pronounced on the European economy.

While the European Union had predicted in its winter forecast and in February that the EU economy recovery is set to regain pace in the second quarter and the economy should grow by 4.0% in 2022, Europe might now even face a stagflation scenario in case the political conflict with Russia will not be resolved and the imposed economic sanctions together with high inflations rates will prevail.

Reinsurance Industry: Adapting to Emerging Risks

While the direct impact of largely discontinued business in Russia and Ukraine will be limited for the reinsurance industry, given the relative small volume of business and assets in these countries, the industry will be especially challenged by the adverse economic effects of inflation on its liabilities. This effect will be even more severe for European reinsurers, in case the European Central Bank will not change its monetary policy to contain inflation, but maintain a low interest rate in order to prevent a recession.

Apart from the increased risk of stagflation and continued low interest rates, a number of other known risks clearly emerged during the past years. Namely more frequent and more severe weather related natural catastrophes caused by climate change, the vulnerability of the global economy to the disruption of supply chains, cyber risks and other risks related to new technologies and digitalisation.

While these risks are a challenge to the industry, they also create opportunities for reinsurance which purpose is to mitigate risks and strengthen the resilience of the society. As demand for reinsurance solutions is growing and more sophisticated modelling allows for a better understanding of the risks, the underwriting terms for the reinsurance industry continue to improve, allowing for more adequate risk premiums and enhanced economics.

VIG Re: Turning Challenges to Opportunities

In 2021 VIG Re has shown again a high level of resilience, as all of Europe and the Company as well, have been facing the costliest natural catastrophes on record. The policy to pursue a prudent retrocession policy and not to overexpose the Company in single territories or lines of business has proved foresighted.

As a consequence, and in line with VIG Re Strategy 2025, the company will pursue an underwriting policy of further diversification, enhancing its underwriting capabilities in its current markets and entering new underwriting territories in a controlled way. In 2022 and beyond, the Company will foster its position as a leading reinsurer in Central and Eastern Europe, and it will further enhance its market position and reputation in Continental Europe, especially through its branches in Germany and France. VIG Re will continue strengthening its underwriting capabilities in facultative reinsurance and in Life and Health reinsurance as well as prudently build a market presence in the new underwriting territories of the Nordic countries, Greece, Cyprus and Taiwan.

VIG Re could already largely benefit from the further firming of market conditions during the January 2022 renewals in Europe. Expectations for the April renewals in East Asia remain positive. These measures will allow for improved risk returns and a further enhanced portfolio diversification.

In 2022 and beyond, the 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. The Company will continue to take adequate capital measures to maintain a solvency target ratio above 170% to enable further growth. The next refinement of the resilience and efficiency of our retrocession program remains a strategic focus. VIG Re will continue to enhance the efficiency of its internal processes and client interfaces through recruitment and development of talented professionals and the investment in the automatization and robotisation of standardised business processes.

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 650 million and a profit before taxes to be in the range of EUR 27 to 30 million for the year 2022. The combined ratio is expected to improve slightly to the level of around 95%.

AUDITOR'S REPORT

KPMG

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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 2021, 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 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 2021 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.

KPMG

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 2021, provision for outstanding claims: TEUR 928,141, which include provision for insurance claims incurred but not yet reported (IBNR) and provision for claims incurred and reported, but not yet settled (RBNS).

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
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'). When determining the IBNR provision, the Company uses actuarial and statistical methods, with management judgment required regarding the selection of the methods, allocation of underlying claim data into homogeneous groups and treatment of historical data. Historical claims represent the key input in determining the IBNR provision, in particular in respect of the amount and frequency of such claims. Relatively minor changes in management's assumptions can have a significant effect on the recognized amount of the IBNR provision. In arriving at the amount of the IBNR provision at the reporting date, the Company also needs to estimate the prudency margin, which represents portion of the provision that covers the uncertainty in expected development of claim expenses. Due to the above factors, we determined the area to be associated with significant risk of material misstatement which required our increased attention in the audit. As such, we considered	Our procedures in the area, performed, where applicable, with the assistance of our own actuarial specialists, included the following, among other things: — We tested the design, implementation and operating effectiveness of selected controls over measurement of the provisions for outstanding claims, including those over the determination of actuarial assumptions; — 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: • 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;

measurement of the provisions for outstanding claims to be our key audit matter.	• assessed the key assumptions applied, such as the characteristics of the insurance portfolio and expected amount and frequency of future insurance claims, by reference to the Company's experience studies; • 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. — 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; — We evaluated the reasonableness of outstanding claim provisions by performing the comparison of the actual experience to previously expected results; — We assessed the Company's disclosures regarding provisions for outstanding claims against the requirements of the relevant financial reporting standards.

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 is responsible for overseeing the Company's financial reporting process. Audit Committee is responsible for monitoring 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 skepticism 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:

KPMG

Appointment of Auditor and Period of Engagement

We were appointed as the auditors of the Company by the General Meeting of Shareholders on 22 April 2021 and our uninterrupted engagement has lasted for 14 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 6 April 2022 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 2021, based on which this independent auditor's report has been prepared.

Prague
6 April 2022

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 2021

003

TABLE OF CONTENT:

STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2021

Assets in EUR '000		2021	2020
Intangible assets	**F.1**	**2 478**	**1 793**
Property, plant and equipment	**F.2**	**2 548**	**2 952**
Investment in subsidiaries	**F.3**	**6 758**	**6 758**
Financial investments	**F.4**	**608 672**	**578 728**
Financial assets held to maturity		27 660	44 850
Financial assets available for sale		467 935	425 370
Loans – Term deposits		12 031	7 161
Deposits due from cedents		101 046	101 347
Receivables	**F.5**	**215 018**	**122 231**
Ceded share of reinsurance liabilities	**F.6**	**554 242**	**278 425**
Deferred tax assets	**F.7**	**10 206**	**1 996**
Other assets	**F.8**	**353**	**391**
Deferred acquisition costs	**F.9**	**9 608**	**10 270**
Cash and cash equivalents	**F.10**	**60 754**	**44 817**
Total ASSETS		**1 470 637**	**1 048 361**

Equity and Liabilities		2021	2020
Shareholders' equity	**F.11**		
Share capital		126 850	126 850
Other components of equity		3 035	10 913
Retained earnings		49 950	43 068
Total equity		**179 835**	**180 831**
Subordinated liabilities	**F.12**	**55 742**	**35 708**
Reinsurance liabilities		**1 040 214**	**697 982**
Unearned premiums	F.13	27 285	22 693
Outstanding claims	F.14	928 128	590 369
Life reinsurance provision	F.15	84 801	84 920
Payables	**F.16**	**184 998**	**131 521**
Deferred tax liabilities	**F.7**	**0**	**0**
Current tax liabilities		**6 552**	**- 411**
Other liabilities	**F.17**	**3 296**	**2 730**
Total liabilities		**1 290 802**	**867 530**
Total equity and liabilities		**1 470 637**	**1 048 361**

INCOME STATEMENT FOR THE YEAR ENDING 31 DECEMBER 2021

Income Statement in EUR '000	**Notes**	**2021**	**2020**
Premiums	**F.18**		
Premiums written – Gross		661 275	578 898
Premiums written – Ceded		-250 770	-214 591
Premiums written – Retention		**410 505**	**364 307**
Change due to provision for unearned premiums – Gross		2 976	2 362
Change due to provision for unearned premiums – Ceded		2 950	-1 337
Net earned premiums		**404 579**	**363 282**
Investment and interest income		14 549	14 622
Investment and interest expenses		-4 939	-6 166
Total investment result	**F.19**	**9 610**	**8 456**
Other income	**F.20**	**3 955**	**3 152**
Claims and insurance benefits	**F.21**		
Expenses for claims and insurance benefits – Gross		-414 764	-275 542
Expenses for claims and insurance benefits – Ceded		181 196	89 108
Claims and insurance benefits – retention		**-233 568**	**-186 434**
Change in claims and other reinsurance liabilities – Gross		-354 980	-99 552
Change in claims and other reinsurance liabilities – Ceded		286 992	50 754
Total expenses for claims and insurance benefits		**-301 556**	**-235 232**
Acquisition expenses			
Commission expenses	**F.22**	-110 695	-135 365
Other acquisition expenses		-7 796	-6 185
Change in deferred acquisition expenses	**F.22, F.23**	-706	-2 398
Commission income from retrocessionaires	**F.23**	39 596	34 230
Total acquisition expenses		**-79 601**	**-109 718**
Other operating expenses	**F.24**	**-5 953**	**-5 663**
Finance cost	**F.25**	**-1 490**	**-1 466**
Other expenses	**F.26**	**-2 698**	**-251**
Profit before tax		**26 846**	**22 560**
Tax expense	**F.27**	**-5 710**	**-5 790**
Profit for the period		**21 136**	**16 770**
Attributable to owners of the Company		**21 136**	**16 770**

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDING 31 DECEMBER 2021

Statement of Comprehensive Income in EUR '000	**2021**			**2020**		
	Gross	**Tax ***	**Net**	**Gross**	**Tax ***	**Net**
Profit for the period	**26 846**	**-5 710**	**21 136**	**22 560**	**-5 790**	**16 770**
Other comprehensive income						
Gains (losses) recognized in equity – Available for sale financial assets	-9 726	1 848	-7 878	3 467	-659	2 808
Other comprehensive income for the year	**-9 726**	**1 848**	**-7 878**	**3 467**	**-659**	**2 808**
Comprehensive income for the period	**17 120**	**-3 862**	**13 258**	**26 027**	**-6 449**	**19 578**

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

SHAREHOLDERS' EQUITY AS OF 31 DECEMBER 2021

in EUR '000	Share capital	Share premium	Available for sale reserve	Retained earnings	Shareholders' equity
As of 1 January 2021	126 850	49	10 864	43 068	180 831
Total comprehensive income for the period			-7 878	21 136	13 258
Dividends				-14 254*	-14 254
As of 31 December 2021	**126 850**	**49**	**2 986**	**49 950**	**179 835**

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 2020	**126 850**	**49**	**10 864**	**43 068**	**180 831**

* dividend per share was 453 EUR (in 2020: EUR 561)

CASH FLOW STATEMENT FOR THE YEAR ENDING 31 DECEMBER 2021

Cash Flow Statement in EUR ‘000	2021	2020
Profit before tax	**26 846**	**22 560**
Adjustments to profit before tax		
- net interest and other investment income	- 8 108	- 6 120
- exchange differences	336	-248
- depreciation	1 192	1 396
- change in deferred acquisition costs	662	2 491
- dividends	-1 083	-1 118
Cash flows from operating activities		
Change in reinsurance liabilities	342 233	72 411
Change in ceded share of reinsurance liabilities	-275 817	-35 839
Change in receivables	-92 787	-426
Change in deposits due from cedents	6 432	1 762
Change in payables	53 951	15 070
Change in other assets and liabilities	604	108
Interest on lease liability paid	-55	-66
Income tax paid	-5 071	-11 790
Net cash flow from operating activities	**49 335**	**60 192**
Cash flows from investing activities		
Interest received	4 308	6 326
Dividends received	1 045	1 078
Payment for acquisition of intangible assets and property, plant and equipment	-1 475	-1 281
Cash proceeds from the sale of intangible assets and property, plant and equipment	0	0
Payment for acquisition of available for sale financial assets	-54 975	-134 335
Payment for acquisition of Loans – Term deposits	-4 870	-961
Cash proceeds from the sale of available for sale financial assets	703	68 627
Cash proceeds from the maturity/sale of held to maturity financial assets	18 029	33 500
Net cash flow from investing activities	**-37 235**	**- 27 046**
Cash flows from financing activities		
Interest paid	-1 490	-1 400
Payment of principal of lease liabilities	- 419	- 396
Cash proceeds from other financing activities (subordinated liabilities)	20 000	0
Dividend payment	-14 254	-17 683
Net cash flow from financing activities	**3 837**	**-19 479**
Net change in cash and cash equivalents	**15 937**	**13 667**
Reconciliation of cash and cash equivalents		
Cash and cash equivalents at beginning of period	**44 817**	**31 150**
Foreign currency translation differences on cash balances	0	0
Net change in cash and cash equivalents	15 937	13 667
Cash and cash equivalents at end of period	**60 754**	**44 817**

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	
	2021	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Premiums written – Gross	600 096	524 286	28 312	28 355	32 867	26 257	661 275	578 898
Premiums written – Ceded	-240 007	-204 479	-2 269	-1 828	-8 494	-8 284	-250 770	-214 591
Change due to provision for premiums – Net	- 5 815	- 1 199	246	13	-357	161	-5 926	-1 025
1. Net earned premiums	**354 274**	**318 608**	**26 289**	**26 540**	**24 016**	**18 134**	**404 579**	**363 282**
Interest revenue	10 406	11 436	1 311	224	2 832	2 962	14 549	14 622
Other income and expense from investments	-5 421	-6 056	546	-54	-63	-56	-4 939	-6 166
2. Investment result	**4 985**	**5 380**	**1 857**	**170**	**2 769**	**2 906**	**9 610**	**8 456**
Expenses for claims and insurance benefits and change in claims and other reinsurance liabilities– Gross	-743 629	-350 930	-9 279	-9 379	-16 836	-14 785	-769 744	-375 094
Expenses for claims and insurance benefits and change in claims and other reinsurance liabilities – Ceded	464 179	134 651	1 327	1 057	2 682	4 154	468 188	139 862
3. Claims and insurance benefits	**-279 450**	**-216 279**	**-7 952**	**-8 322**	**-14 154**	**-10 631**	**-301 556**	**-235 232**
Commission expenses including change in deferred acquisition expenses	-98 732	-117 753	-2 507	-11 097	-9 688	-8 185	-110 927	-137 035
Other acquisition expenses	-6 790	-5 185	-256	-270	-750	-730	-7 796	-6 185
Commission income from retrocessionaires including change in deferred acquisition revenues	35 537	29 735	0	39	3 585	3 728	39 122	33 502
4. Acquisition expenses	**-69 985**	**-93 203**	**-2 763**	**-11 328**	**-6 853**	**-5 187**	**-79 601**	**-109 718**
Operating profit measured on the segment basis	**9 825**	**14 506**	**17 430**	**7 060**	**5 777**	**5 222**	**33 032**	**26 788**
5. Other operating expenses	**-5 418**	**-5 094**	**-256**	**-270**	**-279**	**-299**	**-5 953**	**-5 663**
Operating profit	**4 407**	**9 412**	**17 174**	**6 790**	**5 498**	**4 923**	**27 079**	**21 125**
6. Other income							**3 955**	**3 152**
7. Other expenses							**-2 698**	**-251**
8. Finance cost							**-1 490**	**-1 466**
Profit before tax							**26 846**	**22 560**
Income tax							**-5 710**	**-5 790**
Profit after tax							**21 136**	**16 770**

Investment result was allocated among individual segments based on the balance of reinsurance liabilities as of 31 December 2021 and 2020.

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 2021:

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 2021 as follows:

Chairman:	Johannes Martin Hartmann
Member:	Ivana Jurčíková
Member:	Stephan Wirz

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 2021 were as follows:

Chairman:	Peter Thirring
Vice-Chairwoman:	Elisabeth Stadler
Vice-Chairman:	Alain Flandrin
Member:	Gerhard Lahner
Member:	Peter Höfinger
Member:	Vladimír Bakeš
Member:	Wolfgang Petschko
Member:	Karl Fink
Member:	Ralph Müller

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.

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.

Technical provisions for tax calculation purposes are defined in accordance with the Solvency II directive in line with the Act No. 364/2019 Coll., on technical provisions taxation.

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.

Outstanding Claims

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

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 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.

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.

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.

B.13. Payables

Liabilities arise when the Company has a contractual obligation to deliver cash or another financial asset. They are measured at amortized cost, which will normally equal their nominal or repayment value.

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.

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.

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.

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 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.

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 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.

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.

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. 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.

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 2021.

Amendments to IAS 12 Income Taxes
(Effective for annual periods beginning on or after 1 January 2023. VIG Re took advantage of early application.)

The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision.

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.

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgments
(Effective for annual periods beginning on or after 1 January 2023. Early application is permitted)

The amendments to IAS 1 require companies to disclose their material accounting policy information rather than significant accounting policies.

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

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
(Effective for annual periods beginning on or after 1 January 2023 Early application is permitted)

The amendments introduced a definition of 'accounting estimates' and included other amendments to IAS 8 clarifying how to distinguish changes in accounting policies from changes in estimates. The distinction is important as changes in accounting policies are generally applied retrospectively while changes in estimates are accounted for in the period in which the change occurs.

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 (AC), 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 realises that the new Standard, when initially applied, have an impact on its financial statements, since the classification and the measurement of the Company's financial instruments are to be changed partially.

At this stage it is already known what portion of the Company's debt securities is measured at FVOCI or amortized cost under IFRS 9. The outcome of the business model test determined neither to change the classification of AFS (available for sale under IAS 39) debt securities to other category than FVOCI under IFRS 9, nor HTM (held to maturity under IAS 39) to other category than AC under IFRS 9 respectively. This means that the classification and measurement of book values and revaluation of debt securities are handled in the same way within both accounting standards.

The Company has decided that single stocks currently classified as AFS under IAS 39 are to be measured at FVTPL under IFRS 9, as well as all investment funds. It was further decided that the FVOCI category is chosen for the rest of equity investments.

The Company quantified the impact of the initial application of IFRS 9 up to 1 mio EUR loss transferred from OCI to retained earnings.

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 2021 will have no material impact on the financial statements of the Company as at year-end 2021.

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

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 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 form the VIG Group Personal Accident program. Health catastrophe exposure arise mainly form 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 at 99.5 % quantile, 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 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	
	2021	2020	2021	2020
Individually impaired:				
Gross amount	918	809	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	128	169	0	0
31 days to 90 days after maturity	7 195	9 937	0	0
91 days to 180 days after maturity	6 601	7 020	0	0
181 days to 1 year after maturity	4 341	5 306	0	0
1 year to 2 years after maturity	16 812	2 883	0	0
Neither past due nor impaired – carrying amount:	**179 941**	**96 916**	**1 223 668**	**901 970**
Total carrying amount	**215 018**	**122 231**	**1 223 668**	**901 970**

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			**2021**			
Standard & Poor's rating	**AAA**	**AA**	**A**	**B / BB / BBB**	**No Rating**	**Carrying value in balance sheet**
Financial investments*	34 240	87 854	136 747	125 405	123 380	507 626
Deposits due from cedents	0	72 878	3 364	424	24 380	101 046
Cash and cash equivalents	0	0	0	0	60 754	60 754
Receivables from reinsurance and ceded share of reinsurance liabilities	0	122 900	548 306	40 949	57 105	769 260
Other receivables	0	0	0	0	192	192
Total	**34 240**	**283 632**	**688 417**	**166 778**	**265 811**	**1 438 878**
In %	2,36%	19,58%	47,52%	11,51%	19,02%	100,00%

* Except for deposits due from cedents

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

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	2021					
	Up to one year	**From one to five years**	**From five to ten years**	**More than ten years**	**Not specified**	**Carrying value in balance sheet**
Financial investments						
Financial assets held to maturity	0	27 660	0	0	0	27 660
Financial assets available for sale	20 473	118 336	147 909	31 921	149 296	467 935
Loans – Term deposits	1 175	0	6 852	4 004	0	12 031
Deposit due from cedents *	12 692	19 162	25 630	43 562	0	101 046
Receivables	**215 744**	**0**	**0**	**0**	**-918**	**214 826**
Ceded share of reinsurance liabilities *	**428 466**	**57 333**	**39 914**	**28 529**	**0**	**554 242**
Cash and cash equivalents	**60 754**	**0**	**0**	**0**	**0**	**60 754**
Other receivables	**192**	**0**	**0**	**0**	**0**	**192**
Total	**739 496**	**222 491**	**220 305**	**108 016**	**148 378**	**1 438 686**

*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 in EUR '000	2021				
	Up to one year	**From one to five years**	**From five to ten years**	**More than ten years**	**Carrying value in balance sheet**
Subordinated liabilities	**742**		**55 000**		**55 742**
Reinsurance liabilities*	**647 445**	**140 892**	**136 699**	**115 178**	**1 040 214**
Unearned premiums	27 285	0	0	0	27 285
Outstanding claims	613 800	123 932	115 499	74 897	928 128
Life reinsurance provision	6 360	16 960	21 200	40 281	84 801
Payables	**178 818**	**1 370**	**2 667**	**2 143**	**184 998**
Current tax liabilities	**6 552**	**0**	**0**	**0**	**6552**
Other liabilities	**3 296**	**0**	**0**	**0**	**3 296**
Total	**836 853**	**142 262**	**194 366**	**117 321**	**1 290 802**

*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 in EUR '000	2020					
	Up to one year	**From one to five years**	**From five to ten years**	**More than ten years**	**Not specified**	**Carrying value in balance sheet**
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 in EUR '000	2020				
	Up to one year	**From one to five years**	**From five to ten years**	**More than ten years**	**Carrying value in balance sheet**
Subordinated liabilities	**708**		**35 000**		**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

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	2021		
	Total Assets	**Total Liabilities**	**Net Amount**
EUR	1 306 882	1 113 750	193 132
TRY	29 071	29 745	-674
PLN	29 229	28 108	1 121
CZK	42 419	44 569	-2 151
JPY	15 518	12 749	2 770
CHF	12 123	17 461	-5 338
HUF	13 243	10 838	2 404
USD	13 276	9 944	3 332
RUB	3 442	7 623	-4 181
KRW	2 658	11 929	-9 270
Other	2 776	4 085	-1 309
Total	**1 470 637**	**1 290 802**	**179 835**

A 10% negative movement in exchange rates against EUR would cause a gain of 1 330 TEUR.
The highest currency sensitivity with 10% fluctuation in exchange rate as of 31.12.2021 has KRW/EUR in amount of 927 TEUR.

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
USD	8 554	8 398	156
HUF	6 563	9 231	-2 668
CHF	6 039	6 840	-801
RUB	1 954	1 661	293
Other	3 345	7 203	-3 858
Total	**1 048 361**	**867 530**	**180 831**

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 2021 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	1,23%	7 043	13 430	20 913	97 423	179 830	0	318 639
Financial assets available for sale – investment funds and shares in other related parties		0	0	0	0	0	149 296	149 296
Financial assets held to maturity – debt securities	4,93%	0	0	0	27 660	0	0	27 660
Loans – Term deposits	2,38%	0	1 175	0	0	10 856	0	12 031
Deposit due from cedents	4,14 %	0	12 692	19 162	0	69 192	0	101 046
Cash and cash equivalents	**0 %**	**60 754**	**0**	**0**	**0**	**0**	**0**	**60 754**
Total financial assets		**67 797**	**27 297**	**40 075**	**125 083**	**259 878**	**149 296**	**669 426**

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**

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:

- A 99 percent confidence level does not reflect losses that may occur beyond this level.
- 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.

The VaR positions of the financial investments were as follows:

VaR Including HTM as of 31 December in EUR '000	**2021**	**2020**
Market value of portfolio	541 628	485 264
Parametrical VaR 60d; 99%	18 506	14 737
Relative VaR (%) 60d; 99%	3,42%	3,04%

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	**2021**	**2020**
Market value of portfolio	460 352	415 331
Parametrical VaR 60d; 99%	8 233	11 369
Relative VaR (%) 60d; 99%	1,79%	2,74%

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 18 506 TEUR (whole portfolio) or 8 233 (AFS portfolio) TEUR 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 10th 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 2020 and received the approval letter from Österreichische Finanzmarketaufsich (FMA) dated 10 December 2020, therefore the model had been used since 2020 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	2021	2020
Software and licenses	2 478	1 793
Total intangible assets	**2 478**	**1 793**

Intangible Assets 2021 in EUR '000	License	Software	Total
Balance as of 1 January	1 996	5 020	7 016
Additions	268	936	1 204
Balance as of 31 December	**2 264**	**5 956**	**8 220**
Balance as of 1 January	1 767	3 456	5 223
Amortization	0	519	519
Balance as of 31 December	**1 767**	**3 975**	**5 742**
Book value as of 1 January	**229**	**1 564**	**1 793**
Book value as of 31 December	**497**	**1 981**	**2 478**

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**

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

F.2. Property, Plant and Equipment

Property, Plant and Equipment – 2021 in EUR '000	Vehicles	Buildings (RoU)	Other	Total
Balance as of 1 January	**153**	**2 868**	**1 481**	**4 502**
Additions	0	61	318	379
Disposals	46	0	40	86
Balance as of 31 December	**107**	**2 929**	**1 759**	**4 795**
Balance as of 1 January	**58**	**802**	**691**	**1551**
Depreciation	41	431	311	783
Disposals	46	0	40	86
Balance as of 31 December	**53**	**1 233**	**962**	**2 248**
Book value as of 1 January	**96**	**2 066**	**790**	**2 952**
Book value as of 31 December	**55**	**1 696**	**797**	**2 548**

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**

* 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	31.12.2021	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	7 678	6 758		6 758	100%	100%
Total	**6 758**			**6 758**				

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	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	2021	2020
Available for sale financial assets	467 935	425 370
Held to maturity financial assets	27 660	44 850
Loans and receivables	113 077	108 508
Total	**608 672**	**578 728**

F.4.1. Financial Assets Available for Sale

Financial Assets Available for Sale in EUR '000	2021	2020
Debt securities		
Government bonds	173 852	172 958
Covered bonds	7 218	7 628
Corporate bonds	50 248	35 913
Bonds from banks	87 322	69 827
Investment funds	140 102	131 695
Shares	1 173	1 337
Shares in other related parties	8 020	6 012
Total	**467 935**	**425 370**

Financial Assets Available for Sale 2021	Amortized value/ Purchase price	FX differences	Unrealized gains or losses	Impairment	Fair value
Debt securities	316 493	-2 131	4 278	0	318 640
Investment funds	140 695	0	- 593	0	140 102
Shares	1 173	0	0	0	1 173
Shares in affiliated non-consolidated companies	8 020	0	0	0	8 020
Total	**466 381**	**-2 131**	**3 685**	**0**	**467 935**

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**

Fair Value Hierarchy – 2021 in EUR '000	Level 1	Level 2	Level 3	Total
Balance as of 1 January	**402 432**	**10 858**	**12 080**	**425 370**
Additions	120 734	13 996	5 636	**140 366**
Disposals	-76 915	-9 017	-12	**-85 943**
Changes in value recognised in profit and loss	-2 344	212		**-2 312**
Changes in value recognised directly in equity	-10 028	-171	473	**-9 726**
Balance as of 31 December	**433 879**	**15 879**	**18 177**	**467 935**

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**

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 (18 177 TEUR in 2021; 12 080 TEUR in 2020) 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).

Investments, which were in the past measured by VIG model (level 2) were in 2020 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	2021	2020
Debt securities		
Government bonds	27 660	37 765
Corporate bonds	0	7 085
Total	**27 660**	**44 850**

Financial Assets Held to Maturity – 2021 in EUR '000	Carrying amount	Fair value
Debt securities		
Government bonds	27 660	32 538
Corporate bonds	0	0
Total	**27 660**	**32 538**

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	7 536
Total	**44 850**	**51 920**

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	2021	2020
Loans – Term deposits	12 031	7 161
Deposits due from cedents	101 046	101 347
Total	**113 077**	**108 508**

Deposits Due from Cedents in Relation to Reinsurance Liabilities in EUR '000			2021
Assets		**Liabilities**	
Deposits due from cedents	101 046	Unearned premiums	10 609
		Outstanding claims	5 636
		Life reinsurance provision	84 801
Total gross	**101 046**		**101 046**

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 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	2021	2020
Receivables from direct reinsurance business	148 567	84 517
Receivables from ceded reinsurance business	67 177	38 357
Other receivables	42	27
Prepayments	150	139
Total gross	**215 936**	**123 040**
Impairment	918	809
Total net	**215 018**	**122 231**

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	2021	2020
Unearned premiums	10 015	11 864
Outstanding claims	543 329	265 785
Life reinsurance provision – retrocession	898	776
Total	**554 242**	**278 425**

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	2021		2020	
Balance sheet position	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Property, plant and equipment	27	0	13	0
Intangible assets	0	-27	0	-15
Revaluation differences	0	- 172	0	-1 951
RoU and lease liabilities	335	-322	11	0
*Technical provisions	9 903	0	3 554	0
Other provisions	462	0	384	0
Total	**10 727**	**-521**	**3 962**	**-1 966**
Net Balance	**10 206**		**1 996**	

*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	2021	2020
Net deferred tax assets/(liability) – opening balance	1 996	-863
Deferred tax (expense)/income for the period – through Profit or Loss	6 432	3 523
Change in revaluation differences	1 778	-664
- Tax from AFS investments	-47	-5
- Deferred tax through Other Comprehensive Income	1 825	-659
Net deferred tax asset/(liability) – closing balance	**10 206**	**1 996**

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 (2020: 19%).

F.8. Other Assets

Other Assets in EUR '000	2021	2020
Prepaid expenses	353	391
Total	**353**	**391**

F.9. Deferred Acquisition Costs

Development of DAC in EUR '000	2021	2020
Book value – opening balance	**10 270**	**12 761**
Costs deferred during the current year	2 664	1 676
DAC released during the current year	-3 370	-4 074
FX translation	44	-93
Book value – closing balance	**9 608**	**10 270**

F.10. Cash and Cash Equivalents

Cash and Cash Equivalents in EUR '000	2021	2020
Cash and cash equivalents	4	4
Cash at bank	60 750	44 813
Total	**60 754**	**44 817**

F.11. Shareholders' Equity

Share Capital in EUR '000	2021	2020
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

Subordinated Liabilities in EUR '000	2021	2020
Nominal value	55 000	35 000
Accrued interests	742	708
Total	**55 742**	**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. In 2021 Company issued subordinated certificates in nominal value of 20 MEUR.

F.13. Unearned Premiums

Unearned Premium Provision – 2021 in EUR '000	Gross	Reinsurance	Net
Book value – opening balance	**22 693**	**11 864**	**10 829**
Premium written during the current year	661 275	250 770	410 505
Less premium earned during the current year	-658 189	-253 721	-404 468
Effect of clean cut	1 781	1 018	763
FX translation	-275	83	-358
Book value – closing balance	**27 285**	**10 014**	**17 271**

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

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**

F.14. Outstanding Claims

Provisions (RBNS, IBNR) – 2021 in EUR '000	Gross	Reinsurance	Net
Book value – opening balance	**590 369**	**265 785**	**324 584**
Claims incurred	769 846	466 235	303 611
Less claims paid	-414 879	-181 241	-233 638
Effect of clean cut	-11 058	-4 058	-7 000
FX translation	-6 150	-3 393	-2 757
Book value – closing balance	**928 128**	**543 328**	**384 800**

Claims Development Table – Property/Casualty on a Gross Basis in EUR '000	**UY 2021**	**UY 2020**	**UY 2019**	**UY 2018**	**UY 2017**	**UY 2016**	**UY 2015**	**UY 2014**	**UY 2013**	**UY 2012 +**	**Total**
Estimate of total cumulative claims at the end of the year	576 634	327 180	291 659	198 010	293 745	190 331	205 507	225 203	248 954	529 793	3 087 016
One year later		335 647	324 498	217 253	305 337	178 940	236 188	251 289	257 699	588 967	2 695 818
Two years later			271 611	206 597	312 647	180 291	239 441	237 267	254 582	588 883	2 291 319
Three years later				225 929	313 871	177 471	237 164	258 181	249 393	565 154	2 027 163
Four years later					313 737	182 293	233 378	259 619	247 119	551 859	1 788 005
Five years later						177 890	233 686	257 303	245 487	546 604	1 460 970
Six years later							233 321	254 613	244 876	541 108	1 273 918
Seven years later								258 173	243 278	539 592	1 041 043
Eight years later									245 108	537 445	782 553
Nine years later										538 325	538 325
Ten years later										428 127	428 127
Estimate of cumulative claims	**576 634**	**335 647**	**271 611**	**225 929**	**313 737**	**177 890**	**233 321**	**258 173**	**245 108**	**537 917**	**3 175 967**
Cumulative payment	217 235	185 249	146 124	143 053	246 202	146 334	200 804	237 023	229 812	482 929	2 234 765
Value recognized in balance sheet	**359 399**	**150 398**	**125 487**	**82 876**	**67 535**	**31 556**	**32 517**	**21 150**	**15 296**	**54 988**	**941 202**

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 (9 290 TEUR) and life (9 020 TEUR) and FX differences 31 384 TEUR) are not included in the above table due to their relative insignificance.

Provisions (RBNS, IBNR) – 2020 in EUR '000	**Gross**	**Reinsurance**	**Net**
Book value – opening balance	**513 827**	**230 499**	**283 328**
Claims incurred and reported	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.

F.15. Life Reinsurance Provision

Development in 2021 in EUR '000	Gross	Reinsurance	Net
Book value – opening balance	**84 920**	**776**	**84 144**
Additions	205	122	83
Disposals	324	0	324
Book value – closing balance	**84 801**	**898**	**83 903**

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**

F.16. Payables

Payables in EUR '000	2021	2020
Payables arising out of reinsurance operations – cedents	161 203	103 536
Payables arising out of reinsurance operations – retrocession	17 774	22 482
Trade payables	229	753
Wages and salaries	409	293
Social security and health insurance and tax payables	243	244
Lease liabilities	1 766	2 124
Other payables	3 374	2 089
Total	**184 998**	**131 521**

F.17. Other Liabilities

Other Liabilities in EUR '000	2021	2020
Accruals	3 296	2 730
Total	**3 296**	**2 730**

F.18. Premium

Premium Written - Reinsurance Premium 2021 in EUR '000	Property/ Casualty	Health	Life	Total
Gross				
Austria	179 663	15 589	9 075	204 327
Germany	61 468	3 306	6 669	71 443
Czech Republic	52 815	8	438	53 261
Italy	36 819	190	1 138	38 147
Poland	34 389	3	1 566	35 958
Turkey	28 676	4 107	131	32 914
Slovakia	15 929	2 140	8 487	26 555
France	30 775	36	111	30 922
Romania	15 233	20	215	15 467
Serbia	10 632	436	271	11 339
Japan	13 914	0	19	13 933
Croatia	12 368	0	1 560	13 927
Bulgaria	9 106	576	256	9 938
Hungary	9 248	129	530	9 908
Switzerland	13 686	0	0	13 686
Other*	75 376	1 770	2 401	79 549
Premium written	**600 096**	**28 312**	**32 867**	**661 275**
Retroceded premium	**240 007**	**2 269**	**8 494**	**250 770**
Premium written – Retained	**360 089**	**26 043**	**24 373**	**410 505**

*) 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 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.

In 2021 the Company wrote premium of 382 798 TEUR from VIG Group companies and 278 477 TEUR from external parties (in 2020: 345 212 TEUR from VIG Group companies and 233 686 TEUR from external parties).

Premium Written – Reinsurance Premium 2021 in EUR '000	Gross	Ceded	Net
Property/Casualty			
Motor Third Party Liability	91 318	-27 291	64 027
Motor Own Damage	34 735	-1 475	33 260
Personal Accident	11 402	-5 380	6 022
General Third Party Liability	21 006	-3 463	17 543
Property	422 946	-193 476	229 470
Marine	18 689	-8 922	9 767
Premium written	**600 096**	**-240 007**	**360 089**

Premium Written – Reinsurance Premium 2020 in EUR '000	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	356 456	-160 494	195 962
Marine	14 047	-5 691	8 356
Premium written	**524 286**	**-204 479**	**319 807**

F.19. Investment Result

Investment Income in EUR '000	2021	2020
Interest income		
Loans and term deposits	174	363
Deposits due from cedents	3 531	3 741
Financial investments held to maturity	1 819	2 519
Financial investments available for sale	4 619	4 632
Total interest income	**10 143**	**11 255**
Gains from the disposal of financial investments		
Financial investments available for sale	4 372	3 341
Total gains from disposals of investments	**4 372**	**3 341**
FX gains	**0**	**0**
Kick-back and other fees	**34**	**26**
Total	**14 549**	**14 622**

Investment Expense in EUR '000	2021	2020
Losses from disposal of investments	180	1 988
Management fees	436	298
FX losses	3 875	3 029
Interests from retrocession operations	448	851
Total	**4 939**	**6 166**

F.20. Other Income

Other Income in EUR '000	2021	2020
Foreign currency gains	3 940	3 145
Income from sale of inventory	15	7
Total	**3 955**	**3 152**

F.21. Claims and Insurance Benefits

Expenses for Claims and Insurance Benefits – 2021 in EUR '000	Gross	Retrocession	Net
Property/casualty/health			
Expenses for insurance claims			
Claims and benefits	400 587	179 366	221 221
Changes in provision for outstanding claims	351 886	286 140	65 746
Subtotal	**752 473**	**465 506**	**286 967**
Changes in mathematical reserve	262	0	262
Changes in other insurance liabilities	173	0	173
Total non-life expenses for claims and insurance benefits	**752 908**	**465 506**	**287 402**
Life			
Expenses for insurance claims			
Claims and benefits	14 177	1 831	12 346
Changes in provision for outstanding claims	3 040	730	2 310
Subtotal	**17 217**	**2 561**	**14 656**
Changes in mathematical reserve	-380	122	-502
Changes in other insurance liabilities	0	0	0
Total life expenses for claims and insurance benefits	**16 837**	**2 683**	**14 154**
Total	**769 745**	**468 189**	**301 556**

Expenses for Claims and Insurance Benefits – 2020 in EUR '000	Gross	Retrocession	Net
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**

F.22. Acquisition Expenses

Commission Expenses 2021 in EUR '000	**Property/ Casualty**	**Health**	**Life**	**Total**
Reinsurance commission – Fix	76 941	1 248	3 807	81 996
Reinsurance commission – Sliding scale	20 836	506	0	21 342
Reinsurance commission – Profit commission	2 727	49	4 580	7 356
Deferred acquisition expenses	-1 774	705	1 301	232
Total	**98 730**	**2 508**	**9 688**	**110 926**

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**

F.23. Commission Income from Retrocessionaires

Commission Income from Retrocessionaires in EUR '000	**2021**	**2020**
Reinsurance commissions	38 624	32 017
Profit commissions	972	2 213
Deferred acquisitions revenues	-474	-728
Total	**39 122**	**33 502**

F.24. Other Operating Expenses

Other Operating Expenses in EUR '000	**2021**	**2020**
Personnel expenses	3 090	2 136
Mandatory social security contributions and expenses	839	573
Depreciation of property, plant and equipment	258	213
Depreciation of leased assets	431	405
Amortization of intangible assets	340	734
Rental expenses	199	494
Services	58	40
Allocation/Release of receivable adjustments	4	-1
Other administrative and IT expenses	734	1 069
Total	**5 953**	**5 663**

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 2021 a SFCR audit fee was in amount of TEUR 32,670 (2020: TEUR 31,460).

Management and Employee Statistics Number of members	2021	2020
Management – BoD	3	3
Other employees	110	106
Total	**113**	**109**

Personal Expenses in EUR '000	2021	2020
Wages and salaries	2 896	2 003
Mandatory social security contribution expenses	839	573
Other social security expenses	194	133
Total	**3 929**	**2 709**

Board of Directors and Supervisory Board Compensation in EUR '000	2021	2020
Board of Directors compensation	953	857
Supervisory Board compensation	112	95
Total	**1 065**	**952**

F.25. Finance Cost

Finance Cost in EUR '000	2021	2020
Interest expenses from subordinated liabilities	1 434	1 400
Interest on lease liabilities	56	66
Total	**1 490**	**1 466**

F.26. Other Expenses

Other Expenses in EUR '000	2021	2020
Foreign currency losses	2 698	251
Total	**2 698**	**251**

F.27. Tax Expense

Tax Expense in EUR '000	2021	2020
Current taxes		
- Actual taxes current period	12 010	9 337
- Actual taxes related to other periods	62	-29
Total current taxes	**12 072**	**9 308**
Deferred taxes (F.7)	**-6 362**	**-3 518**
- Tax from AFS investments	69	5
- Deferred tax (expense)/income for the period – through Profit or Loss	-6 431	-3 523
Other income tax	**0**	**0**
Total taxes	**5710***	**5790***

* 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 2021 and 31 December 2020.

Tax Rate Reconciliation in EUR '000	2021	2020
Expected tax rate in %	19	19
Profit before tax	26 846	22 560
Expected tax expense	**5 101**	**4 286**
Adjusted for tax effects due to:		
- Tax exempt income	-76	- 1 228
- Non-deductible expenses – other	467	1 467
- Income exempted from tax	-1 298	0
- Expense exempted from tax	171	90
- Taxes from previous years	85	-29
- Changes in tax rates	0	0
Other adjustments	**1 275**	**882**
- FX differences**	-15	320
Income tax expense	**5 710**	**5 790**
Effective tax rate in %	21,27	25,67

** 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	2021	2020
Property, plant and equipment owned	852	886
Right-of-use assets, except for investment property	1 696	2 066
Total	**2 548**	**2 952**

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	2021	2020
Balance at 1 January	**2 066**	**2 471**
Depreciation charge for the year	-431	-385
Additions/Disposals	61	-20
Balance at 31 December	**1 696**	**2 066**

Lease liabilities

Lease Liability in EUR '000	2021	2020
Maturity analysis – contractual undiscounted cash flows		
Less than one year	476	464
One to five years	1 391	1 664
More than five years	0	150
Total undiscounted lease liabilities at 31 December	**1 867**	**2 278**
Lease liabilities included in the statement of financial position at 31 December	**1 766**	**2 124**
Current	432	409
Non-current	1 334	1 715

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	2021	2020
Interest on lease liabilities	-56	-66
Depreciation charge for the year	-431	-385

Amounts recognised in the statement of cash flows

Amounts Recognised in the Statement of Cash Flows in EUR '000	2021	2020
Total cash outflow for leases	-475	-462

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 2021:

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	2021	2020
Balance sheet		
Receivables	3 201	1 577
Outstanding claims	63 141	45 324
Liabilities	13 230	1 462
Income statement		
Premiums written	16 574	14 944
Change due to provision for premiums	440	0
Expenses for claims and insurance benefits	- 19 501	- 7 098
Change in claims and other reinsurance liabilities	22 369	5 864
Commission expenses	135	247
Other operating expenses	-17	-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	2021	2020
Balance sheet		
Deposits due from cedents	1 760	1 344
Receivables	24 500	15 748
Unearned premiums	4 357	3 979
Premium reserve	424	320
Outstanding claims	203 817	74 025
Liabilities	155 594	97 731
Income statement		
Premiums written	219 372	203 064
Change due to provision for premiums	684	-1 196
Investment and interest income/expense	52	46
Expenses for claims and insurance benefits	-185 250	-90 507
Change in claims and other reinsurance liabilities	-141 633	-17 431
Commission expenses	-24 333	-54 135
Intergroup outsourcing	-514	-450

*Donau Versicherung AG, Kooperativa pojišťovna, a.s., Kooperativa poisťovna, a.s., Wiener Städtidsche 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	2021	2020
Balance sheet		
Receivables	1 396	1 314
Unearned premiums	958	964
Outstanding claims	4 727	5 667
Liabilities	796	189
Income statement		
Premiums written	11 439	10 972
Change due to provision for premiums	-6	-556
Investment and interest income	384	396
Expenses for claims and insurance benefits	-4 722	-6 460
Change in claims and other reinsurance liabilities	940	-284
Commission expenses	-3 731	-3 382

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 VIG. 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	2021	2020
Balance sheet		
Deposits due from cedents	2 388	9 326
Receivables	33 461	19 162
Unearned premiums	17 488	13 187
Premium reserve	1 895	830
Outstanding claims	155 743	127 707
Liabilities	18 360	12 228
Income statement		
Premiums written	136 318	117 482
Change due to provision for premiums	1 884	260
Miscellaneous earnings/expenditures of investment	47	92
Expenses for claims and insurance benefits	-87 684	-68 293
Change in claims and other reinsurance liabilities	-27 567	-14 515
Commission expenses	-23 460	-19 816

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	31.12.2021		31.12.2020	
	Fair value	Carrying amount	Fair value	Carrying amount
Financial investments	**512 028**	**507 626**	**484 991**	**477 381**
Financial assets held to maturity	31 723	27 660	51 920	44 850
Financial assets available for sale	467 935	467 935	425 370	425 370
Loans – Term deposits	12 370	12 031	7 701	7 161
Receivables	**215 018**	**215 018**	**122 231**	**122 231**
Cash and cash equivalents	**60 754**	**60 754**	**44 817**	**44 817**
Total financial assets	**787 800**	**783 398**	**652 039**	**644 429**

Financial Liabilities in EUR '000	31.12.2021		31.12.2020	
	Fair value	Carrying amount	Fair value	Carrying amount
Subordinated liabilities	55 742	55 742	35 708	35 708
Payables	184 998	184 998	131 521	131 521
Other liabilities	3 296	3 296	2 730	2 730
Total financial liabilities	**244 035**	**244 036**	**169 959**	**169 959**

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 101 046 TEUR (in 2020 amounting to 101 347 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	31.12.2021		31.12.2020	
	SPPI	Other*	SPPI	Other*
Financial investments	**39 691**	**467 935**	**59 621**	**425 370**
Financial assets held to maturity	27 660	0	51 920	0
Financial assets available for sale	0	467 935	0	425 370
Loans – Term deposits	12 031	0	7 701	0
Other receivables	**192**	**0**	**166**	**0**
Cash and cash equivalents	**60 754**	**0**	**44 817**	**0**
Total financial assets	**100 637**	**467 935**	**104 604**	**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	2021				
	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	**104 604**	**-3 967**	**0**	**0**	**100 637**
Financial assets held to maturity	51 920	-24 260	0	0	27 660
Loans – Term deposits	7 701	4 330	0	0	12 031
Other receivables	166	26	0	0	192
Cash and cash equivalents	44 817	15 937	0	0	60 754
Other*	**425 370**	**42 565**	**0**	**0**	**467 935**
Financial assets available for sale	425 370	53 057	-766	-9 725	467 935

*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 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	**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	67 506	-2 683	3 467	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 financial assets rating categories:

Credit Risk Exposure - SPPI in EUR '000	2021					
Standard & Poor's rating	**AAA**	**AA**	**A**	**B / BB / BBB**	**No Rating**	**Carrying value in balance sheet**
Financial assets	0	0	15 633	5 899	6 128	27 660
Loans – Term deposits					12 031	12 031
Other receivables					192	192
Cash and cash equivalents					60 754	60 754
Total	**0**	**0**	**15 633**	**5 899**	**79 105**	**100 637**
In %	0,00	0,00	15,53	5,86	78,60	100,00

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 - Other in EUR '000			**2021**			
Standard & Poor's rating	**AAA**	**AA**	**A**	**B / BB / BBB**	**No Rating**	**Carrying value in balance sheet**
Financial assets – debt securities	32 240	89 854	105 698	88 565	3 456	319 813
Financial assets – investment funds					148 122	148 122
Total	**32 240**	**89 854**	**105 698**	**88 565**	**151 578**	**467 935**
In %	6,89	19,20	22,59	18,93	32,39	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

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

F.34.1. Russian Ukrainian conflict

The Company carefully monitors and assesses the risks connected with the Russian-Ukrainian conflict that broke out at the end of February 2022. In accordance with the international sanctions and adopted laws of the Russian Federation, transactions with Russian counterparties are gradually terminated. VIG Re holds one Russian government bond in RUB currency, which value was 2 MEUR as of 31 December 2021.

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

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

004

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 1st January 2021 to 31st December 2021 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 kept by 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 per cent 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 2021

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

V. Overview of steps taken during the last accounting period at the instigation or in the interest of VIG AG or other VIG Group Companies

In 2021, 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. 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.

VII. 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 prevailingly benefits from the relationships within the VIG Group. VIG Re did not suffer any harm in 2021 based on agreements concluded between VIG Re on the one hand and VIG AG and other VIG Group Companies on the other.

VIII. Conclusion

This Report was drawn up by the Board of Directors of the controlled person, VIG RE zajišťovna, a.s., for the period from 1 January 2021 to 31 December 2021 and will be presented for review to the Supervisory Board. Given that VIG Re is required by law to prepare an annual report, this Report will be attached to it as its integral part. The annual report will be submitted for audit to audit firm KPMG Česká republika Audit, s.r.o.

In Prague, on 6 April 2022

Johannes Martin Hartmann
Chairman of the Board of Directors

Ivana Jurčíková
Member of the Board of Directors

ANNEX 1
TO THE REPORT ON RELATED PARTIES 2021

005

Overview of mutual agreements between VIG Re and VIG Group Companies

Contracts and Agreements in effect for VIG AG and VIG Re in 2021
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 2021
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
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 poisťovňa, a.s. Vienna Insurance Group, Bratislava
Re-insurance contracts between VIG Re and Kooperativa pojišt'ovna, a.s. Vienna Insurance Group, Prague
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 Wiener Städtische životno osiguranje Podgorica ad VIG Podgorica, Montenegro
Re-insurance contracts between VIG Re and BCR Asigurari de Viata Vienna Insurance Group SA, Romania
Re-insurance contracts between VIG Re and Vienna-Life Lebensversicherung AG, Lichtenstein

ANNEX 2
TO THE RELATED PARTIES REPORT
2021

006

Related parties to VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe

Company	Country	The current capital share in %
Consolidated companies		
"BULSTRAD LIFE VIENNA INSURANCE GROUP" JOINT STOCK COMPANY	Bulgaria	100.00
"Compensa Vienna Insurance Group", ADB	Lithuania	100.00
"Grüner Baum" Errichtungs- und Verwaltungsges.m.b.H.	Austria	99.72
Anděl Investment Praha s.r.o.	Czech Republic	100.00
Anif-Residenz GmbH & Co KG	Austria	100.00
Asigurarea Românească - ASIROM Vienna Insurance Group S.A.	Romania	100.00
ATBIH GmbH	Austria	93.98
ATRIUM TOWER SPÓŁKA Z OGRANICZONĄ ODPOWIEDZIALNOSCIĄ	Poland	100.00
BCR Asigurări de Viaţă Vienna Insurance Group S.A.	Romania	100.00
Blizzard Real Sp. z o.o.	Poland	100.00
BTA Baltic Insurance Company AAS	Latvia	100.00
Bulgarski Imoti Asistans EOOD	Bulgaria	99.99
Businesspark Brunn Entwicklungs GmbH	Austria	100.00
CAPITOL, akciová spoločnosť	Slovakia	80.00
CENTER Hotelbetriebs GmbH	Austria	100.00
Central Point Insurance IT-Solutions GmbH	Austria	95.00
Česká podnikatelská pojišťovna, a.s., Vienna Insurance Group	Czech Republic	100.00
Compania de Asigurări "DONARIS VIENNA INSURANCE GROUP" Societate pe Actiuni	Moldova	100.00
Compensa Life Vienna Insurance Group SE	Estonia	100.00
Compensa Towarzystwo Ubezpieczeń Na Życie S.A. Vienna Insurance Group	Poland	99.97
Compensa Towarzystwo Ubezpieczeń S.A. Vienna Insurance Group	Poland	99,94
CP Solutions a.s.	Czech Republic	100,00
DBLV Immobesitz GmbH & Co KG	Austria	100,00
DBR-Liegenschaften GmbH & Co KG	Germany	100,00
Deutschmeisterplatz 2 Objektverwaltung GmbH	Austria	100,00
Donau Brokerline Versicherungs-Service GmbH	Austria	100,00
DONAU Versicherung AG Vienna Insurance Group	Austria	100,00
DVIB alpha GmbH	Austria	100,00
DVIB GmbH	Austria	100,00
DV Immoholding GmbH	Austria	100,00
ELVP Beteiligungen GmbH	Austria	100,00
EUROPEUM Business Center s.r.o.	Slovakia	100,00
Floridsdorf am Spitz 4 Immobilienverwertungs GmbH	Austria	100,00

Gesundheitspark Wien-Oberlaa Gesellschaft m.b.H.	Austria	100,00
GLOBAL ASSISTANCE, a.s.	Czech Republic	100,00
HUN BM Korlátolt Felelősségű Társaság	Hungary	100,00
Insurance Company Vienna osiguranje d.d., Vienna Insurance Group	Bosnia and Herzegovina	100,00
INSURANCE ONE-SHAREHOLDER JOINT-STOCK COMPANY BULSTRAD VIENNA INSURANCE GROUP EAD	Bulgaria	100,00
InterRisk Lebensversicherungs-AG Vienna Insurance Group	Germany	100,00
InterRisk Towarzystwo Ubezpieczeń S.A. Vienna Insurance Group	Poland	100,00
InterRisk Versicherungs-AG Vienna Insurance Group	Germany	100,00
INTERSIG VIENNA INSURANCE GROUP Sh.A.	Albania	89,98
Joint Stock Company Insurance Company GPI Holding	Georgia	90,00
Joint Stock Company International Insurance Company IRAO	Georgia	100,00
Joint Stock Insurance Company WINNER-Vienna Insurance Group	Northern Macedonia	100,00
Kaiserstraße 113 GmbH	Austria	100,00
KÁLVIN TOWER Ingatlanfejlesztési és Beruházási Korlátolt Felelősségű Társaság	Hungary	100,00
KAPITOL, a.s.	Czech Republic	100,00
KKB Real Estate SIA	Latvia	100,00
KOMUNÁLNA poisťovňa, a.s. Vienna Insurance Group	Slovakia	100,00
KOOPERATIVA poisťovňa, a.s. Vienna Insurance Group	Slovakia	98,47
Kooperativa, pojišťovna, a.s. Vienna Insurance Group	Czech Republic	97,28
LVP Holding GmbH	Austria	100,00
MAP-WSV Beteiligungen GmbH	Austria	100,00
MC EINS Investment GmbH	Austria	100,00
MH 54 Immobilienanlage GmbH	Austria	100,00
NNC REAL ESTATE SPÓŁKA Z OGRANICZONĄ ODPOWIEDZIALNOŚCIĄ	Poland	100,00
Nußdorfer Straße 90-92 Projektentwicklung GmbH & Co KG	Austria	100,00
OMNIASIG VIENNA INSURANCE GROUP S.A.	Romania	99,54
OÜ LiveOn Paevalille	Estonia	100,00
Palais Hansen Immobilienentwicklung GmbH	Austria	56,55
Passat Real Sp. z o.o.	Poland	100,00
Pension Assurance Company Doverie AD	Bulgaria	92,58
PFG Holding GmbH	Austria	89,23
PFG Liegenschaftsbewirtschaftungs GmbH & Co KG	Austria	92,88
Porzellangasse 4 Liegenschaftsverwaltung GmbH & Co KG	Austria	100,00
"PRIVATE JOINT-STOCK COMPANY ""INSURANCE COMPANY " "KNIAZHA LIFE VIENNA INSURANCE GROUP"""	Ukraine	99,81
Private Joint-Stock Company "Insurance company" Ukrainian insurance group"	Ukraine	100,00
PRIVATE JOINT-STOCK COMPANY "UKRAINIAN INSURANCE COMPANY "KNIAZHA VIENNA INSURANCE GROUP"	Ukraine	99,99
PROGRESS Beteiligungsges.m.b.H.	Austria	70,00
Projektbau GesmbH	Austria	100,00

Projektbau Holding GmbH	Austria	100,00
Rathstraße 8 Liegenschaftsverwertungs GmbH	Austria	100,00
Ray Sigorta A.Ş.	Turkey	94,96
Rößlergasse Bauteil Drei GmbH	Austria	100,00
Rößlergasse Bauteil Zwei GmbH	Austria	100,00
S - budovy, a.s.	Czech Republic	100,00
Schulring 21 Bürohaus Errichtungs- und Vermietungs GmbH & Co KG	Austria	100,00
SECURIA majetkovosprávna a podielová s.r.o.	Slovakia	100,00
Senioren Residenz Fultererpark Errichtungs- und Verwaltungs GmbH	Austria	100,00
Senioren Residenz Veldidenapark Errichtungs- und Verwaltungs GmbH	Austria	66,70
SIA "Alauksta 13/15"	Latvia	100,00
SIA "Artilērijas 35"	Latvia	100,00
SIA "Ģertrūdes 121"	Latvia	100,00
SIA "Global Assistance Baltic"	Latvia	100,00
SIA "LiveOn"	Latvia	70,00
SIA "LiveOn Stirnu"	Latvia	100,00
SIA "LiveOn Terbatas"	Latvia	100,00
SIA "Urban Space"	Latvia	100,00
SIGMA INTERALBANIAN VIENNA INSURANCE GROUP Sh.A.	Albania	89,05
SK BM s.r.o.	Slovakia	100,00
SMARDAN 5 DEVELOPMENT S.R.L.	Romania	100,00
Stock Company for Insurance and Reinsurance MAKEDONIJA Skopje - Vienna Insurance Group	Northern Macedonia	94,26
SVZ GmbH	Austria	100,00
SVZD GmbH	Austria	100,00
SVZI GmbH	Austria	100,00
T 125 GmbH	Austria	100,00
TBI BULGARIA EAD in Liquidation	Bulgaria	100,00
TECHBASE Science Park Vienna GmbH	Austria	100,00
twinformatics GmbH	Austria	100,00
UAB LiveOn Linkmenu	Lithuania	100,00
UNION Vienna Insurance Group Biztosító Zrt.	Hungary	98,64
Untere Donaulände 40 GmbH & Co KG	Austria	100,00
Vienibas Gatve Investments OÜ	Estonia	100,00
Vienibas Gatve Properties SIA	Latvia	100,00
Vienna-Life Lebensversicherung AG Vienna Insurance Group	Lichtenstein	100,00
Vienna Life Towarzystwo Ubezpieczeń na Życie S.A. Vienna Insurance Group	Poland	100,00
VIG-AT Beteiligungen GmbH	Austria	100,00
VIG-CZ Real Estate GmbH	Austria	100,00
VIG FUND, a.s.	Czech Republic	100,00
VIG Home, s.r.o.	Slovakia	100,00

V.I.G. ND, a.s.	Czech Republic	100,00
VIG Offices, 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
Virtus Sechzehn Beteiligungs GmbH	Austria	100,00
VITEC Vienna Information Technology Consulting GmbH	Austria	51,00
WGPV Holding GmbH	Austria	100,00
WIBG Holding GmbH & Co KG	Austria	100,00
WIBG Projektentwicklungs GmbH & Co KG	Austria	100,00
Wiener Osiguranje Vienna Insurance Group ad	Bosnia and Herzegovina	100,00
Wiener osiguranje Vienna Insurance Group dioničko društvo za osiguranje	Croatia	97,82
WIENER RE akcionarsko društvo za reosiguranje	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 TOWARZYSTWO UBEZPIECZEŃ SPÓŁKA AKCYJNA VIENNA INSURANCE GROUP	Poland	100,00
WIENER VEREIN BESTATTUNGS- UND VERSICHERUNGSSERVICE-GESELLSCHAFT M.B.H.	Austria	100,00
WILA GmbH	Austria	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
WSVA Liegenschaftbesitz GmbH	Austria	100,00
WSVB Liegenschaftbesitz GmbH	Austria	100,00
WSVC Liegenschaftbesitz 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
WWG Beteiligungen GmbH	Austria	87,07

Companies consolidated using the equity method

"Schwarzatal" Gemeinnützige Wohnungs- und Siedlungsanlagen-GmbH	Austria	100,00
Alpenländische Gemeinnützige WohnbauGmbH	Austria	94,84
Beteiligungs- und Immobilien GmbH	Austria	25,00
Beteiligungs- und Wohnungsanlagen GmbH	Austria	25,00
CROWN-WSF spol. s.r.o.	Czech Republic	30,00
EGW Erste gemeinnützige Wohnungsgesellschaft mbH	Austria	99,77

ERSTE d.o.o. - za upravljanje obveznim i dobrovljnim mirovinskim fondovima	Croatia	25,30
Gemeinnützige Industrie-Wohnungsaktiengesellschaft	Austria	55,00
Gemeinnützige Mürz-Ybbs Siedlungsanlagen-GmbH	Austria	99,92
Gewista-Werbegesellschaft m.b.H.	Austria	33,00
NEUE HEIMAT Oberösterreich Gemeinnützige Wohnungs- und SiedlungsgesmbH	Austria	99,82
Neuland gemeinnützige Wohnbau-Gesellschaft m.b.H.	Austria	61,00
Österreichisches Verkehrsbüro Aktiengesellschaft, Wien (Konzernabschluss)	Austria	36,58
SOZIALBAU gemeinnützige Wohnungsaktiengesellschaft	Austria	54,17
Towarzystwo Ubezpieczeń 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

Unconsolidated companies

"Assistance Company "Ukrainian Assistance Service" LLC	Ukraine	100,00
"Eisenhof" Gemeinnützige Wohnungsgesellschaft m.b.H.	Austria	20,13
"JAHORINA AUTO" d.o.o.	Bosnia and Herzegovina	100,00
"LifeTrust" Ltd	Bulgaria	100,00
"Neue Heimat" Stadterneuerungsgesellschaft m.b.H.	Austria	79,51
AB Modřice, a.s.	Czech Republic	97,28
AIS Servis, s.r.o.	Czech Republic	98,10
Akcionarsko društvo za životno 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
arithmetica Consulting GmbH	Austria	98,31
AUTODROM SOSNOVÁ u České Lípy a.s.	Czech Republic	97,28
AUTONOVA BRNO s.r.o.	Czech Republic	98,10
Autosig SRL	Romania	99,54
B&A Insurance Consulting s.r.o.	Czech Republic	48,45
BB Parking s.r.o.	Slovakia	98,47
BEESAFE SPÓŁKA Z OGRANICZONA ODPOWIEDZIALNOSCIA	Poland	99,99
Benefia Ubezpieczenia Spolka z ograniczona odpowiedzialnoscia	Poland	99,94
Bohemika a.s.	Czech Republic	100,00
Bohemika HYPO s.r.o.	Czech Republic	100,00
Bulstrad Trudova Meditzina EOOD	Bulgaria	100,00
Camelot Informatik und Consulting Gesellschaft m.b.H.	Austria	92,86
CARPLUS Versicherungsvermittlungsagentur GmbH	Austria	97,75

CLAIM EXPERT SERVICES S.R.L.	Romania	99,16
Compensa Dystrybucja Sp. z o. o.	Poland	99,97
ČPP Servis, s.r.o.	Czech Republic	100,00
DBLV Immobesitz GmbH	Austria	100,00
DBR-Liegenschaften Verwaltungs GmbH	Germany	97,75
DELOIS s. r. o.	Slovakia	98,47
DELOIS II 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
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-NOE Erste gemeinnützige Wohnungsgesellschaft mbH	Austria	71,92
EKG UW Nord GmbH	Austria	24,46
Elsö Maganegeszsegügyi Halozat Zrt.	Hungary	48,33
ERSTE Biztosítási Alkusz 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
FinServis Plus, s.r.o.	Czech Republic	100,00
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	42,76
Global Assistance Georgia LLC	Georgia	95,00
Global Assistance Polska Sp.z.o.o.	Poland	99,99
GLOBAL ASSISTANCE SERVICES s.r.o.	Czech Republic	100,00
GLOBAL ASSISTANCE SERVICES SRL	Romania	99,23
GLOBAL ASSISTANCE SLOVAKIA s.r.o.	Slovakia	99,22
Global Expert, s.r.o.	Czech Republic	98,10
Global Partner Zdraví, s.r.o.	Czech Republic	63,23
Global Partner, a.s.	Czech Republic	63,23
Global Repair Centres, s.r.o.	Czech Republic	98,10
Global Services Bulgaria JSC	Bulgaria	100,00
Hausservice Objektbewirtschaftungs GmbH	Austria	20,72
HOTELY SRNÍ, a.s.	Czech Republic	97,28
Hotel Voltino in Liquidation	Croatia	97,82
HORIZONT Personal-, Team- und Organisationsentwicklung GmbH	Austria	98,29
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 ograniczoną odpowiedzialnoscią spolka komandytowa	Poland	99,99
ITIS Sp.z.o.o.	Poland	98,03
Joint Stock Company "Curatio"	Georgia	90,00
Joint Stock Insurance Company WINNER LIFE - Vienna Insurance Group	Northern 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
LD Vermögensverwaltung GmbH	Austria	98,65
Lead Equities II. Auslandsbeteiligungs AG	Austria	21,59
Lead Equities II.Private Equity Mittelstandsfinanzierungs AG	Austria	21,59
LiSciV Muthgasse GmbH & Co KG	Austria	42,76
Main Point Karlín II., a.s.	Czech Republic	97,28
Money & More Pénzügyi Tanácsadó Zártkörüen Müködö Részvénytársaság	Hungary	98,64
Nadácia poisťovne KOOPERATIVA	Slovakia	98,47
NID Projektentwicklung GmbH	Austria	100,00
Nordbahnhof Projekt EPW8 GmbH & Co KG	Austria	97,75
Nordbahnhof Projekt EPW8 Komplementär GmbH	Austria	97,75
Nordbahnhof Projekt Taborstraße 123 GmbH & Co KG	Austria	100,00
Nordbahnhof Projekt Taborstraße 123 Komplementär GmbH	Austria	100,00
PFG Liegenschaftsbewirtschaftungs GmbH	Austria	73,69
POLISA - ŻYCIE Ubezpieczenia Sp.z.o.o.	Poland	99,97
Pražská softwarová s.r.o	Czech Republic	98,10
Privat Joint-Stock Company "OWN SERVICE"	Ukraine	100,00
Projektbau Planung Projektmanagement Bauleitung GesmbH	Austria	54,51
Quadrant Q ZWÖLF Projektentwicklungs GmbH	Austria	97,75
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
samavu s.r.o	Slovakia	98,47
Sanatorium Astoria, a.s.	Czech Republic	97,28
SB Liegenschaftsverwertungs GmbH	Austria	40,26
S.C. CLUB A.RO S.R.L.	Romania	99,79

S.C. Risk Consult & Engineering Romania S.R.L.	Romania	51,00
S. C. SOCIETATEA TRAINING IN ASIGURARI S.R.L.	Romania	99,16
serviceline contact center dienstleistungs-gmbh	Austria	97,75
S.O.S.- EXPERT d.o.o. za poslovanje nekretninama	Croatia	100,00
Senioren Residenzen gemeinnützige Betriebsgesellschaft mbH	Austria	97,75
Slovexperta, s.r.o.	Slovakia	98,70
Soleta Beteiligungsverwaltungs GmbH	Austria	42,76
Sparkassen-Versicherungsservice Gesellschaft m.b.H.	Austria	97,75
Spółdzielnia Usługowa VIG EKSPERT W WARSZAWIE	Poland	99,97
SURPMO, a.s.	Czech Republic	97,28
TAUROS Capital Investment GmbH & Co KG	Austria	19,55
TAUROS Capital Management GmbH	Austria	25,30
TBI Info AD	Bulgaria	20,00
TeleDoc Holding GmbH	Austria	25,01
TGMZ Team Gesund Medizin Zentren GmbH	Austria	39,10
TOGETHER CCA GmbH	Austria	24,71
twinfaktor GmbH	Austria	98,87
UAB "Compensa Life Distribution"	Lithuania	100,00
UNION-Erted Ellatasszervezö Korlatold Felelösségü Tarsasag	Hungary	98,64
Versicherungsbüro Dr. Ignaz Fiala Gesellschaft m.b.H.	Austria	47,90
Vienna Insurance Group Polska Spółka z organiczoną odpowiedzialnością	Poland	99,99
Vienna International Underwriters GmbH	Austria	100,00
viesure innovation center GmbH	Austria	98,87
VIG AM Real Estate, a.s.	Czech Republic	100,00
VIG AM Services GmbH	Austria	100,00
VIG Management Service SRL	Romania	99,16
VIG POLSKA REAL ESTATE SPÓŁKA Z OGRANICZONA ODPOWIEDZIALNOSCIA	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	50,99
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
zuuri s.r.o.	Slovakia	98,47

DECLARATION BY THE BOARD OF DIRECTORS

007

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.

6 April 2022

Johannes Martin Hartmann
Chairman of the Board
of Directors

Ivana Jurčíková
Member of the Board
of Directors

Stephan Wirz
Member of the Board
of Directors