2020

SOLVENCY AND FINANCIAL CONDITION REPORT

VIG Re

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Summary

The purpose of Solvency Financial Condition Report (hereinafter “the Report”) is to respond to the public disclosure requirements as defined by the Solvency II Regulation. The elements of the disclosure relate to business performance, governance, risk profile, solvency and capital management.

VIG RE zajišťovna, a.s. (hereinafter also “VIG Re” or “the Company” is a member of Vienna Insurance Group (“VIG”) and was incorporated on 18 August 2008 after receiving the license to carry out reinsurance business and related activities on 8 August 2008. It has its registered office at Templová 747/5, Prague 1 and conducts reinsurance business in Property and Casualty, Life and Health lines of business since 2009.

VIG Re is responsible for managing the Group reinsurance programs of Vienna Insurance Group but has also established itself as a leading reinsurance Company in Central & Eastern Europe beyond the boundaries of VIG Group. With a nimble and lean operating model, the Company meets the demand of clients looking for a partner who has an in-depth market know how and builds on long-term relationship. The commitment to a long-term partnership approach equally holds for the Company’s undertakings in other Continental European markets, where the company focuses on insurance clients who share the same values and who have a profound track record as stable and reliable partner. The establishment of the two branch offices in Frankfurt in 2017 and in Paris in 2018 underpins the commitment to client proximity.

VIG Re adheres to a prudent risk management policy, especially in the areas of underwriting discipline, a conservative investment policy and reinsurance protection. In combination with a strong capital position, its operating model and the ability to offer broad risk solutions across all main lines of business, the Company is well positioned to seize opportunities in its Central and Eastern core markets and beyond.

Business and Performance

In line with the Company strategy, gross written premium increased in 2020 to EUR 579 million in 2020, a 10% increase compared to 2019. The P&C business segment contributed with EUR 524 million, Health with EUR 28 million and Life with EUR 26 million.

In 2020 VIG Re delivered a profit before tax of EUR 23 million. The combined ratio for the period was 96.9%, exceeding 2019 by 0.9 percentage points. The underwriting result in 2020 was impacted by COVID-19 losses in gross amount of almost EUR 20 million, but significantly reduced by VIG Re own retrocession programmes.

Investment result was impaired by negative FX revaluation of assets held against liabilities in respective foreign currencies, such as the depreciation of Turkish Lira and various CEE currencies.

The Company’s business activities per material lines of business and regions are in Chapter A.

System of Governance

The Company's system of governance is defined through internal guidelines and procedures and encompasses integral elements, such as an integrated risk management system, the internal control system and the four key functions (actuarial function, compliance function, risk management function, internal audit function).

Continuous improvement of the risk management and steering as well as a high integration of risk considerations in the planning, business and decision-making processes throughout the Company is paramount to VIG Re's Risk Strategy.

An integral element which combines the quantitative and qualitative risk management results and the strategic and business planning is the forward-looking Own Risk and Solvency Assessment (ORSA) as an important element in the integrated planning process and impacting the strategic and business decisions-making in the VIG Re management processes.

Persons who effectively run the Company, key function holders and persons with material impact on the Company's risk profile are fit and proper for their positions. The remuneration system is in accordance with Solvency II Regulation and the Company's business and risk strategy.

Changes in the composition of Supervisory Board and Board of Directors and the overall system of governance during the year 2020 are commented in Chapter B.

Risk Profile

Assumed Reinsurance being the core activity of the Company, underwriting risk is the most significant risk category for VIG Re. The Company is especially exposed to Non-Life underwriting risk and to a moderate extent to Life and Health underwriting risk. Underwriting risk is managed through the adherence to a prudent underwriting policy, including the application of underwriting limits, a strict accumulation control, and is further mitigated by a prudent retrocession program. The Company uses a Partial Internal Model for Non-life Underwriting risk and Health NSLT Underwriting risk.

Market risk is governed by VIG Re's Investment Strategy which sets a balanced risk/return-profile and limits for asset allocation. To manage counterparty default risk VIG Re distributes its reinsurance protection programs over a diversified panel of financially solid reinsurance companies, in compliance with VIG Security Guidelines. In the area of operational risk, procedures, controls and emergency plans areas are in place to ensure sustainable reinsurance services.

The Solvency Capital Requirement increased from EUR 110 million in 2019 to EUR 125 million in 2020. Most of risk modules increased as a result of the Company's portfolio growth. In addition, the newly implemented tax law in Czech Republic reduced the Loss-Absorbing capacity of deferred taxes.

Detailed information for VIG Re's risk profile and its key procedures of risk mitigation is provided in Chapter C.

Valuation for Solvency Purposes

The valuation of assets and liabilities for Solvency II purposes is performed on a fair value (market value) basis. In case IFRS values appropriately reflect the fair value, these are used for Solvency purposes as well. Chapter D further elaborates on the main differences between statutory reports according to IFRS standards and Solvency II valuation separately for each item. The differences are stemming mainly from technical provisions and reinsurance recoverables as well as from valuation of deposits to cedants and investments (especially held to maturity bond portfolio).

Capital Management

The Company's own funds comprises the ordinary share capital, the share premium, the reconciliation reserve and subordinated liabilities. Eligible own funds amount in 2020 to EUR 246 million, up by EUR 3.5 million compared to last year.

The Solvency ratio for 2020 is 197%. The Solvency ratio includes the foreseeable dividend payment for the financial year 2020 and takes into consideration the full implementation of the new tax law in Czech Republic affecting the Loss-Absorbing capacity of deferred taxes.

The Solvency Financial Condition Report 2020 was approved by the Board of Directors on 7th of April 2021.

Sums and percentages calculations may include minor deviations due to rounding effects.

BUSINESS AND PERFORMANCE

A.1 Business

A.1.1 Name and Legal Form of the Undertaking

VIG RE zajišťovna, a.s. is the company incorporated in the Czech Republic in the form of a joint-stock company, registered in the Commercial Register maintained with the Municipal Court in Prague, file no. B 14560 and with dentification no. 28445589 (hereinafter the "Company" or "VIG Re").

The address of the registered office and official webpage is as follows:

Templová 747/5
110 01 Prague 1
Czech Republic

www.vig-re.com

This Report covers VIG Re on a solo basis.

The Company has a licence to pursue the following activities:

- Reinsurance activity under § 3 paragraph 1, lett. (l) of Act No. 277/2009 Coll. Insurance Act, as amended (hereinafter the "Insurance Act"), within all branches of life insurance listed in Appendix 1 of the Insurance Act, Part A and all non-life insurance branches listed in Appendix 1 of the Insurance Act, Part B.

- Activities related to reinsurance activities under the Insurance Act:
  - investigation of reinsurance events;
  - mediation activities undertaken in connection with reinsurance activities;
  - consulting services related to reinsurance;
  - educational activities for reinsurance intermediaries and independent assessors of reinsurance events.

The above mentioned activities were performed by the Company as of the date of this Report. Performance of these activities was not limited or suspended by the Czech National Bank during the vesting period.

Underwriting Territories

Figure 1 - Underwriting Territories

Figure 1 shows the underwriting territories from which the Company assumes reinsurance contracts in 2020. These would include most Continental European countries as well as Japan and South Korea.

A.1.2 Name of the Supervisory Authority Responsible for the Financial Supervision of the Undertaking and Group

The Company is subject to supervision by Česká národní banka (Czech National Bank). Česká národní banka can be contacted at:

Na Příkopě 28
115 03 Prague
Czech Republic
www.cnb.cz

The Company is a member of the VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe which is subject to supervisory authority by the Finanzmarktaufsicht in Österreich (Austrian Financial Market Authority), which can be contacted at:

Otto Wagner Platz 5
1090 Vienna
Austria
www.fma.gv.at

A.1.3 External Auditor of the Undertaking

The statutory auditor of the Company is:

KPMG Česká republika Audit, s.r.o.
Pobřežní 648/1a
186 00 Praha 8
Czech Republic
www.kpmg.cz

A.1.4 Holders of Qualifying Holdings in the Undertaking

Table 1 - Shareholders of the Undertaking

Business Name	Legal Form	Address	Share Capital	Share of Voting Rights
VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe	joint-stock company	Schottenring 30, 1010 Wien	55%	55%
Donau Versicherung AG Vienna Insurance Group	joint-stock company	Schottenring 15, 1010 Wien	10%	10%
Kooperativa pojišťovna, a.s., Vienna Insurance Group	joint-stock company	Pobřežní 665/21, 186 00 Praha 8	10%	10%
Kooperativa poisťovňa, a.s. Vienna Insurance Group	joint-stock company	Štefanovičova 4, 816 23 Bratislava	10%	10%
WIENER STÄDTISCHE Versicherung AG Vienna Insurance Group	joint-stock company	Schottenring 30, 1010 Wien	15%	15%

A.1.5 Legal Structure

VIG Re is a member of VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe. Detailed list of related parties is available in Annual Report of the Company under Annex 2 to the Report on Related Parties.

In line with its strategic focus on Continental European reinsurance markets, the Company established a branch office in Frankfurt am Main, Germany, in September 2017 and in Paris, France, in November 2018. The economic data of the branches are, in accordance with the legislation of the Czech Republic, an integral part of the financial statements of the Company.

VIG Re has a subsidiary in Wiener Re a.d.o. Serbia, which was acquired from WIENER STÄDTISCHE Versicherung AG Vienna Insurance Group. Wiener Re is a reinsurance company based in Belgrade and is currently active in Serbia and the neighbouring countries Bosnia and Herzegovina, Montenegro and Macedonia.

VIG Re has also share in VIG FUND, a.s. The company operates in the area of real estate management.

Table 2 - VIG Re Shares 2020

Business Name	Legal Form	Address	Share Capital	Share of Voting Rights
Wiener Re a.d.o. Serbia	joint-stock company	Trešnjinog cveta 1, 11070 Belgrade	100%	100%
VIG FUND, a.s	joint-stock company	Templová 747/5, 110 00 Praha 1	2.75%	2.75%

Table 3 - VIG Re Shares 2019

Business Name	Legal Form	Address	Share Capital	Share of Voting Rights
Wiener Re a.d.o. Serbia	joint-stock company	Trešnjinog cveta 1, 11070 Belgrade	100%	100%
VIG FUND, a.s	joint-stock company	Templová 747/5, 110 00 Praha 1	2.63%	2.63%

A.2 Underwriting Performance

A.2.1 Underwriting Performance in 2020

Economic Environment

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

Business Performance 2020

Profit before tax for the year 2020 amounts to EUR 22.6 million, creating a shareholder return on Shareholders' equity of 9.3%. Combined ratio for the period was 96.9%, increased compared to 2019 by 0.9% percentage points.

The underwriting result reached EUR 15.4 million, impacted by COVID-19 related losses (EUR 18.4 million gross) and large fire losses of business reported by VIG Group companies. Net Combined Ratio for the period is 96.9%. The investment result was affected by negative FX revaluation of assets held against liabilities in respective foreign currencies, as the depreciation of Turkish Lira and various CEE currencies, accounting for a return from investment of 0.8% (2.5% in 2019).

Administrative and other operating expenses amounted to EUR 12.1 million. Main expense categories are personal cost (56%), IT related costs (21%), outsourcing and consultancy (9%).

Table 4 - Income Statement (in '000 EUR)

	2020	2019
Premiums written	578 898	527 477
Property & Casualty	524 286	478 096
Life	26 257	23 499
Health	28 355	25 882
Combined ratio*	96.9%	96.0%
Result from investments	7 112	14 642
Profit before tax	22 560	26 242
Profit for the period	**16 770**	**20 803**

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

Reinsurance business assumed from insurance companies being member of VIG Group accounted for EUR 345 million, 2% above 2019 level, which is 60% of the total gross written premium. Out of this EUR 281 million referred to VIG Property and Casualty Treaty business. VIG Re closely cooperates with VIG holding and serves as a carrier that sets up Group wide reinsurance protection. Equally important is VIG Re's role as preferred reinsurer for VIG companies when meeting their individual reinsurance needs. VIG Re participates on local Non-Life treaty cessions of VIG companies with an average share of 39%, strictly adhering to arms-length principle.

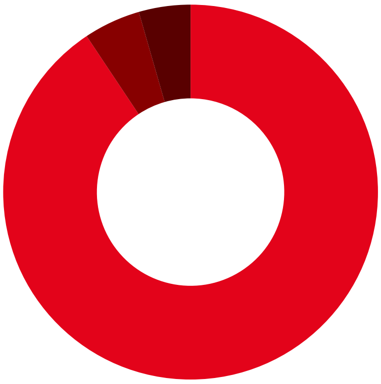
VIG Re's portfolio continues to diversify in terms of client base, lines of business and distribution channels. As in previous years, the Company succeeded to further grow the business assumed from clients outside of VIG Group.

For Central and Eastern Europe, despite ongoing market consolidation and centralisation of reinsurance buying of international insurance groups, the portfolio grew by 22% to EUR 51 million. Other non life treaty business underwritten from the Headquarter with clients outside of VIG Group includes Southern Europe (Italy, Spain, Portugal), accounting for EUR 45 million (+34%) and East Asia (Japan and South Korea), accounting for EUR 18 million (+65%). The Facultative Property and Casualty Book grew by 5% to EUR 13 million.

Business assumed by VIG Re's branch in Germany, responsible for our non-life treaty business from clients outside of VIG Group in Germany, Austria and Switzerland grew by EUR 4 million to EUR 65 million. By end of 2020 number of clients in the region grew to 75. Likewise for the French Branch Office, which serves clients in France and Benelux, further inroads were made with prospect clients as well as existing ones, translating into a substantial growth of our portfolio and client base. The GWP grew by 56% to EUR 28 million. By end of 2020 VIG Re was servicing 46 clients in the region.

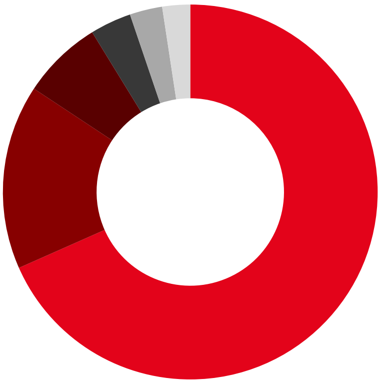
The Life and Health portfolio grew from EUR 49 million to EUR 55 million. Since 2020 VIG Re is responsible, for the Group wide life reinsurance protection, similar as for Property and Casualty.

Figure 2 - GWP per Segment in (EUR ‘000)



P&C	524 286
Health	28 355
Life	26 257

Figure 3 - GWP P&C per Line of Business (in EUR ‘000)



Property	356 377
Motor Third Party Liability	85 795
Motor Own Damage	35 175
General Third Party Liability	19 630
Marine	14 047
Personal Accident	13 182

Figure 4 - GWP P&C per Country (in EUR ‘000)

Austria	164 394
Germany	51 293
Czech Republic	46 064
Italy	42 353
Poland	31 914
Turkey	26 397
France	24 008
Slovakia	15 582
Japan	13 682
Romania	12 356
Other*	96 243

*Other represents the following countries: Albania, Armenia, Azerbaijan, Belgium, Bosnia, Bulgaria, Croatia, Estonia, Georgia, Greece, Hungary, Kazakhstan, Kosovo, Latvia, Liechtenstein, Lithuania, Luxembourg, Macedonia, Moldova, Montenegro, Netherlands, Portugal, Russia, Serbia, Slovenia, South Korea, Spain, Switzerland, Ukraine

The underwriting result for 2020 and 2019 are summarized in the tables 5 and 6.

Table 5 - IFRS Results of 2020 (in EUR '000)

2019	P&C	Life	Health	Total
Premiums written - gross	524 286	26 257	28 355	578 898
Premiums written - reinsurers' share	-204 479	-8 284	-1 828	-214 591
Net earned premiums	318 644	18 132	26 505	363 281
Other income	1	2 829	6	2 836
Claims incurred	-215 599	-10 629	-8 857	-235 085
Operating expenses	-98 603	-5 589	-11 480	-115 672
Underwriting result	**4 442**	**4 744**	**6 174**	**15 360**

Table 6 - IFRS Results of 2019 (in EUR '000)

2018	P&C	Life	Health	Total
Premiums written - gross	478 096	23 499	25 882	527 477
Premiums written - reinsurers' share	-207 033	-6 394	-1 046	-214 473
Net earned premiums	267 510	17 399	24 708	309 617
Other income		2 823	2	2 825
Claims incurred	-192 515	-11 386	-9 461	-213 362
Operating expenses	-71 868	-5 762	-6 793	-84 422
Underwriting result	**3 127**	**3 075**	**8 456**	**14 658**

The underwriting result per geographical area and business segments for 2019 and 2020 is presented in the tables 7 and 8:

Table 7 - Underwriting Result per Segments 2020 (in EUR '000)

2020	Gross Earned Premium	Gross Claims & Expenses Incurred*	Gross Underwriting Result	Underwriting Result after Proportional retrocession	Total Net underwriting result**
P&C CEE & VIG	331 815	-278 393	53 423	64 587	
Branch Germany	65 434	-66 121	-687	-503	
P&C SE	45 118	-47 470	-2 352	-2 352	
Branch France	26 771	-29 183	-2 412	-2 439	
P&C Asia	17 237	-17 077	160	160	
P&C Facultative	11 615	-6 710	4 904	1 673	
Health	52 616	-52 163	452	-238	
Life	**26 312**	**-21 161**	**5 150**	**4 818**	
Total	**576 918**	**-518 278**	**58 640**	**65 708**	**15 360**

* Life "Gross Claims & Expenses Incurred" includes income from the cedants deposits.

**After all retrocession. Including admin costs.

Table 8 - Underwriting Result per Segments 2019 (in EUR '000)

2019	Gross Earned Premium	Gross Claims & Expenses Incurred*	Gross Underwriting Result	Underwriting Result after Proportional retrocession	Total Net underwriting result**
P&C CEE & VIG	315 240	-231 796	83 444	84 251	
Branch Germany	61 003	-63 052	-2 049	-2 124	
Branch France & SE	51 761	-55 407	-3 646	-3 935	
P&C Asia	9 889	-25 071	-15 182	-15 182	
P&C Facultative	9 956	-4 163	5 793	4 199	
Health	50 251	-49 951	300	-249	
Life	23 784	-19 974	3 810	261	
Total	**521 885**	**-449 415**	**72 470**	**67 221**	**14 658**

* Life "Gross Claims & Expenses Incurred" includes income from the cedants deposits.

**After all retrocession. Including admin costs.

The underwriting result per significant line of business for 2019 and 2020 is presented in the tables 9 and 10:

Table 9 - Underwriting Result per Solvency II Line of Business 2020 (in EUR '000)

2020	Gross Earned Premium	Gross Claims & Expenses Incurred	Gross Underwriting Result	Net Underwriting Result after Proportional retrocession	Total Net underwriting result
Fire and other damage to property	197 590	-213 995	-16 405	-11 465	
Non-proportional Property	170 995	-120 049	50 946	57 702	
Non-proportional Casualty	58 022	-45 673	12 349	11 926	
Other motor	37 953	-38 248	-295	-1 201	
Motor vehicle liability	20 664	-22 019	-1 356	-1 260	
Non-proportional health	26 688	-17 318	9 371	6 770	
Life reinsurance	26 431	-21 208	5 223	4 890	
Other	38 575	-39 769	-1 194	-1 654	
Total	**576 918**	**-518 278**	**58 640**	**65 708**	**15 360**

Table 10 - Underwriting Result per Solvency II Line of Business 2019 (in EUR '000)

2019	Gross Earned Premium	Gross Claims & Expenses Incurred	Gross Underwriting Result	Net Underwriting Result after Proportional retrocession	Total Net underwriting result
Fire and other damage to property	191 182	-193 532	-2 350	-8 098	
Non-proportional Property	131 707	-85 202	46 505	52 682	
Non-proportional Casualty	51 460	-21 617	29 843	29 920	
Other motor	31 973	-33 180	-1 207	-1 242	
Motor vehicle liability	31 333	-37 218	-5 885	-5 317	
Medical expense	22 201	-13 826	8 374	7 827	
Life	23 784	-19 890	3 894	3 110	
Other	38 245	-44 950	-6 705	-11 661	
Total	**521 885**	**-449 415**	**72 470**	**67 221**	**14 658**

A.3 Investment Performance

A.3.1 Investment Performance in 2020

The main event influencing the financial markets in 2020 was the COVID-19 pandemic. The abrupt decrease in economic activity in March was followed by significant slumps on the risk-asset markets. This led to the decrease of the values of this asset category.

Significant interventions by the central banks across the world however supported a fast market recovery. The central bank actions aimed to limit the impacts on the financial markets, and strongly supported the growth of equity indices in the rest of the year and the continued low interest rate environment.

VIG Re investments in 2020 were in line with the Investment Strategy 2020. Major activity in the investment area were reinvestments resulting from maturing bonds and investing of cash inflow from the reinsurance business. The share of bonds decreased compared to 2019, due to maturities and shift from government to corporate bonds. Collective Investments Undertakings have benefitted from global stock market development and further investments into fund certificates.

The composition of the investment portfolio in 2019 and 2020 is presented in table 11.

Table 11 - Investments (in EUR '000)

Investments	2020	2019
Property, plant & equipment held for own use	2 952	3 613
Investments	477 926	446 133
Holdings in related undertakings, including participations	6 648	6 537
Participations in fully consolidated insurance companies	0	0
Participations in fully consolidated non-insurance companies	6 648	6 537
Equities	1 337	530
Equities - listed	479	0
Equities - unlisted	858	530
Bonds	338 245	354 720
Government bonds	217 522	274 911
Corporate bonds	120 723	79 809
Collective Investments Undertakings	131 696	84 345
Deposits other than cash equivalents	0	0
Loans & mortgages	7 701	6 419
Deposits to cedants	116 137	117 576
Cash and cash equivalents	44 817	31 150
Total	**649 533**	**604 890**

The Company valuated the participation in Wiener Re subsidiary at zero in 2020 (as in 2019) according to SII Regulation. VIG Re has no investments in securitisation.

The investment result per asset class for 2019 and 2020 is presented in the tables 12 and 13:

Table 12 - Investment Result of Individual Assets Classes 2020 (in EUR '000)

Asset category	Dividends	Interest	Net gains and losses	Unrealised gains and losses
Government Bonds	0	3 825	1 580	-1 028
Corporate Bonds	0	2 103	-1 247	1 143
Equity instruments	417	0	0	336
Collective investments undertakings	805	0	737	355
Cash and deposits	0	3 675	-225	-131
Mortgages and loans	0	174	0	156
Other investments	0	0	0	0
Total	**1 222**	**9 777**	**846**	**831**

Table 13 - Investment Result of Individual Assets Classes 2019 (in EUR '000)

Asset category	Dividends	Interest	Net gains and losses	Unrealised gains and losses
Government Bonds	0	4 648	382	3 310
Corporate Bonds	0	1 510	518	312
Equity instruments	456	0	0	1 100
Collective investments undertakings	687	0	3 507	0
Cash and deposits	0	1	0	0
Mortgages and loans	0	93	0	438
Other investments	0	4 945	-472	-1
Total	**1 143**	**11 199**	**3 935**	**5 159**

In 2020 the Company reinvested its maturing securities at lower yields due to the continued low interest rate environment. The revenues fully reflect the approved structure of the assets and their prudent risk profile. Net gains and losses from the sale of the assets decreased significantly in corporate bonds and collective investments undertakings in 2020 mainly due to foreign currency revaluations, as most of the CEE currencies depreciated vs. Euro. Investment results related to deposits to cedants were reclassified from "Other investments" to "Cash and deposits" in 2020.

The expenses related to Investment activity in 2020 and 2019 are shown in the table 14:

Table 14 - Expenses Related to Investment Activity (in EUR '000)

	2020	2019
Expenses of investment activity	**2 449**	**3 159**
Interest for deposits from retrocessionaires	851	1 565
Expenses of asset management and securities	198	194
Interest expenses of subordinated debt	1 400	1 400
Depreciation and costs of property	0	0
Other expenses	0	0

The expenses related to investment (excluding the interest for deposits from retrocessionaires) remained stable at EUR 1.6 million. The expenses of asset management rise in line with the growth of the investment portfolio and number of transactions. Interest expense related to subordinated debt remain stable.

A.4 Performance of other Activities

The Company granted loans, which resulted in a receivable amount of EUR 7.7 million (EUR 6.4 million in 2019), as shown in the Company's balance sheet.

A.5 Any Other Information

There is no other material information related to Business performance.

SYSTEM OF GOVERNANCE

B.1 General Information on the System of Governance

The Company's system of governance is defined by valid and applicable law, a set of internal rules, procedures and reporting lines as governed by the documents of the Company (Articles of Association, Rules of Procedure of the corporate bodies) and other internal policies. The system of governance sets the overall responsibilities and tasks of the governing bodies of the Company, as well as all individuals. The system of governance encompasses also other integral elements, such as the risk management system (including the risk appetite framework, ORSA, etc.) and the interconnected internal control system and the key functions. All these elements contribute to robust system of governance and efficient management of the Company. We discuss the individual elements in the following Chapters.

B.1.1 Role and Responsibilities of the Board of Directors

The **Board of Directors** as the highest statutory body of the Company is responsible for the determination of objectives and business plans and fulfilling them, setting the organisational structure, setting the remuneration and ultimately takes ownership of all risks. In doing so, the Board of Directors follows the tasks, as assigned to it by the valid and applicable (inter alia Act no. 90/2012 on Business Companies and Cooperatives (on Business Corporations), as amended (hereinafter the "**Act on Business Corporations**") and Insurance Act) and internal documents (decisions of the General Meeting, the Company's Articles of Association, Rules of Procedure of the Board of Directors, etc.).

Four Committees are established in order to support the Board of Directors, as described below:

The **Committee for Technical Reserves** is a collective body, which particularly advises the Board of Directors in its decision making in respect of appropriate technical reserving to ensure long-term financial stability of the Company when meeting its objectives. The Committee is chaired by the Head of Actuarial Services and Retrocession department and is held at least on a quarterly basis.

The **Risk and Compliance Committee** is a collective body, which particularly advises the Board of Directors in its decision-making process in respect of risk and compliance situation of the Company, e.g. risk profile, its adequate measurement and steering within risk strategy of the Company. The Committee is chaired by the Chief Risk Officer and is held at least on quarterly basis.

The **Underwriting Committee** is a collective body, which particularly ensures that reinsurance business assumed ("underwritten") by the Company is aligned with the Company's Underwriting Guidelines, taking into account the Company's business strategy, risk strategy, its values and long-term strategy as well as the nature, scale and complexity of the risks inherent to the business. The Committee is chaired by the Chief Underwriting Officer and is held at least on quarterly basis.

During 2020 the Company set up a **Remuneration Committee** as a collective body which deals with the matters concerning the remuneration of employees performing key functions of the Company. The members are the Head of HR department of Kooperativa pojišťovna, a.s., Vienna Insurance Group and the HR Business Partner of the Company.

B.1.2 Role and Responsibilities of the Supervisory Board

The Supervisory Board oversees the operations of the Company and the actions of the Board of Directors. The Supervisory Board provides assurance on the reported results to the shareholders, the accuracy of the administrative and accounting processes, process efficiency, etc.

The Supervisory Board meets regularly four times a year, therefore in the course of the year 2020 three meetings of the Supervisory Board were held and one per rollam voting. The regular agenda includes the Report from the Audit Committee, Management Report, Report on Business Activities, Report on Wiener Re (subsidiary company of VIG Re), but also other relevant key topics.

The Supervisory Board is also informed about the development of the solvency position of VIG Re and subsequently measures taken to improve this position and to strengthen the Risk Management area, including related impacts from COVID-19.

The composition of the Supervisory Board has not changed in 2020 and the list of its members is to be found in the Annual Report 2020.

The Supervisory Board sets up its Committees to support its oversight activities. The Committees directly and significantly represent the interests of the Company's shareholders.

The following Committees have been established at VIG Re:
- Committee for the Matters of the Board of Directors,
- Committee for Urgent Matters,
- Strategic Committee.

The Committee for the Matters of the Board of Directors is a collective body whose members are appointed by the Supervisory Board from amongst its members. The Committee for the Matters of the Board of Directors deals with matters concerning the Board of Directors if these matters fall within the competence of the Supervisory Board.

The Committee for Urgent Matters is a collective body whose members are appointed by the Supervisory Board from amongst its members. The Committee for Urgent Matters deals with issues which, due to their special urgency, cannot be postponed until the next meeting of the Supervisory Board. The Committee for Urgent Matters is particularly authorized to grant consent to acts and measures for which the consent of the Supervisory Board is otherwise required pursuant to the Articles of Association or the Rules of Procedure of the Board of Directors.

The Strategic Committee is a collective body whose members are appointed by the Supervisory Board from amongst its members. The Strategic Committee deals with the overall strategy of the Company (strategic orientation, plans for further development of the Company, etc.). The Strategic Committee shall in this respect provide recommendation to the Supervisory Board.

In addition to the above mentioned Committees, the Company has established the Audit Committee as a corporate body of the Company.

The Audit Committee monitors the process of preparation of financial statements, assesses the efficiency and effectiveness of the internal controls and internal audit, oversees the external audit of financial statements and assesses the suitability and independence of the external auditor. It also recommends the statutory auditor to the Supervisory Board. There was no change in the composition of the Audit Committee in the course of 2020 and the list of its members is to be found in the Annual Report 2020.

B.1.3 General Information on Second and Third Line of Defence Functions

The authority, resources and operational independence of the key functions is as follows:

Actuarial Function – As of 1st of January 2020 the Actuarial function, previously assigned to the Head of Actuarial Services and Retrocession department, was taken over by a certified actuary. The actuarial function is an independent unit. Information on the authority, resources and independence of the actuarial function is provided in chapter B.7. Actuarial Function.

Risk Management Function – The function is assigned to the Chief Risk Officer who is responsible for the implementation of an adequate risk management system and maintains independence by carrying out an oversight role in the major processes, allowing for robust challenge of decisions and processes across the business. Asset Risk Management is outsourced to Asset Risk Management department of Kooperativa pojišťovna, a.s., Vienna Insurance Group (see chapter B.8 Outsourcing) which is in close cooperation with the Risk Management Function. Details of responsibilities and processes are in chapter B.3.

Compliance Function – The function is assigned to the Chief Compliance Officer. The Compliance Function Holder at VIG Re is the representative towards the State Authority and holds the ultimate responsibility for the Compliance Function. The task of the Compliance Function is to ensure that all the key risks are properly managed and that the Company is conducting its business in full compliance with applicable laws. More information on the implementation, authority and independence is provided in chapter B.5.

Internal Audit Function – the Internal Audit Function Holder is the member of the Board of Directors. The Internal Audit Function maintains independence as the officers that conduct the audit work are from an external organization (see chapter B.8 Outsourcing). More information on the implementation, authority and independence is provided in chapter B.6.

Following the establishment of **Corporate Underwriting department**, and due to its importance in the process of monitoring Underwriting risk being the most material risk, the Company introduced Corporate Underwriting as a department whose responsibilities are also related to the second line of defence. The department monitors the underwriting risk profile of the Company and the portfolio development by line of business and market segments ensuring that the underwritten business in compliance with the Risk Strategy and Underwriting Guidelines.

For details on organisational structure, please refer to Annex 1.

B.1.4 Principles of Remuneration of Members of the Corporate Bodies and Key Function Holders

The rules for remuneration are governed by the Remuneration Policy, which lays down the aspects of remuneration in accordance with the requirements set out by the Solvency II regime as well as the VIG Group Remuneration Policy.

The purpose is to ensure a general framework for:

- establishing, implementing and maintaining remuneration practices in line with the Company's business and risk management strategy, its risk profile, objectives, risk management practices as well as long-term interests and performance;
- measures aimed at avoiding conflicts of interest and excessive risk-taking at the expense of the Company or its stakeholders.

Remuneration Components

Remuneration is the financial compensation paid to an individual by a company in exchange for his or her work. Remuneration consists of a fixed and a variable component.

Fixed remuneration is a predefined amount of money a person receives as a fixed payment in regular instalments.

Variable remuneration is the amount that is related to performance and it is not a claimable component of the overall salary if performance requirements are not met. Variable remuneration must not be based solely on financial criteria.

In general, the fixed component for members of the Corporate Bodies and Key Function Holders creates 65-75% of the total annual remuneration and the variable part accounts for 25-35%.

Remuneration Schemes for Specific Types of Personnel

A specific remuneration policy applies to the members of the Board of Directors, other employees with material impact on VIG Re's risk profile and holders of the key functions.

In general, the remuneration for those types of personnel contains a variable component which shall be based on a combination of:

- Company's performance and basic KPIs
- Group financial year performance (for Board Members only)
- Individual's performance, related to the fulfilment and the quality of specified tasks taking into account the responsible handling of risks and compliance with laws, internal rules and risk management practices,
- Underwriting performance of a specific profit centre (for employees with material impact on the risk profile)

Goals are set up with a care to ensure that there is no conflict of interest to fulfil the goal. Subject to the principle of proportionality, a substantial part of the variable remuneration is deferred. The deferral period is set at three years. The deferred part accounts for 30-40% of variable remuneration.

The remuneration for the key function holder does not contain targets related to the Company or Group financial or Solvency performance-related components

The remuneration for the function of a member of the Supervisory Board and Audit Committee does not contain any performance-related components.

Supplementary Pension Schemes
The Company has no supplementary pension or early retirement schemes in place for the members of the Board of Directors, Supervisory Board, Audit Committee and other key function holders.

B.1.5 Regular Review of the System of Governance

As VIG Re's business, and its organisation is steadily growing, the system of governance is continually adjusted according to the developing risk landscape of the Company's business model. The adequacy of system of governance is a regular point on the agenda of the Board of Directors meetings.

In 2020 the Company continued to strengthen its underwriting and risk management capabilities. Changes of the Company to its Organisational Structure, as can be seen in Annex I, have been implemented in order to foster the growth of the Company with emphasis on the enlarging territorial scope. Amongst other measures, the Company introduced the Corporate Underwriting department as a second line of defence function and assigned the position of Chief Underwriting Officer in order to support the underwriting risk management as the most significant risk area. In addition, the actuarial function, previously assigned to the Head of Actuarial Services and Retrocession department was transferred to an actuary who is independent from the department.

There were no other material transactions during the reporting period with shareholders, with persons who exercise a significant influence on the undertaking, and with members of the Board of Directors, the Supervisory Board and the Audit Committee.

B.2 Fit and Proper Requirements

The fit and proper requirements apply to Supervisory Board, all persons who effectively run the Company, persons performing key functions and persons with material impact on the Company's risk profile. This area is governed by the Fit and Proper Guideline while specific requirements for key function holders are defined in the policies defining these function roles and responsibility.

a) Supervisory Board
b) Persons who Effectively run the Company:
    - Members of the Board of Directors.
c) Persons Performing Key Functions:
    - Internal Audit Function,
    - Compliance Function,
    - Risk Management Function,
    - Actuarial Function,
d) Persons with Material Impact on the Company's Risk Profile
    - Chief Underwriting Officer
    - Heads of Market Units

Before appointing an individual to any of the above-mentioned persons, the Company assesses whether the criteria of fitness and propriety, as listed below, are fulfilled by the individual, based on the information provided by them. Each individual has a duty to ensure that they meet the criteria for the duration of their appointment and duly report if they no longer comply with them. The Company reviews the Fit and Proper Guideline regularly, including the list on persons that are subject to it.

B.2.1 Fit Requirements

When assessing whether a person is fit, the Company ensures that this person has the necessary personal and professional qualifications and takes into account the respective duties to be allocated to individual person to ensure appropriate diversity of qualifications, knowledge and relevant experience so that the Company is managed and overseen in a professional manner.

Additionally, the Company has to ensure that persons who effectively run the Company collectively possess appropriate qualification, experience and knowledge about at least:

- Insurance, reinsurance and Financial Markets,
- Business Strategy,
- Corporate Governance,
- Financial and Actuarial Analysis,
- Regulatory Framework and Requirements.

For key function holders, specific criteria for their education and experience in respective fields are laid down in internal guidelines for each key function.

B.2.2 Proper Requirements

When assessing whether a person is proper, the Company takes into consideration the following elements:

- an actual or potential conflict of interest, other financial interests or close relationship to others at the Company,
- integrity,
- credibility - current or past involvement in the bankruptcy proceedings,
- severe current or past disciplinary or administrative penalty proceedings in connection with a position in a financial institution,
- previous rejection by a supervisory authority for a key function in a financial institution,
- current or past proceedings on revocation or limitation of a professional practice license in the financial industry.

B.2.3 List of the Persons Responsible for Key Functions

The Company's key function holders as at 31 December 2019 were:

- Risk Management Function – Ms. Alexia Alexiou, Chief Risk Officer;
- Compliance Function – Ms. Zuzana Nulíčková, Chief Compliance Officer;
- Internal Audit Function – Mr. Tomasz Rowicki, Member of the Board of Directors;
- Actuarial Function – Mr. Jan. Hrevuš, Head of the Actuarial Analytics department.

B.3 Risk Management System Including the Own Risk and Solvency Assessment

VIG Re's risk management system is based on principles ensuring effective performance of all activities in the Company:

- Integrity and ethical values,
- Conflict of interest avoidance,
- Allocation of responsibilities,
- Motivation alignment with Company's objectives,
- Four eyes principle.

Own Risk and Solvency Assessment is one of the key elements of risk management system described in B.3.4.

B.3.1 Risk Management Roles and Responsibilities

Risk management system, as an integral and key element of the system of governance, is built on the basis of the three lines of defence concept. The core principle of this concept consists of a transparent segregation of responsibilities into three different lines of defence, in order to avoid conflicts of interests, and the set-up of a system of prevention and effective controls.

First Line of Defence

The first line of defence includes all organisational units of the Company that participate in activities exposing the Company to risks. These units and their directors take ownership of the risks and are responsible for their identification, analysis, risk control application and day-to-day management.

Second Line of Defence

The second line of defence represents activities performed to set up the risk management system and oversee the risk-taking activities – an integral part is the continuous supervision of day-to-day risk management and the control mechanisms and monitoring activities of departments included in the first line of defence.

In VIG Re, the second line of defence is ensured by the Risk Management Function, Actuarial Function, the Compliance Function and Corporate Underwriting. Their roles and responsibilities are defined in specific internal standards and further discussed in the following chapters.

Third Line of Defence

The third line of defence consists of functions whose task is to provide independent assurance to the shareholders, the Supervisory Board and the Board of Directors regarding the setting, implementation and performance of all processes carried out by the first and the second line of defence. In VIG Re, the third line of defence is represented by the Internal Audit Function. Its roles and responsibilities are defined in a separate internal standard.

Taking into account the size of VIG Re, the organisational separation of individual departments into the respective lines of business respects the principle of proportionality. However, where a possible conflict of interest cannot be avoided by effective organisational separation, the aim is to elevate such conflict to the highest possible organisational level, i.e. to the Board of Directors.

As a natural consequence of the separation of lines of defence, the Company has established committees as advisory bodies to the Board of Directors. These committees serve as means of discussion of common topics between the lines of defence. The established Committees are described in B.1. The hierarchy of statutory bodies and organisational units related to risk management system in VIG Re are illustrated in the following chart.

Figure 5 - Statutory Bodies and Organisational Units in the Company

Supervisory Board
Audit Committee, Committee for the Matters of the BoD, Committee for Urgent Matters, Strategic Committee
Board of Directors
Risk and Compliance Committee, Underwriting Committee, Technical Reserving Committee

First Line of Defence	Second Line of Defence	Third Line of Defence
▪ Business Departments	▪ Risk Management ▪ Actuarial ▪ Compliance ▪ Corporate Underwriting	▪ Internal Audit

The functions' independence is ensured by the fact that the persons responsible for key functions have direct access to the Board of Directors. This direct access also enables the Board of Directors to be closer to the areas covered by the key functions and to have access to the necessary information in order to more strictly exercise its duties. The cooperation between the functions and first line of defence is accomplished through the Committees with the participation of representatives from both lines of defence.

The organisational structure, which defines the bodies of the Company, is governed by the Organizational Regulations, which is regularly updated.

Board of Directors

The overall responsibility of risk management system is in the Board of Directors. The Board of Directors has the responsibility for determining and approving the Risk Strategy, including the risk appetite framework and the derived limits for individual risks, internal policies and Organisational Chart, which define the tasks and responsibilities of organisational units and individuals in the risk management system and internal control system. The Board of Directors regularly monitors and discusses the risk profile of the Company, including the risk exposures and potential breaches to the limits.

Risk and Compliance Committee

In order to further strengthen the Risk Management culture within the Company and to integrate the Risk Owners in the risk management process, the Company established the Risk and Compliance Committee. The Committee provides information regarding risk related topics and also supports and advises the Board of Directors in its decision-making process. The responsibilities of the Committee are described in the Rules of Procedures approved by the Board of Directors.

Risk Management Function
Risk Management function oversees the processes of aggregation and Reporting of SCR Results, ensures data quality controls are in place in these areas and implements the risk management framework based on the Company's Risk Strategy. Moreover, risk management conducts the internal control system assessment on annual basis by performing interviews with the respective risk owners in order to identify new operational risks, assess the existing risks and their control effectiveness. Risk inventory process and steering of the ORSA process are also in the responsibilities of Risk Management.

Risk Management prepares regular internal risk reports, reports on other risk-related topics to the Board of Directors and is also engaged in the preparation of reports to the supervisory authority (QRTs, RSR and SFCR). Besides the above mentioned activities, the function fulfils additionally regular tasks to ensure an overall well-functioning Risk Management System at VIG Re. This includes:

- screening of regulatory developments in the area of risk management,
- raising awareness in VIG Re about risk alignment of Risk Management activities throughout VIG Re,
- regular interaction with key stakeholders as risk owners and Board Members,
- proactively monitoring and evaluating the overall risk situation at VIG Re.

The Chief Risk Officer, who simultaneously holds the Risk management function, has the responsibility for implementing, maintaining and developing the risk management system and reports directly to the Board of Directors.

B.3.2 Risk Management Process Implementation

Risk Strategy
Based on its activity as a reinsurance company, VIG Re is exposed to a variety of risks. The Company identifies underwriting risk in Non-Life, Health and Life reinsurance business, Market risk stemming mainly from investments, Credit risk resulting from business relations and other general risks such as Operational, Reputational and Strategic risk.

The Risk Strategy provides an overview of the risks related to the strategic initiatives and financial goals of VIG Re and the respective strategies and principles to manage and mitigate those risks. The Company's risk appetite is defined as the aggregate level and type of risk that is willing and has the capacity to assume in order to achieve its objectives. The risk appetite depends on the balance achieved between solvency position, shareholders' requirements on profitability, risk expertise and possible risk mitigation. For VIG Re, Risk Strategy covers risk appetite for these parameters, by setting quantitative statements on:

- Profitability, Combined Ratio and Solvency Comfort zone as financial goals
- Solvency ratio, Capital Requirement and Own Funds as risk indicator

The risk strategy qualitatively determines its risk appetite based on the expertise, experience and capacity of the Company for different types of risks as follows:

- Accepted risks,
- Conditionally accepted risks,
- Not accepted risks.

Risk mitigation principles and technics are specified for each risk category.

The Company is committed not to endanger the Risk Strategy while improving the financial KPIs. For this reason, a set of limits are established that enable the Management of the Company to monitor the performance on an ongoing basis, ensuring that the goals of Risk Strategy are met.

In line with the Risk Strategy, VIG Re implemented a risk management process framework, which covers the following steps:

Risk Identification
Identification is the starting point of the risk management process and sets the foundation of the subsequent steps. The aim of Risk Identification is to expose, detect and document all possible sources of risks, which could affect the achievement of VIG Re's objectives, and to define the control mechanisms to be used to manage the risks. All identified risks are classified into defined risk categories. The outcome of this process is the Risk Inventory report, which is updated regularly, at least on an annual basis. Risk identification is performed in close cooperation with the first line of defence, i.e. the Heads of the business departments.

Risk Measurement and Analysis
Following the risk identification, an essential prerequisite for adequate risk handling and decision-making process is the measurement and analysis of all risks identified including their materiality evaluation. On this basis, different assessment methods are used for each risk type in line with the proportionality principle.

An important method for risk measurement is the Solvency Capital Requirement calculation for each risk, which is based on the standard formula approach and partial internal model. Additionally, the Company uses VaR methods to measure market risks. Operational risks are defined and assessed through the Internal Control System and, are evaluated and monitored using frequency and severity approach. For risks that are not easily feasible to quantify, such as reputational and strategic risks, VIG Re uses experts' evaluations. The risk measurement is performed and aggregated by the risk management function in close cooperation with the first line of defence.

Risk Management Decision and Execution
Having measured a risk, either quantitatively or qualitatively, and materiality being stated, measures and mechanisms are assessed for the acceptance or change of the risk situation. The main outcomes of a decision as part of the risk management are: risk avoidance, risk acceptance or conditionally risk acceptance including risk mitigation techniques. This step is supported by the ORSA process, the Internal Control System and the decisions and recommendations of Committees which are taken into consideration for the conduction and review of the Risk Strategy by the Board of Directors.

Risk Monitoring and Risk Reporting

Risk monitoring is an essential part of the risk management process and is divided into two different areas. Firstly, risk monitoring refers to the process of ensuring that the risk profile of VIG Re remains in line with risk appetite and the risk strategy at all times. This is ensured by the Risk Bearing Capacity and its limit system in terms of capital requirements, but also by other internal processes as the referral process, risk accumulation monitoring and limits monitoring. Risk monitoring refers also to the follow-up process during and after the implementation of decisions for risk treatment as described in the previous step. In that case, risk monitoring aims to control the effective and timely implementation of decided action plans.

Internal risk reports are regularly prepared by risk management function which are submitted and discussed in the Risk and Compliance Committee and Board of Directors for the areas mentioned above, including the SCR and VaR calculations including reports on other risk-related topics such as sensitivity analyses and stress tests.

Risk Management monitors risk categories development and its alignment with Company's goals by back testing the projected risk profile with actual outcomes and by comparing the development of the Company's own funds with risk appetite of the Company. This process is part of the risk bearing capacity process of the Company, which is assessed annually.

B.3.3 Governance of the Partial Internal Model

VIG Re uses a Partial Internal Model (PIM) for Non-life Underwriting risk and Health NSLT Underwriting risk. The PIM was developed by Actuarial Services and Retrocession department supported by VIG Group ERM department and was approved in December 2019 by FMA.

The Board of Directors of VIG Re is responsible for the establishment of the overall framework and the areas of specific responsibilities are below:

Table 15 – Responsibilities of PIM Processes

Process	Responsibility
SCR aggregation	Risk Management Function
Validation	Risk Management Function
Data Quality	Data Quality Manager
Technical Provisions	Actuarial Function
External Models	Head of Actuarial Services and Retrocession
Model Use	Head of Actuarial Services and Retrocession
Model Change	Risk Management Function
Integration	Risk Management Function
Documentation	Risk Management Function

The use of the model in various areas supports a sustainable development of the Company and risk management, hence the model results are of high importance to the management body of VIG Re. The partial internal model is used in the areas of business planning, pricing of the assumed reinsurance portfolio, accumulation control of business exposed to natural catastrophes and retrocession optimization of VIG Re.

In order to ensure the appropriateness of the results, the PIM is subject to certain requirements which are assessed in the validation process. The main purpose of the validation is to ensure that the partial internal model provides an adequate and robust assessment of risks underwritten by the Company. The validation is performed while ensuring adequate independence between the model validation and model operation parties. The results of the validation are submitted to and approved by the Board of Directors.

The model processes which are stated in the table above are governed by clearly defined rules and procedures which are described in the Company's internal standards.

B.3.4 ORSA Process

The Own Risk and Solvency Assessment ("ORSA") process is a continually operating process that provides assurance that the risk situation is considered in the decision-making process of the Company and serves as an important tool for sustainable business management. The process is coordinated by the Risk management function of the Company. The process is organized in a manner which ensures the delivery of a proper assessment and a calculation within the applicable timelines as set by VIG and other regulatory bodies. This assessment is an integral part of the business strategy and is taken into account in strategic decisions of the Company on a continuous basis. The assessment includes:

- Analysis of the Company's risk profile and overall Solvency needs taking into account the approved risk tolerance limits and the Company's strategy,
- Analysis of the Company's compliance with the capital requirements and the requirements regarding technical provisions as laid down in the directive Solvency II, on continuous basis,
- Deviations of Company's risk profile from the assumptions underlying the Solvency Capital Requirement calculated with the standard formula and the assessment of PIM appropriateness of assumptions,
- Forward looking assessment according to the Company's business plan, including stress test analysis.

The BoD of the Company is overall responsible for the adequate design, implementation and performance of the ORSA within the Company, the approval and the application of the ORSA Guideline. Various departments are involved in the ORSA process within their role of providing data, calculations and other information needed for the risk assessment. Risk management coordinates the whole process and carries out the solvency needs projections and assessment of the risk profile. The process culminates in the ORSA report summarizing the main results of each step and before the report is released, it is discussed, reviewed and approved by the Board of Directors.

In order to assess the risk profile and overall Solvency needs of the Company adequately, all risks the Company is exposed to are identified and categorized. On this basis, the Company assesses the risk with adequate quantitative and/or qualitative methods according to the nature and the materiality of the risk.

Based on the business planning of the Company, the overall Solvency needs, the regulatory capital needs and the available capital are assessed over the business planning horizon of the Company. The projection considers the latest forecasts and Solvency estimations that were performed before. Based on suitable Stress and Scenario analyses the Company assesses the effects of possible deviations of the business planning or external factors on the Solvency position of the Company. The projections and scenario analysis of the Company are taken into account in the final business planning.

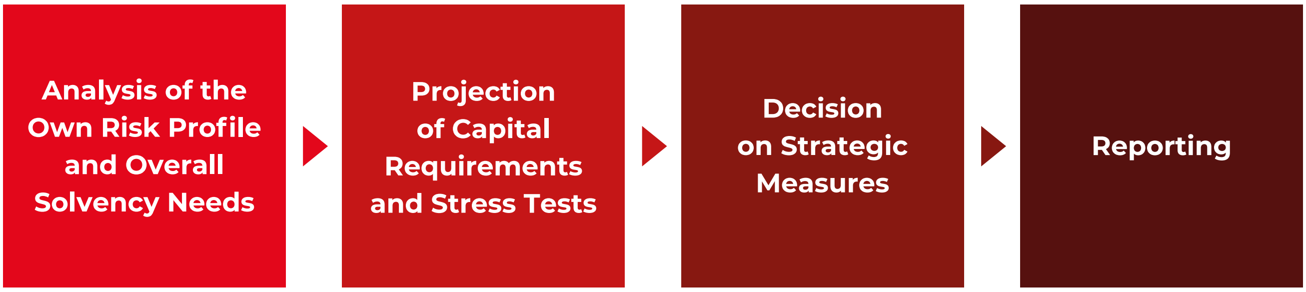
VIG Re performs the regular ORSA on an annual basis. The regular ORSA frequency setting is based on the VIG Re long-term strategies, its risk profile, the volatility of the Solvency needs relative to the capital position, the planning and business development. In case the results of the ORSA or other factors indicate the inadequacy of the defined frequency for the regular ORSA, the process is adjusted according the needs. In case of a significant change in the risk profile or a significant change is expected based on the experience of previously performed stress and scenario analysis, the Company performs an ad-hoc ORSA after the significant change is detected. The Company performs business planning for three years horizon which is used as a basis for the projection of the expected solvency position.

Although none of the quantitative thresholds for an ad-hoc ORSA were breached, the Company performed an ad-hoc ORSA in 2020 due to potential impact on the Company's risk profile as a result of the COVID-19 pandemic.

Process Overview

The four main process steps of the ORSA assessment are illustrated below:

Figure 6 - ORSA Process



B.4 Internal Control System

The ICS is a continually operating process that provides an appropriate control environment with effective controls, and is not only relevant for compliance with national and European law, but also serves as important tool for sustainable business management. The control environment must be well-based on the organisational and operational structure, with clear communication and monitoring procedures. The ICS provides reasonable assurance of:

- effectiveness and efficiency of operations,
- reliability of financial and non-financial information,
- adequate controls for operational risks,
- a prudent approach to business,
- compliance with laws and regulatory requirements, and
- compliance with the Company's strategies, policies, processes and reporting procedures.

VIG Re stresses the importance of an efficient internal control system for managing the operational risk in the day-to-day activities of all employees. Therefore, the ICS is developed in close connection to the risks identified in the Risk Inventory – the control mechanisms are commensurate to the nature, scale and complexity of the risks. Every department and their directors are responsible for developing the internal controls in their area of responsibility, carrying out the defined controls and report the findings. The development of ICS is coordinated by the Chief Risk Officer who also oversees the execution of internal controls and their results and may recommend changes to the system or its particular parts. Compliance Function is responsible for evaluating compliance risks and controls, and Internal Audit Function is responsible for independent audit/review in accordance with the internal audit plan.

A distinctive control culture forms the basis for an effective ICS within VIG Re. The Company is responsible to ensure an effective ICS and to ensure that the existing control culture and environment are maintained and developed.

Standard 1 - The Company establishes and fosters a control culture that demonstrates the importance of controls throughout the Company at all levels of personnel.

Standard 2 - The Company establishes and maintains an organizational and operational structure that is adequate in the scale and complexity to the areas of business in which the Company operates.

Standard 3 - Roles and responsibilities are defined in a clear and appropriate way. In this respect, it is assured that necessary controls are implemented to prevent a conflict of interests.

Standard 4 - The Company identifies and assesses risks resulting from its activities and processes that could adversely affect the Company's goals. Moreover, the Company establishes and maintains effective controls aligned to these risks to ensure the achievement of these goals.

Standard 5 - Controls are applied at different levels of the organizational and operational structures, at different time periods and with different levels of detail as needed. The control activities are proportionate to the underlying risk.

Standard 6 - Effective channels of communication and information systems are established to ensure that the full staff clearly understands and adheres to policies and procedures affecting their duties and responsibilities, and that relevant information reaches the appropriate personnel.

The ICS assessment process is performed annually. The centrepiece of the ICS assessment is the documentation and the assessment of risks and controls in the risk and control matrix (RCM). Its objective is to identify, document and assess all operational and compliance risks together with the existing controls aimed at the mitigation of these risks. This allows to identify possible weaknesses and control deficiencies within the ICS so that appropriate measures and actions for remediation may be taken in a timely manner.

The overall efficiency of controls slightly increased to 93.9% in 2020 from 93.7% in 2019 as a result of various improvements in the Company's processes. Based on these results the ICS is considered mostly effective according to VIG Group standards.

The Internal Control Report is produced at least annually, and it summarizes the effectiveness of the ICS. Part of this report is designated to the assessment of the Compliance Function in accordance with Article 46(2) of Directive 2009/138/EC.

The spread of COVID-19 has resulted in an exceptional situation that is examining the design and operation of the Company's management and internal control system. As part of the business continuity management process, our priority is primarily to protect the health of our employees, ensure the processes associated with providing reinsurance services and maintain a standard level of service for our business partners. For this purpose, the continuity of the Company is stable and secured. Following the Business Continuity Guideline, the crisis management team meets on a regular basis, assess the development of the situation and approves measures as appropriate.

B.5 Compliance Function

The Compliance Function, as a second line of defence function, is an independent function responsible for identification, assessment, oversight and reporting the Compliance Risks arising from operational business units. These departments, as the first line of defence, bear the responsibility for managing their own Compliance Risks and avoidance of non-compliance in the areas they are responsible for. The Compliance Function monitors the activities of the first line of defence units in the area of compliance, coordinates the compliance risk management throughout the Company and carries out independent compliance checks and reports the findings to the Board of Directors.

The Compliance Function has the following duties and responsibilities:

- Providing Advice – The Compliance Function advises the Board of Directors and the Supervisory Board in compliance relevant areas.
- Compliance Risk Management
  - Compliance Risk Identification and Assessment - The Compliance Function identifies and assesses Compliance Risks, monitors and tests business activities to evaluate adequacy and effectiveness of control processes from Compliance point of view (following a risk-based approach).

- Compliance Risk Mitigation - The Compliance Function takes mitigating actions to reduce the source or the impact of Compliance Risks through the implementation of extra control measures (in particular, drawing up internal guidelines and controls, support in setting up specific working procedures and specific trainings etc.).
- Compliance Risk Monitoring - The Compliance Function monitors compliance risks and the effectiveness of the mitigating actions implemented. This monitoring includes carrying out Compliance audits where the adequacy of the measures taken by the Company to prevent non-compliance are evaluated.
- Reporting Current and potential Compliance Risks identified as well as mitigating actions connected herewith shall be included into regular or ad hoc Compliance Report of a Compliance Function accordingly.

- Handling of Compliance Incidents
  - Cases where laws or regulations are violated by Company bodies or employees, are to be reported to and investigated by the Compliance Function or to other pre-defined body (Risk and Compliance Committee, Board of Directors). If the investigation reveals insufficiencies of implemented processes in the compliance field, the Compliance Function shall implement adequate measures to prevent future non-compliance.

During the year 2020, based on the Compliance plan approved by Board of Directors, Compliance was concentrating on the area of data protection, anti – money laundering and international economic sanctions and embargoes.

B.6 Internal Audit Function

The Internal Audit Function is part of the third line of defence in the Company. The Internal Audit Function is outsourced to the VIENNA INSURANCE GROUP AG, Wiener Versicherung Gruppe. The people that carry out the reviews and report the findings are independent from the people that work in the areas under review. In addition, the Company is subject to group internal audits carried out in accordance with the group internal audit plan.

Within his responsibilities, the Head of Internal Audit meets the Chairman of the Supervisory Board and the Chairman of the Audit Committee on at least annual basis to discuss performed processes, findings and recommendations made. The Internal Audit Plan is approved by the Audit Committee.

The Internal audit is a joint responsibility of the Board of the Directors, and the Internal Audit Function Holder is currently a member of the Board of Directors.

Internal Audit Function is an activity that is independent of the day to day work process. It performs its duties autonomously, objectively and impartially, thereby ensuring its independence.The Internal Audit Function systematically and objectively audits and assesses:

- Measures to achieve the goals of the Company,
- Quality and economic efficiency of the duties performed,
- Risk situation,
- Effectiveness and economic efficiency of internal control system.

The Internal Audit function has an unrestricted active and passive right to inspection and information that extends to all information and storage media.

During 2020, there were internal audits performed in the area of Data Quality, Underwriting, Treasury and Asset Risk Management, IT and Business Processes and French branch. None of the findings had a material risk associated. Most of the recommendations were already fulfilled as of end of the year 2020.

B.7 Actuarial Function

The Actuarial Function as a second line of defence function is an independent function responsible for key tasks related to technical provisions, maintaining an important role in underwriting, retrocession and risk management framework. The Actuarial Function Holder reports directly to the Board of Directors.

The tasks of Actuarial Function are split into 3 areas as stated below. The terminology "technical provisions" in this Report refers to the technical provisions calculated by and based on Solvency II principles. This covers the areas of Life, Health and Non-Life reinsurance.

The activities performed per area, are as follows:

- Technical Provisions
    - coordinate the calculation of technical provisions,
    - ensure the appropriateness of the methodologies and underlying models used as well as the assumptions made in the calculation of technical provisions,
    - assess the sufficiency and quality of the data used in the calculation of technical provisions,
    - compare best estimates against experience,
    - oversee the calculation of technical provisions in the cases set out in Article 82 of the Directive 2009/138/EC (Data quality and application of approximations, including case-by-case approaches, for technical provisions).
- Informing and Providing Opinion
    - inform the Board of Directors of VIG Re about the reliability and adequacy of the calculation of technical provisions,
    - express an opinion on the overall underwriting policy,
    - express an opinion on the adequacy of retrocession arrangements.
- Risk Management
    - contribute to the effective implementation of the risk-management system referred to in Article 44 of the Directive 2009/138/EC, in particular with respect to the risk modelling underlying the calculation of the capital requirements set out in Chapter VI, Sections 4 and 5, and to the assessment referred to in Article 45 of the Directive 2009/138/EC;
    - contribute to the design of Solvency II (partial) internal model.

The Actuarial Function Holder is an independent function and not a member of the Actuarial Services and Retrocession department. The Actuarial Function Holder is a member of the Technical Reserving Committee and summarises its opinions in the Actuarial Function report which is written annually.

B.8 Outsourcing

When using outsourcing, in particular as concerns the outsourcing of decisive or significant operational functions or activities (hereinafter only as "Critical outsourcing"), there shall be no:

- material impairing of the quality of the Company's system of governance,
- excessive increase of operating risk,
- impairing of the Czech National Bank's ability to monitor the compliance of the Company's obligations,
- undermining continuous and satisfactory service to the Company's clients.

In order to mitigate risks in connection with outsourcing, a service provider to which a function or activity should be outsourced, is being selected with due diligence. Outsourcing critical or important function or activities (hereinafter also as "Critical outsourcing") is being treated with special utmost care.

The Board of Directors decides about the outsourcing of the critical or important function or activity based on proposal of the person responsible for overseeing of the complete process of the Critical outsourcing (hereinafter only as "Responsible person"). The proposal must always be commented by relevant persons and departments (e.g. Legal Department, Compliance Officer). Any decision about the outsourcing of any critical or important function or activity must be reported to the Czech National Bank in advance.

The contract on outsourcing of decisive or significant operational activities must contain several provisions to assure the compliance with Solvency II and implementing legislation. Czech National Bank shall be informed in case of any serious development.

The Responsible Person is responsible for the ongoing quality control of the provided activity, overseeing fulfilment of the provider´s obligations and submitting an evaluation report to the Board of Directors for the approval on the annual basis. In addition, there are regular feedbacks and discussions with the provider on the requirements and needs and on their fulfilment.

The outsourcing providers are located either in the Czech Republic, Austria, Germany, or in France.

The Critical Outsourcing is due to the proportionality principle being contracted exclusively within the group on long-term basis. Criteria used for assessing whether any activity will be outsourced are economies of scale and group efficiencies, large costs related to setting up the internal capacity, transfer of knowledge, etc. Areas, where the economies of scale are not able to materialize or the complexity of reinsurance business is too high to benefit from synergies within the Group, were insourced during the past several years (Compliance, Risk Management, Actuary Analytics).

VIG Re outsources the following critical activities to entities belonging to the VIG Group:

- Internal Audit
- Economic Services
- Treasury
- IT.

B.9 Any Other Information

The Company has not identified any other information that should be provided in this Chapter. There were no other significant transactions with the shareholders, Board of Directors or members of other Statutory bodies than already described above in this Chapter.

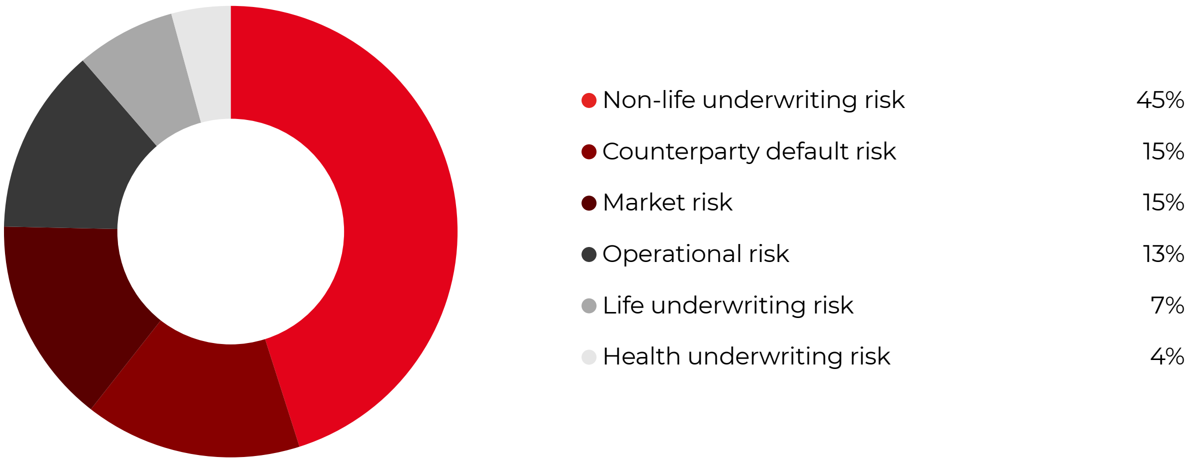
RISK PROFILE

Based on its activities as a reinsurance Company, VIG Re is exposed to a variety of risks which are intentionally accepted, monitored and mitigated according to defined principles of the Risk Strategy. These risks encompass underwriting risk in Non-Life, Health and Life reinsurance business, market risk stemming mainly from investments, credit risk resulting from business relations and other general risks such as operational and reputational risk.

Details in respect of the risk profile of the Company are reported within the Risk Inventory report issued on an annual basis. Risks are assessed by using both quantitative methods as described in chapter E.2 Solvency Capital Requirement and Minimum Capital Requirement, and qualitative methods (Severity and Probability Assessment), the later mainly for operational risk assessment. The Company ensures the capitalization within predefined risk tolerance limits through the Risk Bearing Capacity analysis performed on quarterly basis.

Reinsurance being the core activity of the Company, underwriting risk constitutes the most important risk class for VIG Re, and within this class Non-life underwriting risk is the most significant risk contributor. The composition of risk categories in capital requirement after diversification is presented in the following graph.

Figure 7 - Composition of the SCR 2020



The total Solvency Capital Requirement for 2020 resulted at EUR 125.1 million compared to EUR 110.1 million in 2019. The result is driven by the continuous growth and development in the Company's underwriting and investment portfolios and also by the new tax law in Czech Republic impacting the loss-absorbing capacity of deferred taxes.

The most material risks based on the year end 2020 SCR calculation are presented below:

Table 16 - Top Risks in SCR Calculation (in EUR '000)

Risk Sub-Module	SCR
Non-life underwriting risk	71 989
Market risk	32 697
Counterparty default risk	28 196
Life underwriting risk	24 374

The Company has not provided, sold nor re-pledged any collaterals. In addition, the Company does not sell variable annuities, and thus there are no information on guarantee riders and hedging of the guarantees included in this Report.

The Company did not enter into securities lending or borrowing transactions, repurchase or reverse repurchase agreements as referred to in Article 4(1)(82) of Regulation (EU) No 575/2013.

The situation related to the pandemic is continuously monitored including scenario impact analysis performed on regular basis. The Company experienced a limited negative pact on the volume of business underwritten and no material adverse development on the Solvency or liquidity position.

C.1 Underwriting Risk

Underwriting risk reflects the risk in the underwriting process including the collection of data, technical assessment of the underlying portfolios, modelling and pricing of the reinsurance contracts and reserving. Heads of Underwriting departments are responsible for the compliance with the underwriting policy and underwriting guidelines of the Company while the governance of quantitative limits, including accumulation control is managed by Corporate Underwriting.

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, DACH region, Western European countries, Japan, Russia /CIS, Italy and Turkey. The underwriting policy, standards and limits are defined in detail in VIG Re reinsurance underwriting guidelines and directives.

The Company adheres to prudent approach towards reinsurance protection. According to reinsurance rules the maximum retention on any assumed risk shall not be higher than 3% of VIG Re's equity. Natural catastrophe retrocession cover is bought at 99.6% percentile of value-at-risk confidence level which is equivalent to 250-year return period. VIG Re's reinsurance panel is carefully chosen in compliance with VIG Re security guidelines.

VIG Re generally does not underwrite business related to those lines of business which are supposed to be significantly exposed to pandemics, such as credit & surety, event cancellation, or travel bonds. The Company is however exposed in business interruption (BI) and contingent business interruption (CBI) coverages and has accounted losses related to the pandemic of almost EUR 20 million in 2020 which were significantly reduced on net basis as a result of VIG Re's retrocession programs.

Life insurance policies and proportional reinsurance contracts typically provide cover for any cause of death, including pandemics. The Company expects as a consequence of the coronavirus to a limited degree a higher mortality and losses relating to life riders (hospital allowance, sickness benefits).

C.1.1 Non-Life and Health Underwriting Risks and Risk Mitigation Techniques

The quantitative risk assessment for Non-life and Health NSLT Underwriting risk is performed using an internal model, as the requirements and assumptions of the standard formula do not adequately reflect the Company's risk profile.

The capital requirement calculated by the Company's internal model for 2020 and 2019, for Non-Life Underwriting risk is presented below:

Table 17 - Non-Life Underwriting Risk (in EUR '000)

Risk Module	SCR	
	2020	2019
Non-life Underwriting risk	71 989	67 335

The increase of the Non-life underwriting risk from EUR 67.3 million in 2019 to EUR 72.0 million in 2020 is mainly driven by the increased volumes of net claims best estimates.

The capital requirement for Health Underwriting risk is presented below:

Table 18 - Health Underwriting Risk (in EUR '000)

Risk Module	SCR	
	2020	2019
Health Underwriting risk	16 705	19 158
SLT health underwriting risk	1 034	868
NSLT health underwriting risk	12 555	15 629
Health catastrophe risk	7 508	7 077
Diversification within health underwriting risk module	-4 392	-4 416

The majority of the Company's Health business is reflected by Non-Similar to Life Techniques module.

NSLT Health Underwriting risk is calculated with PIM, while SLT and Health Catastrophe are calculated using Standard Formula. The decrease of Health NSTL is driven by restructuring of significant reinsurance contracts in the Company's portfolio.

Premium and Catastrophe Risk

Premium and catastrophe risk originates from future losses and reflects the risk of adverse change in the value of insurance and reinsurance liabilities, resulting from uncertainty of pricing, including related expenses. Unlike single events where each loss is localized in one area and independent of one another, a catastrophe casts a large footprint, which is likely to affect a large number of risks. This extends to natural disasters and man-made catastrophes.

In order to manage the risk, the Company has developed and established underwriting guidelines and directives which include defined risk classes and limits. Pricing tools are used during the underwriting process under specific user guide principles which ensure appropriate classification of data received, data quality and adequate pricing. Moreover, the underwriting process is formalized and standardized through an IT workflow system which enables the use of a comprehensive underwriting referral system which is activated by defined thresholds and limits.

This process enables a continuous accumulation control of natural catastrophe events which is reported on regular basis in order to ensure the proper structure of the retrocession protection.

On the quantitative side, the parametrisation of the Non-Life Premium and CAT risk modules and also the Health NSLT Premium risk module is performed already during the underwriting process of the individual active reinsurance contracts. By this mechanism the Company ensures consistency between PIM outcomes and the view on the risks embedded in the reinsurance contracts at the time when they are underwritten.

Health catastrophe risk is calculated with Standard Formula and it's based on standardized scenarios for mass accident, pandemic and accident concentration across all countries for medical expense, accident and sickness products.

Non-Life concentration risk is stemming from potential lack of diversification in the Non-Life portfolio. The Company faces underwriting concentration risk in form of natural catastrophe event caused by natural perils and also single risk accumulation from various assumed portfolios. The Company is governed by underwriting guidelines and directives and sets underwriting limits on single exposures in order to mitigate and manage the risk. Accumulation control for natural catastrophe events is monitored continually especially during the renewal periods resulting in a comprehensive retrocession program. The Company retroceded almost 40% of its Non-life and Health portfolio based on premiums, and half of the retrocession was related to Natural catastrophe event coverage in order to mitigate the risk according to the Risk Strategy. In addition, particular retrocession contracts cover single assumed contracts or portfolios of assumed contracts. The portfolios may contain contracts from several reserving segments, several lines of business and proportional or non-proportional business.

Reserve Risk

The Company is exposed to reserve risk, namely the risk that claim provisions are not sufficient to meet future payments of reinsurance liabilities.

The Company manages the risk by establishing rules and procedures described in internal guidelines of claims management, reinsurance accounting and reserving policies of Life and Non-Life provisions. The procedures are designed and aimed at strengthening the quality, appropriateness, sufficiency and adequacy of the data used in the calculation of technical provisions. Processes and their effectiveness are assessed annually as part of the Internal Control System review.

The Company adopts a prudent approach in the statutory reserving, therefore additional case reserves are created within the Reinsurance Accounting and Claims Management department and the claims reserves are quarterly assessed and reviewed within the Technical Reserving Committee with emphasis on the large losses and their development.

Annual validation of technical provisions under Solvency II Regulation by an independent person ensures the appropriateness of the methodologies, models and the underlying assumptions used in the calculation of technical provisions.

Risk Mitigation Techniques

Retrocession is a key mitigation technique utilized by the Company. 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. This also applies towards its retrocession protection which is prudently structured.

The largest Company´s Retrocession programme (both by volume and capacity) is the VIG Nat Cat program which provides cover against single severe catastrophe events and further includes an aggregate annual excess-of-loss cover as a protection against an accumulation of smaller and midsize events during a year.

The Company is further protected by various Excess of Loss and Quota Share retrocession contracts for most of the lines of non-life business underwritten such as MTPL, Property, Motor Own Damage, Marine and Aviation, General Liability, Personal Accident. The net combined ratio of the non-life business is further protected by two stop-loss retrocession treaties.

According to VIG Re reinsurance rules the maximum retention on any assumed risk shall not be higher than 3% of VIG Re’s equity. Natural catastrophe retrocession cover is bought at 99.6% percentile of Value-at-Risk confidence level which is equivalent to 250-year return period.

The retrocession adequacy and appropriateness are monitored by Actuarial Services and Retrocession department, also using the Partial Internal Model analyses.

C.1.2 Life Underwriting Risk

The Company's Life portfolio is significantly smaller compared to Non-Life. The risk capital calculated by the standard formula principles for Life Underwriting risk is presented below:

Table 19 - Life Underwriting Risk (in EUR '000)

Risk Module	SCR	
	2020	2019
Life underwriting risk	24 374	17 463
Mortality risk	6 159	4 917
Longevity risk	0	0
Disability-morbidity risk	5 296	3 509
Life expense risk	1 291	882
Revision risk	0	0
Lapse risk	19 631	14 421
Life catastrophe risk	4 319	2 333
Diversification within life underwriting risk module	-12 323	-8 599

The increase in SCR is driven mainly by the Life portfolio development, positive experience on long-term proportional contracts and non-proportional capital solutions.

The categories of life underwriting risk which the Company is exposed to, are further described below.

Lapse Risk

The Company is exposed to the risk of lapse rates being higher than expected and also of lapse being lower than expected. It is also exposed to mass lapse, an instantaneous one-off shock lapse event.

The Company calculates the impact of lapse shock in line with Solvency II directive as maximum of predefined lapse scenarios with mass lapse shock being the main driver for lapse capital requirement.

Major source of mass lapse growth in 2020 is caused by non-proportional solutions presence in Life portfolio and positive claims experience on long-term proportional contracts, which increased volume of cash-flows in future years and therefore also increased the impact of higher lapses.

Mortality Risk

Life mortality risk is the risk of loss, or of adverse change in the value of insurance and reinsurance liabilities, resulting from an increase in the mortality rates.

The Company assesses mortality risk through both increase/decrease of mortality rates and through catastrophe scenario mortality increase in line with Solvency II Regulation.

The increase in mortality SCR is mostly associated with growth of the Life business and by lower experience mortality derived as a result of back-testing of assumptions.

Morbidity Risk
Life disability-morbidity risk is the risk of loss, or of adverse changes in the value of insurance and reinsurance liabilities, resulting from changes in the level, trend or volatility of disability and morbidity rates.

The growth of the capital requirement for disability risk is driven by the respective growth of the disability portfolio, adjustments to experience assumptions based on back-testing process and model changes related to disability and critical illness covers.

Expense Risk
Life expense risk is the risk of loss, or of adverse change in the value of insurance and reinsurance liabilities, resulting from changes in the level, trend, or volatility of the expenses incurred in servicing insurance or reinsurance contracts.

The Company assesses the risk connected with acquisition expenses and future maintenance expenses in line with Solvency II Regulation. The experienced growth of the capital requirement for expense risk is driven by the growth of Life business leading to allocation of larger part of expenses to the Life segment.

Revision Risk
Life revision risk is the risk of loss, or of adverse change in the value of insurance and reinsurance liabilities, resulting from fluctuations in the level, trend, or volatility of revision rates applied to annuities, due to changes in the legal environment or in the state of health of the person insured.

Revision risk stemming from Non-Life annuities is covered in the calculation of Non-Life underwriting risks.

Risk Mitigation Techniques
Similar to Non-Life UW a retrocession is a key mitigation technique utilized by the Company. A prudent retrocession structure has been defined and executed from the beginning of the Life active business.

The Company has achieved a significant degree of diversification by operating internationally mainly in CEE and German speaking counties, covering range of different lines of business. Except from the VIG business, mostly represented by stable indefinite period treaties, increasing volume of new business is concluded outside of the VIG Group. The Company also underwrites new reinsurance treaties in French speaking countries and Asia, which allows for even stronger regional diversification. For entering those new markets, a prudent approach is applied. Diversification over time is also an important factor for risk mitigation.

Life business is underwritten using the mutual agreed conditions. The underwriting conditions are precise defined for every Line of business by setting the max sum insured and required medical underwriting procedure.

C.1.3 Risk Sensitivity for Underwriting Risk

For Non-life and Health NSLT Underwriting risk, various sensitivities are analysed as part of the PIM Validation process and the ORSA process. The target of the sensitivity analysis is to identify the most sensitive parameters, to ensure the model's robustness and the appropriateness of its implementation.

The analysed parameters consist of calculated input parameters, parameters set by expert judgment as well as structural aspects of the model, hence all correlation levels are assessed as part of this process.

The most material sensitivity shocks are described below:

- Increased correlation (+25% per correlation coefficient) for ultimate losses of premium risk which results in decreased Solvency ratio by 10.4 percentage points.
- Increased correlation (+25% per correlation coefficient) for ultimate losses of reserve risk resulting in lower Solvency ratio by 9.9 percentage points.
- 10% higher claims severity for all Nat Cat exposed contracts which results in 2.77% increased Non-life underwriting capital requirement, which results in 2.6 percentage points lower solvency ratio.
- 5% increase in claims technical provisions best estimates, ultimate losses and standard deviations for reserve risk which results in increased total capital requirements by 1.5%. Taking into account the decrease in own funds the solvency ratio decreases by 20 percentage points.

In case of Life underwriting risks, the sensitivity analysis was focused specifically on Lapse risk since is the most significant risk in Life underwriting module nevertheless the impact of the scenario is less material in the range of 5 percentage points.

C.2 Market Risk

Market risk arises from the level and volatility of market prices of financial instruments. The exposure to market risk can be measure by the impact of predefined movements in the level of market risk factors such as stock prices, interest rates, property prices, credit spreads and FX exchange rates. The market risk is measured by standard formula of Solvency II approach. VIG Re assess market risk also with Value at Risk as another quantitative risk measure, which defines the maximum potential loss at given probability level and time horizon.

VIG Re invests in compliance with the prudent principles of its Investment and Risk Strategy. The investments are mainly focused into Fixed Income instruments as presented in Chapter A3. Due to the low yield environment in Eurozone, VIG Re invested higher amount into corporate bonds and high yield government bonds in 2020. The solvency capital requirements for investment funds are calculated using look through approach. All investments are accepted within the limits per asset class stated in the approved Investment Strategy valid for 2020 and also in accordance with the limits set on the total portfolio in terms of rating structure, maturities, industry concentration or currency.

The Company was mainly infected by the pandemic on the investment portfolio in Q1 2020. The highest loss observed was reported at the end of March reaching to 2.8% decrease of the total investment portfolio which was gradually recovered. Nonetheless, the Company closely monitors the development of the investment portfolio, as high uncertainty still lies in its development and markets are quite volatile.

The risk capital calculated by the standard formula principles of Solvency II for Market risk is presented below:

Table 20 - Market Risk (in EUR '000)

Risk Module	SCR 2020	SCR 2019
Market risk	32 697	29 203
Interest rate risk	6 872	11 862
Equity risk	6 522	11 242
Property risk	1 864	0
Spread risk	19 272	10 999
Market risk concentrations	6 603	5 182
Currency risk	11 183	9 505
Diversification within market risk Module	-19 619	-19 587

The main increase is identified in spread risk driven by the new purchases of corporate bonds in portfolio and the termination of transitional measures for government bonds with non-domestic currency.

The composition of Market risk sub-modules before diversification are presented in the graph below:

Figure 8 - Composition of Market SCR 2020

C.2.1 Key Risks and Risk Mitigation Techniques

Interest Rate Risk

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 interest rates in Eurozone remain at low level and the tenors at the beginning of the curve are negative already for an extended period.

The Company's exposure to interest rates arises primarily from the bond portfolio (as bond values are susceptible to changes in interest rates) on the asset side, and the settlement of future claims (as the discount rates applied to claims settlement projections are impacted by interest yield curves) on the liability side. Interest rate decreased compared to last year due to the decrease of assets duration in combination with the increased volumes of Non-life net best estimates.

Equity Risk

Equity risk arises from the level or volatility of market prices for equities. The Company is exposed to equity risk from investment funds and the risk decreased due to decreased equity exposure as a result of less equity funds in the portfolio.

Property risk

Property risk arises from the sensitivity of assets to the level or volatility of the property market prices. VIG Re has very small exposure to the property risk, mostly stemming from investment funds' look through approach.

Spread Risk

Spread risk arises from the sensitivity of the value of assets and financial instruments to changes in the level or in the volatility of credit spreads over the risk-free interest rate term structure. Credit spreads are typically narrower for high rated securities and shorter durations. The Company is exposed to spread risk from the corporate bond portfolio which increased compared to last year resulting in increased spread capital requirements.

Currency Risk

The Company's reporting and main transactional currency is Euro, which comprises more than 90% of the Solvency II balance sheet. Other material national currencies are from Czech Republic, Poland, USA, Hungary and Turkey. The currency gap is actively monitored and managed within the Asset-Liability management. The Company strives to have a close position according to its investment strategy.

Concentration Risk

Concentration risk is the risk stemming either from a lack of diversification in the asset portfolio or from large exposure to default risk by a single issuer of securities or a group of related issuers. This extends to assets considered in the equity, spread risk and property risk, and excludes assets covered by the counterparty default risk. Given the well diversified portfolio of the Company, concentration risk is relatively low.

The Company issues the Investment Strategy on annual basis in order to achieve a proper balance between invested assets and technical liabilities while keeping a balanced risk/return-profile. The strategy is approved by the Supervisory Board and includes the strategic asset allocation comprising minimum and maximum limits for each defined asset class, enabling a reasonable but limited potential space to adapt according to short- and mid-term market expectations, but also to limit the risk related to different industries or groups.

The compliance of these limits is monitored by Mid Office and Asset Management departments of Kooperativa and reported monthly to VIG Re's Risk Management function, Board of Directors and quarterly to the Supervisory Board.

The goal of the investment strategy is to optimize the portfolio's risk-return profile while taking into account various risk parameters. Risk management related to assets is in line VIG Re Guidelines related to investments and is coordinated by VIG Asset Risk Management department in close cooperation with Risk Management function of VIG Re.

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 invests only in types of assets, for which it can recognize, measure, monitor, manage and control the related risks accordingly by own means. Regular reports are delivered regarding the limits monitoring of investment policy. In case of investment in new instruments the impact on solvency capital requirement is assessed. The main goal of the investment policy is to reach the planned investment result while keeping a balanced risk/return-profile and taking into account constraints given by asset risk management requirements.

Only approved financial instruments may be used for transactions. Only those instruments may be approved, which can be mapped, evaluated, monitored and professionally used by own means in terms of quality and quantity of personal staff and appropriate systems. Accounting and balance sheet regulations, especially regarding evaluation units as well as the quantification and steering of related risks of single investments have to be clarified and recorded beforehand.

All counterparties or issuers of financial transactions or any investments (with payment and settlement risks) shall be pre-agreed by defining general or individual limits. The validation of the creditworthiness and monitoring of limits is performed by persons independent from trading.

Keeping substantial share of fixed income investments (bonds and loans) in the portfolio leads to stable expected returns and generally lower volatility. This measure has been thoroughly taken into account and is reflected in the investment strategy.

C.2.2 Risk Sensitivity for Market Risk

The Company carries out stress and scenario testing as a part of the ORSA process, which includes stress testing and sensitivity analysis for market risk, with emphasis on interest rate risk on both impacts of potential decrease and increase of the interest rate curve by 100 basis points. Movements of interest rates affect both in own funds and SCR particularly in PIM modules resulting in 5 percentage points deviation rather symmetrically for the two scenarios.

The adverse scenario of 20% drop in equity market value will respectively decrease Own funds and partially SCR, nevertheless the impact on the Solvency position is immaterial less than 2 percentage points.

C.3 Credit Risk

The Company is exposed to counterparty default risk, Type I and Type II as described in Solvency II Regulation.

The risk capital calculated by the standard formula principles for Counterparty default risk is presented below:

Table 21 - Counterparty Default Risk (in EUR '000)

Risk Module	SCR	
	2020	2019
Counterparty default risk	28 196	29 068
Type 1 exposures	16 740	18 183
Type 2 exposures	13 376	12 827
Diversification within counterparty default risk module	-1 920	-1 941

Although the exposure in cash at bank and retrocession recoverables increased, Counterparty default risk decreased in 2020 due to an update in the Company's exposure in deposits to cedants.

C.3.1 Key Risks and Risk Mitigation Techniques

Counterparty Default Risk

Counterparty default risk is the risk of loss, or adverse change in the value of assets and financial instruments related to the unexpected default of counterparties and debtors over the forthcoming twelve months. The scope of the counterparty default risk for VIG Re includes risk-mitigating contracts, such as reinsurance arrangements, and receivables from intermediaries, as well as any other credit exposures which are not covered by spread risk.

Type 1 counterparty default risk is the risk arising from exposures where the counterparty is likely to be rated. The class of type 1 exposures consists of exposures in relation to risk-mitigation contracts, cash at bank and deposits, and other financial commitments.

Type 2 counterparty default risk is the risk arising from exposures which are usually diversified and where the counterparty is likely to be unrated. Examples include, but are not limited to, receivables from intermediaries and ceding insurance companies.

The Company limits its potential liability from reinsurance business by passing on some of the risks it assumes to the international reinsurance market (retrocession). The reinsurance coverage is diversified over a large number of different international reinsurance companies that VIG Re assesses with adequate creditworthiness, to minimize the credit risk due to the insolvency of the reinsurers. The Company strictly adheres to the issued Security Guidelines, limiting the counterparties which VIG Re can conclude retrocession contracts with.

Deposits to ceding undertakings are monitored by Corporate Underwriting and Risk Management function. Depending on the treaty wording, counterparty default risk may arise from these arrangements which is taken into account in the counterparty risk calculation.

The counterparty risk arising from financial instruments including cash and term deposits is governed by the Investment Strategy where limits per tenor and bank are defined. Any new counterparty financial institution requires VIG Group approval.

Spread risk
Spread risk analysis is included in C.2 Market risk.

C.3.2 Risk Sensitivity for Credit Risk

The Company carries out stress and scenario testing as a part of the ORSA process, which includes sensitivity analysis for credit risk by downgrading s both reinsurance counterparties affecting counterparty default risk and investment counterparties affecting spread risk. Given the high credit quality of the retrocession panel, downgrading of reinsurance counterparties by one credit notch does not have a material impact on the Company's capital requirements. The solvency ratio is decreased by 8 percentage points under the scenario of 100bps increase in the credit spread of corporate bonds.

The default of retrocession counterparties with material exposure in reinsurance recoverables could lead to significant loss therefore the Company effectively manages this risk by selecting highly credit rated counterparties.

C.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. The risk is managed by the appropriate duration matching between the financial investment portfolio and reinsurance commitments.

C.4.1 Key Risks and Risk Mitigation Techniques

The Company regularly performs assessment of its liquidity position, by processing short-term and mid-term overviews of expected inflows and outflows as part of Asset Liability Management. This enables the Treasury department properly manage funds of the Company, in order to ensure that sufficient cash are available to fulfil the liabilities.

The risk is governed by the Investment Strategy which defines a liquidity buffer consisting 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. Hence, the risk is assessed as low.

C.4.2 Expected Profit Included in Future Premiums ("EPIFP")

Expected profit included in the future premiums as at 2020 year-end amounts to EUR 68,2 million (as at 2019 year-end EUR 62.6million) for Non-Life and Health portfolio.

The EPIFP for Life portfolio was estimated at EUR 14.5 million (EUR 45.4 million in 2019). The development is driven by an updated methodology used for the calculation of EPIPF.

The values are available in S.23.01 Quantitative Reporting Template.

C.4.3 Risk Sensitivity for Liquidity Risk

The risk is assessed for extreme scenarios as part of the ORSA process combing Nat Cat events and changes in the payment patterns, nevertheless the Company has a significant volume of investments on highly liquid securities which can support the liquidity needs in such a case.

C.5 Operational Risk

Operational risk is resulting from the insufficiency or failure of internal processes, employees and systems, or caused by external occurrences.

The risk capital calculated by the standard formula principles for Operational risk results from gross premiums and is presented below:

Table 22- Operational Risk (in EUR '000)

Risk Module	SCR	
	2020	2019
Operational risk	17 572	15 916

The increase in the capital required is due to the Company's premium portfolio growth.

IT services proved to be resilient during the COVID-19 period and the vast majority of employees is working on home office mode, without any material incidents reported.

C.5.1 Key Risks and Risk Mitigation Techniques

The Company follows VIG guidelines to ensure its efficient and economic operation. The Company wants to maintain functional key processes as well as assets supporting the aim to provide sustainable reinsurance services by defining strict procedures, controls and emergency plans.

Operational risk according to the standard formula is mainly dependent on the amount of earned premiums and best estimates. This assessment does not provide a deep understanding of the underlying sources and associated effects of operational risk. For this reason, operational risk is divided into further sub-categories and additionally assessed qualitatively through the Internal Control System in accordance with the Group guidelines in order to obtain a more precise risk profile. The operational sub-risk categories are:

- model and data quality risk,
- project risk,
- process and organizational risk,
- human error risk,
- business disruption risk,
- know-how concentration risk,
- insufficient human resources,
- hardware and infrastructure,
- IT software and security,
- IT development,
- compliance risk.

C.6 Other Material Risks

C.6.1 Other Risks

Among other risks the Company identifies strategic risk, of adverse business development related to poor 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.

The Company developed the new Strategy 2025 which is in line with the Risk Strategy, taking into consideration various possible scenarios on the further macroeconomic environment, the impact on the (re-)insurance industry as well as the risk and solvency position of the Company.

VIG Re is also exposed to Reputational risk which is defined as the risk of adverse business development associated with damage to the Company's reputation. A loss of reputation can disrupt the confidence of customers, investors, or employees in the Company, and thus may lead to financial damage. To mitigate the risk, recruitment of qualified personnel is applied and all areas that could potentially affect the Company's reputation are monitored.

On 4th November 2020, Standard & Poor's Global Ratings confirmed its long-term public issuer credit rating of "A+" and financial strength rating of "A+" with a stable outlook for VIG Re, affirming the same rating VIG Re has enjoyed since its foundation.

C.7 Any Other Information

There is no other information that should be provided in this Chapter.

VALUATION FOR SOLVENCY PURPOSES

VIG Re prepares its financial statements in accordance with International Financial Reporting Standards (IFRS) and their interpretations as adopted by the International Accounting Standards Board (IASB) and the European Union (EU) in accordance with the IAS Regulation (EC 1606/2002). The differences in valuation of assets and liabilities classes under IFRS and Solvency II purposes are stated in the relevant sub-chapters below.

D.1 Assets

As of 31 December 2020 the Company held the following assets (in EUR ‘000):

Table 23 - Assets Comparison (in EUR ‘000)

Assets	Solvency II		IFRS	
	2020	2019	2020	2019
Deferred acquisition costs	0	0	10 270	12 761
Intangible assets	0	0	1 793	1 247
Deferred tax assets	0	0	3 444	0
Property, plant & equipment held for own use	2 952	3 613	2 952	3 613
Investments, thereof:	477 926	446 133	476 978	442 968
Holdings in related undertakings, including participations	6 648	6 537	12 770	12 770
Equities	1 337	530	1 337	530
Equities - listed	479	0	479	0
Equities - unlisted	858	530	858	530
Bonds	338 245	354 720	331 175	345 323
Government Bonds	217 522	274 911	210 724	266 190
Corporate Bonds	120 723	79 809	120 452	79 133
Collective Investments Undertakings	131 696	84 345	131 696	84 345
Deposits other than cash equivalents	0	0	0	0
Assets held for index-linked and unit-linked contracts	6 801	5 046	6 801	4 997
Loans & mortgages	7 701	6 419	7 161	6 200
Reinsurance recoverables	201 840	190 402	278 425	242 586
Non-Life and Health similar to Non-Life	196 243	188 531	273 757	239 501
Non-Life excluding Health	179 128	174 206	254 993	222 674
Health similar to Non-Life	17 115	14 325	18 763	16 828
Life and Health similar to Life, excluding Health and index-linked and unit-linked	5 597	1 995	4 668	3 085
Health similar to Life	0	0	0	0
Life excluding Health and index-linked and unit-linked	5 597	1 995	4 668	3 085
Life index-linked and unit-linked	0	-124	0	0
Deposits to cedants	116 137	117 576	94 545	94 940
Insurance & intermediaries receivables	84 031	82 303	84 031	82 303
Reinsurance receivables	38 034	39 027	38 034	39 027
Receivables (trade, not insurance)	2 711	437	2 711	437
Cash and cash equivalents	44 817	31 150	44 817	31 150
Any other assets, not elsewhere shown	391	408	391	408
Total assets	**983 341**	**922 512**	**1 052 353**	**962 638**

D.1.1 Deferred Acquisition Costs

In the financial statements, deferred acquisition costs represent the proportion of acquisition costs incurred and revenue received that corresponds to the unearned premium reserve.

Solvency II valuation is based on an estimation of future cash flows and deferred acquisition costs represent a cash outflow that occurred in the past. The (future) premiums may indeed include an expense charge to cover these acquisition costs; this is then reflected in technical provisions cashflows.

Therefore, deferred acquisition costs (gross and reinsurance share) are stated with zero in Solvency II balance sheet.

D.1.2 Intangible Assets

Intangible assets comprise acquired portfolios, purchased licenses or brand names. For the financial statements these assets are valued at their acquisition costs less accumulated amortization and impairment losses. Under Solvency II all intangible assets are valued at zero as none of the assets can be regarded as sellable on active market.

D.1.3 Deferred Tax Assets

Similarly, to IFRS, deferred taxes are calculated based on temporary differences between Solvency II and valuations of assets performed for tax purposes according to the national tax laws. In accordance with Solvency II and IAS 12 regulations, only deferred tax assets dependent on future taxable income are allowed for recognition. Differences, which will not reverse in future periods are permanent differences do not lead to deferred taxes. Deferred taxes are not discounted and are shown in net value as net deferred tax liabilities in Solvency II balance sheet.

D.1.4 Property, Plant & Equipment Held for Own Use

IFRS value, 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 value is taken for Solvency II valuation as well.

According to IFRS16, Right of Use Assets are included in the total value of 2 471 TEUR for IFRS and also Solvency II valuation. It consists of the three rented premises for Headquarters and both branches.

D.1.5 Investments

VIG Re owns 100% in Wiener Re Serbia and a 2.75% stake in VIG Fund, a.s. For the financial statements, participations are valued at acquisition cost less impairment.

The participation in Wiener Re valued at 6 759 TEUR in IFRS Balance Sheet, is valued at 0 in Solvency II.

Financial Assets
Financial assets include government and corporate bonds and collective investment undertakings (investment funds). Financial assets are measured at fair value for Solvency II purposes even when they are measured at amortised cost in the IFRS balance sheet. Fair value is based on market quotations of the individual instruments – government and corporate bonds and collective investments – on liquid markets. As at the end of 2020, VIG Re held only a limited amount of bonds where no market quotation was available, representing 3.2% of the investment portfolio.

Using the market prices explains the differences in valuation of the bonds – for financial statements, part of the bond portfolio for which VIG Re has the positive intent and ability to hold these bonds to their maturity is classified as held-to-maturity and thus valued at amortized costs.

D.1.6 Reinsurance Recoverables

In the financial statements, 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.

Under Solvency II, the reinsurance recoverables are calculated as the best estimate of the amount that the Company expects to receive from the reinsurance arrangements (taking into account the cash-flows related to the arrangements and the time value of money), adjusted by the probability of the counterparty default. Reinsurance recoverables are segmented into Non-Life (including also Health NSLT), Life (including also Health SLT) and Life unit-linked.

Best Estimate Retrocession Recoverables
The characteristics of the retrocession exclude the use of the development triangles. The development triangles are not adequately stable due to the combination of different types of retrocession and approximations needed to split retrocession cash flows per reserving segment.

The implemented methodology uses a simplified approach, described in Guidelines on technical provisions, guideline 79 and 80, published by EIOPA. The calculation of retrocession recoverable uses ratios of expected retrocession share on gross cash flows which are described in Chapter D.2 Technical Provisions.

For Life portfolio, the characteristics of the retrocession recoverables follow directly features of the active reinsurance contract and are modelled directly in the Life actuarial model.

Counterparty Default Adjustment
The Company’s retrocession panel is diversified over a large number of high rated international reinsurance companies that the Company assesses with adequate creditworthiness, to minimize the credit risk due to their insolvency, hence the result is not material. The calculation methodology is based on the simplification described in Delegated act, article 61.

D.1.7 Deposits to Cedants

These balances represent deposits in ceding companies in order to cover the reinsurance liabilities (technical provisions) of the Company towards these clients. For deposits related to Non-life and HNSLT contracts, the Company uses the IFRS valuation for Solvency II purposes as well.

Life segment deposits might be represented by different types of reserves depending on each specific treaty conditions – reinsurance premium reserve, UPR and claims reserves. Deposited reserves are projected by the actuarial model from portfolio information by applying actuarial methods and a set of demographic and economic assumptions. The Company might receive an investment income generated by fixed interest on its deposited reserves on an annual basis. Under Solvency II, all deposits to cedants and investment incomes from these deposits are valued at present value.

D.1.8 Insurance & Intermediaries Receivables

Insurance and Intermediaries receivables represent amounts from ceding insurance undertakings and/or reinsurance brokers, which have not been accounted for in the projected cash flows used for the calculation of technical provisions.

The fair value for Solvency II is represented by the IFRS value.

D.1.9 Reinsurance Receivables

Amounts from reinsurers linked to ceded reinsurance which are not included in reinsurance recoverables. This includes, but is not limited to, amounts receivable from reinsurers that relate to settled claims of ceding undertakings or commissions.

The fair value for Solvency II is represented by the IFRS value.

D.1.10 Receivables (Trade, Not Insurance)

Amounts from employees, business partners other than insurance or reinsurance undertakings for their services, or other persons.

The fair value for Solvency II is represented by the IFRS value.

D.1.11 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.

The fair value for Solvency II is represented by the IFRS value.

D.1.12 Any other Assets, not Elsewhere Shown

These assets are valued at fair value by discounting expected cash flows using a risk-free rate. However, book value as per IFRS may be used as a proxy to the fair value for Solvency II balance sheet purposes where the impact of discounting is not material because the balances are of short-term nature or not material.

D.2 Technical Provisions

D.2.1 Technical Provisions – Non-Life and Health Non-Similar to Life Underwriting Techniques

The table below shows the technical provisions gross of reinsurance as of 31 December 2020 and 2019 by Solvency II line of business for Non-Life and Health non-similar to Life techniques. The Solvency II technical provisions are calculated as a sum of Best Estimate (BE) and Risk Margin (RM).

Table 24 - Technical Provision (in EUR '000)

SII Line of Business	2020			2019		
	Best estimate	RM	Technical provision	Best estimate	RM	Technical provision
Medical expense proportional	4 244	115	4 359	3 956	61	4 018
Income protection proportional	18 019	2 809	20 827	17 143	660	17 803
Workers' Compensation proportional	27	1	28	2	47	50
Health non-proportional	12 124	585	12 710	10 454	413	10 866
Motor vehicle liability proportional	38 197	1 772	39 969	39 428	1 423	40 851
Other motor proportional	4 817	135	4 952	1 395	484	1 879
Marine, aviation and transport proportional	6 273	175	6 447	5 350	273	5 623
Fire and other property proportional	105 526	2 536	108 062	86 862	3 191	90 053
General liability proportional	20 404	1 108	21 513	17 833	1 475	19 308
Credit and suretyship proportional	683	12	695	1 079	127	1 206
Legal expenses proportional	42	1	43	19	101	119
Miscellaneous proportional	1	0	1	-4	103	99
Casualty non-proportional	169 709	13 719	183 429	145 435	13 572	159 007
Marine, aviation and transport non-proportional	9 665	411	10 076	15 789	386	16 175
Property non-proportional	69 600	2 971	72 571	59 663	4 021	63 684
Total	**459 329**	**26 352**	**485 682**	**404 404**	**26 336**	**430 740**

Potential negative value means that the expected cash inflows are higher than expected cash outflows.

The Company experienced a significant growth in the values of technical provisions on gross level as a result of portfolio growth, reported losses related to COVID-19 and decreased interest rates.

D.2.1.1 Recognition of the Liabilities, Segmentation into Homogeneous Risk Groups

The portfolio of the Company contains reinsurance contracts which can cover multiple risks and lines of business on occurrence year, underwriting year and clean-cut basis.

Treaties are mostly for one year and they are underwritten during the fourth quarter of the year preceding the start of the coverage period and the coverage period usually starts in January and ends in December.

The reinsurance liabilities are segmented into the Solvency II lines of business (SII LoBs). VIG Re splits the particular SII LoBs further into homogenous risk groups ("segments"), based on their homogeneity and ability to support sound claim development analysis (robustness of final segments).

D.2.1.2 Actuarial Methodologies and Assumptions Used in the Calculation of the Best Estimate

The basic split of the gross Best estimate calculation is to claim and premium provisions. VIG Re's data are collected on an underwriting year basis, which combines claim and premium provisions, hence a split to previous underwriting years and the next underwriting year is used. The analysis for previous underwriting years is further split into two parts – a calculation of the ultimate volumes of the cash flows for individual underwriting years and an estimation of the distribution of those cash flows in time, i.e. estimation of patterns related to individual cash flows.

Previous Underwriting Years
Previous underwriting years are captured in the development triangles with underwriting years as the origin periods and development periods linked to the financial posting date, i.e., date when the accounting records were created. The basis for the calculation is the development triangles of claims paid, claims incurred, premium earned and commissions incurred.

For the calculation of ultimate volumes of future cash flows the following methods implemented in ResQ are suitable for the portfolio of VIG Re:

- Development factor methods (DFM)
- Ultimate ratio method
- Bornhuetter Fergusson method (BF)
- Weighted averages of methods above, e.g. Benktander method (combination of DFM and BF methods)

In the case of claims, the described methods can be applied either on the claims paid or claims incurred. The choice of the final triangle depends on characteristics of the reserving segment.

For the calculation of time distribution of future cashflows, the following cash flow patterns are used in VIG Re's Best estimate calculation:

- Premium pattern,
- Commission pattern,
- Pattern of claims paid,
- Pattern of claims incurred.

Operating expenses are expected to have the same distribution over time as premium, i.e. premium pattern is used also for operating expenses.

The estimation of the patterns is based on the development triangles with underwriting years as origin periods. The resulting patterns are therefore patterns for cash flows relating to whole underwriting years.

The underwriting year patterns capture what proportion of the ultimate cash flows for an individual underwriting year is realised with a particular delay from this underwriting year. The delay is measured in years and is based on calendar/accounting years. The first element of the pattern corresponds to the cash flows realised in the same calendar year as the underwriting year. The cash flows originating in one underwriting year may contribute to cash flows originating in more than one accident year. The same is true also for underwriting year patterns and accident year patterns. Since the development triangles and patterns based on underwriting years do not contain information about the split of cash flows to accident years, this split must be estimated to divide TP into claim and premium provisions.

Next Underwriting Year

The calculation of the best estimate for the next underwriting year, contributing only to the premium provision, is based on the following inputs:

- Premium cash flow
  - expected ultimate premium volume of the reserving segment for the next underwriting year within contract boundaries as at the valuation date,
  - expected pattern of earned premium.
- Claim cash flow
  - ultimate claim ratio of the reserving segment for the next underwriting year,
  - expected pattern of claims paid.
- Commission cash flow
  - ultimate commission ratio of the reserving segment for the next underwriting year,
  - expected pattern of commissions incurred.
- Admin cash flow
  - admin ratio for the next underwriting year.

Annuities

The portfolio assumed to contain mostly annuities is contained in two separate reserving segments. The claims patterns are based on claims incurred for these segments. The reason is that the claim provisions of reported annuity claims are calculated using Life actuarial techniques by cedants. The future expected claims are projected, taking into account biometric parameters, and discounted. The application of claims incurred pattern as claims pattern in TP calculation in VIG Re respects that the reported annuity claim provisions are already discounted. What needs to be additionally considered, is the delay until the reporting of the claims. This is captured by the projection of claims incurred and their discounting.

Split to Premium and Claim Provision

The calculation of the Best estimate per underwriting year leads to the projection of future cash flows per underwriting year. These cash flows may belong to both claim and premium provisions, therefore it is necessary to split cash flows accordingly.

These cash flows, split into premium and claims provision, are discounted using the relevant risk-free rates for the currencies of the country of the cedants, as published by EIOPA. The Company does not apply matching adjustments, volatility adjustments or transitional risk-free term structure or transitional deduction.

Options and Guarantees

VIG Re does not have any options or guarantees in Non-Life reinsurance, therefore their value is equal to zero.

Lapse Rate

The concept of lapse rate is not directly applicable in the context of reinsurance business. It is de facto very remote due to the nature of reinsurance business, and it is not modelled explicitly in the calculation of technical provisions.

Data Quality

The key inputs to Technical Provisions calculation are the historical cash flows and changes in RBNS, contained in the accounting system, and expected premium of particular reinsurance treaties and sections to be ceded to VIG Re.

Historical consistency of data is always checked while the consistency with the accounting data is achieved by automated processes.

The external data quality of the accounted values is driven by setting of communication with cedants. The accounted values are recorded with different frequency for different cedants and often based on estimates which are calculated by both VIG Re and cedands.

Economic Assumptions

VIG Re uses risk free interest rates published by EIOPA, without any adjustments. Exchange rates used for the valuation are provided by the VIG group or other reliable sources like central banks. Other economic statistics like inflation, unemployment rate and GDP are monitored and considered as a supporting information for the portfolio segmentation.

Non-Economic Assumptions

The key non-economic assumption for VIG Re is the portfolio segmentation. VIG Re uses a more granular segmentation compared to Solvency II lines of business which is based on the key portfolio characteristics such as claims, premiums, commissions, operating expenses and cash flows with reinsurers.

D.2.1.3 Calculation of the Risk Margin

The risk margin ensures that the value of the technical provisions is equivalent to the amount that reinsurance undertakings would be expected to require in order to take over and meet the reinsurance obligations. VIG Re calculates the Risk Margin in accordance with the article 37 of the Commission Regulation 2015/35. For the estimation of future SCRs, VIG Re uses the method based on projected elements of the SCR per risk sub-module and LoB based on the selected drivers. The obtained projections are then aggregated using the relevant correlation matrices, discounted by risk free interest rates and multiplied by cost of capital rate 6%.

D.2.1.4 Level of Uncertainty Associated with the Value of Technical Provisions

The main source of uncertainty is still relatively short history of VIG Re. The Company started writing its business in 2009 and therefore construction of only relatively short development triangles is possible. This is an issue mainly for the long tail non-proportional business as the tail factors for deriving the cash flow patterns need to be developed only with a high degree of subjectivity using an expert judgement. This segment is significant in the portfolio, based on net best estimates. The estimated development factors in the triangles are also subject to a higher degree of uncertainty due to the nature of reinsurance business, this concerns especially to all non-proportional reinsurance SII LoBs.

Sensitivities of best estimate components (claim and premium provisions) to the predefined stresses can be found in the table below. These shocks were picked as a sufficient illustration of the uncertainty associated with the value of Technical Provisions.

Table 25 - Sensitivities (in EUR '000)

Assumption change	CP, gross	CP, net, after CDA, PAXL	PP, gross	PP, net, after CDA	Total BE, net
Basis scenario	512 545	297 228	-53 216	-34 142	263 087
Written premium up +5%	512 545	297 228	-56 626	-36 344	260 885
Written premium down -5%	512 545	297 228	-49 805	-31 940	265 288
Claims Paid up +5%	533 940	309 476	-33 039	-21 843	287 633
Claims Paid down -5%	492 184	286 448	-73 005	-46 217	240 231
RFR shock up (+100 bps)	491 706	286 999	-61 834	-37 894	249 104
RFR shock down (-100 bps)	536 217	308 578	-43 239	-30 005	278 573

D.2.1.5 Solvency II and IFRS Valuation Differences of Technical Provisions

The table below illustrates the differences between IFRS technical and Solvency II technical provisions.

Table 26 - IFRS and Solvency II Technical Provisions (in EUR '000)

Lines of business	IFRS		Solvency II		
	Outstanding claims provisions	Unearned premiums provision	Claim BELs	Premium BELs	Risk margin
Non-Life	533 988	18 860	464 282	-39 367	22 842
HNSLT	50 855	274	48 263	-13 849	3 510
Total	584 843	19 134	512 545	-53 216	26 352

IFRS technical provisions consist of unearned premiums provision and provision for outstanding claims.

- 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.
- 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.

Solvency II technical provisions consist of best estimates of future liabilities (BELs) and risk margin. The best estimate is defined as expected present value of future cash-flows taking account of the time value of money, using the relevant risk-free interest rate term structure.

- Provisions for claims outstanding relate to the cashflows in respect of claims events occurring before or at the valuation date, whether the claims arising from those events have been reported or not. The cashflows projected comprise all future claims payments, often described as:

  - Claims Outstanding (case reserves);
  - Incurred But Not Reported claims ("IBNR");
  - Incurred But Not Enough Reported claims ("IBNER").

Claims provisions cashflow projections should also include all claims management and claims administration expenses arising from these events.

- Premium provisions relate to claims events occurring after the valuation date and during the remaining in-force coverage period of policies. The cashflow projections should comprise all future claims payments and claims management expenses arising from those events, cashflows arising from ongoing administration of the in-force policies and expected future premiums stemming from existing policies. As with claim provisions, the valuation should take account of the time value of money and the best estimates must not include margins.
- Risk margin has been considered to ensure that the value of the technical provisions is equivalent to the amount that would be expected to be paid to a third party reinsurance company in order to take over and meet the insurance obligations of the Company.

The technical provision created for the purposes of Solvency II differs from the technical provision created for the purposes of accounting under IFRS mainly due to the following reasons:

- under Solvency II discounting is applied for all lines of business,
- under IFRS the Company builds an additional prudence IBNR,
- recognition of anticipated profits on unearned premiums under Solvency II (in respect of premium best estimates),
- adding of risk margin to the best estimates under Solvency II,
- calculation methods are applied differently for Solvency II and accounting purposes.

The premium best estimates recognize most of the anticipated profits of the upcoming year and therefore it reduces the level of technical provisions.

D.2.2 Technical Provisions – Life and Health Similar to Life Underwriting Techniques

The following table gives an overview of gross Life technical provisions, together with their comparison with the IFRS value.

Gross technical provisions as at 31.12.2020 are presented in the following table:

Table 27 - Gross Technical Provisions 2020 (in EUR '000)

Lines of business	IFRS	Solvency II	
	Life technical provisions	BELs	Risk margin
Life excluding Unit-/Index-linked and HSLT	87 202	68 039	14 592
Unit-/Index-linked*	6 801	7 405	1 588
HSLT	0	-2 100	1 494
Total	**94 003**	**73 344**	**17 674**

Gross technical provisions as at 31.12.2019 are presented in the following table:

Table 28 - Gross Technical Provisions 2019 (in EUR '000)

Lines of business	IFRS	Solvency II	
	Life technical provisions	BELs	Risk margin
Life excluding Unit-/Index-linked and HSLT	91 236	78 787	12 530
Unit-/Index-linked*	4 997	5 322	846
HSLT	0	-1 932	1 284
Total	**96 233**	**82 177**	**14 661**

D.2.2.1 Recognition of Contracts, Segmentation into Homogeneous Risk Groups

All reinsurance treaties are divided into the relevant Solvency II LoBs on reinsurance contract level. Majority of Life technical provisions is concentrated in the With Profit Participation LoB.

The Company doesn't apply contract boundaries because the cancellation of reinsurance treaty relates only to underlying business signed during the upcoming underwriting year, while existing business cancellation is not at the free will of the cedent or the Company.

For most of the elements of the Technical Provisions main coverage and riders are unbundled and modelled separately.

D.2.2.2 Actuarial Methodologies and Assumptions Used in the Calculation of the Technical Provisions

Methodology

Technical provisions are calculated as the sum of a Best Estimate Liabilities and Risk Margin. Projection of cash-flows is performed within the Life actuarial model.

Life actuarial model is used also for setting of the Solvency II value of deposited reserves as part of asset valuation.

Risk margin is calculated in line with VIG Re Guidelines on the Calculation of the Risk Margin under SII. The Company applies a simplification and projects the SCR based on relevant risk drivers for used for projection of individual sub-modules of the SCR. To get the annual costs the Company uses cost of capital rate of 6%.

Assumptions

The primary insurers' portfolio data and non-economic assumptions are updated on an annual basis. Economic assumptions are updated on a quarterly basis and are provided by VIG Group.

Assumptions and parameters used by the actuarial model are reviewed on an annual basis. The long-term principle is applied while setting up best estimates of assumptions. The Company performs a set of analyses with a view to justify assumptions setting, including the back-testing and sensitivity analyses in order to quantify the impact of possible volatility in assumptions.

Key Options and Guarantees

The Company does not have any options or guarantees in its life reinsurance portfolio and therefore their value is set to zero.

No future management actions or FDB are managed in line with the actual Company approach for life portfolio.

Policyholder behaviour does not need to be considered in the best estimate calculation because:

- the cedants are not allowed to cancel treaties wilfully,
- behaviour of policyholders is already captured in lapse rates.

Lapse Rates

For the set-up of lapse rates, the principle of long-term assumptions is followed. Lapse rates are updated on an annual basis following the lapse experience of underlying portfolio, where sufficient data are available.

Data Quality

One of the most significant challenges the Company faces in life segment is the quality of provided input data. During 2020 the Company focused on increase of data quality of information stored in its data warehouse covering all the life portfolio data. As this is one of the key challenges faced in the life business, the Company plans to further enhance the quality through precisely tracking the portfolio development on the level of underlying insurance policy.

D.2.2.3 Level of Uncertainty Associated with the Value of Technical Provisions

The methods and models used for Technical Provisions calculations are compliant with the SII requirements. The technical provisions as such are considered to be adequate and reliable. There are several limitations and uncertainties present in the value of technical provisions mainly caused by still relatively short market presence of VIG Re and overall quality of data received by clients. The estimated impact on results was assessed by an independent validation. Due to immateriality of the life business and proved profitability there is no significant risk for the Company.

Independent validation of Best Estimate Liabilities calculation has identified main areas of uncertainty associated with the value of Technical Provisions for Life segment as a result of sensitivity analysis. For each driver the isolated effect of changing the assumption with all other model inputs set at their original best estimate value and without any adjustments of individual valuation mortality and critical illness rates is presented in the tables below.

Table 29 - Main Drivers for Decrease in Gross BEL 2020 (in EUR '000)

Assumption change	Impact on Gross BEL
Mortality experience ratio 5% relative shift down	- 4 216
SLT riders experience ratio 5% relative shift down	- 3 675
10% increase in premium based scaling factor	- 2 574
5% decrease in expenses	- 563
50% relative decrease in lapse rates (max 3% absolute shift down)	- 127
NSLT riders experience ratio 5% relative shift down	- 119

Table 30 - Main Drivers for Increase in Gross BEL 2020 (in EUR '000)

Assumption change	Impact on Gross BEL
Mortality experience ratio 5% relative shift up	+ 4 224
SLT riders experience ratio 5% relative shift up	+ 3 749
10% decrease in premium based scaling factor	+ 2 574
10% increase in expenses	+ 1 125
50% relative increase in lapse rates (max 3% absolute shift up)	+ 1 000
NSLT riders experience ratio 5% relative shift up	+ 119

D.2.2.4 Solvency II and IFRS Valuation Differences of Life Technical Provisions

The technical provisions of Life business are presented above in D.2.2. The main differences between Solvency II and IFRS liabilities arise from:

- the Solvency II calculation uses best estimate assumptions while the IFRS assumptions include margins for adverse deviation,
- the Solvency II discount rate is specified by regulation (risk free rates provided by EIOPA) while for IFRS the discount rate is given contractually,

- Solvency II provisions include risk margin,
- Differences in the scope of cash-flows between Solvency II and IFRS.

There are no additional specific differences between bases, methods and main assumptions between Solvency II and IFRS liabilities at the level of individual significant types of reinsurance.

D.3 Other Liabilities

As at 31 December the Company held the following liabilities:

Table 31 - Liabilities Comparison (in EUR '000)

	Solvency II Value		IFRS Value	
	2020	2019	2020	2019
Technical provisions – Non-Life	485 682	430 740	603 979	529 339
Technical provisions – Life (excluding index-linked and unit-linked)	82 025	90 670	87 202	91 236
Technical provisions – index-linked and unit-linked	8 993	6 168	6 801	4 997
Deposits from reinsurers	9 506	7 687	9 351	7 687
Deferred tax liabilities	9 723	13 042	1 448	863
Debts owed to credit institutions	0	6	0	6
Financial liabilities other than debts owed to credit institutions	4 453	4 703	4 453	4 703
Insurance & intermediaries payables	103 842	86 415	103 842	86 415
Reinsurance payables	12 822	16 588	12 822	16 588
Payables (trade, not insurance)	5 911	6 151	5 911	6 151
Subordinated liabilities	35 708	35 708	35 708	35 708
Any other liabilities, not elsewhere shown	7	9	7	9
Total Liabilities	758 672	697 887	871 523	783 701
Excess of Assets over Liabilities	**224 669**	**224 625**	**180 831**	**178 937**

D.3.1 Deposits from Reinsurers

Amounts provided from reinsurance companies to VIG Re, held for the payment of the (re-) insured losses stemming from the passive reinsurance arrangements.

The fair value for Solvency II is represented by the IFRS value. In case that cash flows arising from these liabilities are included in the best estimate calculation, these liabilities are valued at zero.

The valuation of deposits from reinsurers related to Life portfolio, follow the same principles as defined in D.1.7.

D.3.2 Deferred Tax Liabilities

Similarly to IFRS, deferred taxes are calculated based on temporary differences between Solvency II and valuations of liabilities performed for tax purposes according to the national tax laws. Differences, which will not reverse in future periods are permanent differences do not lead to deferred taxes. Deferred taxes are not discounted and are shown in net value as net deferred tax liabilities in Solvency II balance sheet.

Following the new tax law in Czech Republic, 50% of the temporary difference between Solvency II valuation and valuation for tax purposes is eliminated, resulting in a decrease of deferred tax liabilities for 2020 compared to 2019.

D.3.3 Financial Liabilities Other than Debts Owed to Credit Institutions

The fair value approach in IAS 39 for the measurement at initial recognition of financial liabilities is a good approximation of the value in the Solvency II balance sheet. Subsequent measurement changes in own credit standing are not taken into the account in the Solvency II balance sheet.

D.3.4 Insurance & Intermediaries Payables

Amounts due/overdue for payment by the valuation date to ceding insurance undertakings and linked to active reinsurance business, but that are not technical provisions (e.g. commissions due to reinsurance brokers but not yet paid by VIG Re). This position also includes payables from reinsurance accepted.

Payables related to future premiums included in the best estimate valuation of technical provisions, are excluded.

D.3.5 Reinsurance Payables

Amounts payable past due to reinsurers (in particular current accounts) other than deposits linked to retrocession, which are not included in reinsurance recoverables. Includes payables to reinsurers that relate to retro-ceded premiums.

Material long-term payables are revalued to fair value using the expected cashflows (no such payables are currently recognised by VIG Re). In case of short-term payables, the IFRS value is a reasonable proxy for the Solvency II valuation.

D.3.6 Payables (Trade, Not Insurance)

This item includes payables to employees, business partners other than insurance or reinsurance undertakings for their services, or other persons.

The fair value for Solvency II is represented by the IFRS value, which is determined at amortized costs (equals the nominal or repayment value).

D.3.7 Excess of Assets over Liabilities

The difference between assets and liabilities is shown here. This excess represents the value of basic own funds that – under respective restrictions – are available to cover the capital requirements. More details are discussed in Chapter E.1 – Own funds.

D.4 Alternative Methods for Valuation

Apart from the methods described above, the Company does not use any other alternative methods for valuation.

D.5 Any Other Information

The Company does not have any further information on valuation for solvency purposes to be included in the SFCR.

CAPITAL MANAGEMENT

E.1 Own Funds

The Company's available own funds reflect the ability of the Company to absorb any adverse impact stemming from a change in Solvency II balance sheet (assets and liabilities valuation) or resulting from a change in its own capital.

Capital management serves to ensure compliance with legal and internal standards for quality and quantity in order to meet the solvency capital requirement and minimum capital requirement.

E.1.1 Objective, Policies and Processes for Managing Own Funds

The Company's objectives with respect to capital management are to ensure the continued existence of the Company as a going concern. Furthermore, the objective is to maintain an optimal capital structure in order to fulfil obligations to primary insurers, continue providing dividends to shareholders and to meet the Solvency II requirements.

Capital management in VIG Re aims to maintain, at all times, sufficient own funds to cover the SCR and MCR within the Company's comfort zone. Own funds should be of sufficient quality to meet the eligibility requirements in Article 82 of the Delegated Regulation. The Company has implemented a Risk bearing capacity concept, in which the ratio of eligible own funds over SCR and MCR are analysed. As part of own funds management, the Company performs the Own Risk and Solvency Assessment process at least annually, or on ad-hoc basis when the risk profile significantly changes. The ORSA process incorporates the business planning which is typically considered over a three-year horizon.

The process of capital management in VIG Re consists of the following steps:

Capital Adequacy Assessment
This step assesses the current situation of capital adequacy which is accomplished within the Risk Bearing Capacity framework ensuring that both internal and regulatory requirements are met. This is achieved by the calculation of own funds and capital requirements on quarterly basis in order to ensure that that regulatory requirements for the solvency position are continuously met and also that the internally defined goals on comfort zone and minimum solvency ratio of 135% are satisfied.

In case own funds are considered insufficient, measures are implemented depending on the situations acknowledged.

Capital Planning
Capital planning involves the estimation of future capital situation. The Company plans the future development of the underwriting business and investment activities, based on which the projected capital requirement and future available own funds are estimated as part of the ORSA process (forward looking assessment). Within the planning process it is considered how developments either in business volumes and business mix or changes in existing risk factors may affect profitability, risks and capital needs. Scenarios of adverse developments and their impact on capital and solvency requirement are analysed in the ORSA process. Compliance with risk tolerance is also ensured during the planning process.

The outputs of the analysis from the adequacy assessment stage are then combined with business planning targets in order to determine possible capital deficiencies and future capital allocation.

Capital management measures
The results of the above mentioned steps in combination with business, investment and risk strategy are taken into consideration in order to determine possible capital management measures. A prudent assessment of capital adequacy and a careful capital planning are important phases when creating an understanding of the actions that maintain a proper balance between capital and risks. In order to implement capital management plan, measures are proposed for approval from the Board of Directors and Supervisory Board.

Despite the impacts of the pandemic on the Company's portfolio mainly in Q1, the solvency position remained within the comfort zone during 2020.

E.1.2 Own Funds Classified by Tiers

The Company's own funds comprise of the ordinary share capital, share premium, reconciliation reserve and subordinated liabilities.

Within the reconciliation reserve, the foreseeable dividend payments from profit are taken into account. Dividends are based on the dividend policy, which defines 85% distribution of profit after tax. This dividend policy is also applied on projected results.

Following the recommendations of EIOPA and CNB in connection with COCID 19, the Company added the full amount of profit from 2019 including foreseeable dividends in the retained earnings in Q1. In view of the financial stability and the solvency situation of VIG Re, the intention of dividend distribution was later communicated to CNB and the payment of the dividend was made in December 2020.

The Company's own funds include a subordinated loan of EUR 35 million by VIG Re from VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe which was issued in June 2018.

Company's IFRS Equity as of 31 December 2020 in comparison to 2019 are presented in the table below.

Table 32 - IFRS Equity 2020 (in EUR '000)

IFRS equity	2020	2019
Ordinary share capital	126 850	126 850
Share premium	49	49
Retained earnings	43 068	43 981
Available for sale reserve	10 864	8 056
Total shareholders' equity	**180 831**	**178 936**

The Company's Solvency II own funds as of 31 December 2020 in comparison to 2019 are presented in the table below.

Table 33 - Solvency II Own Funds 2020 (in EUR '000)

Solvency II Own Funds	2020	2019
Excess of assets over liabilities	224 669	224 625
Foreseeable dividends	14 254	17 683
Ordinary share capital	49	126 850
Share capital	83 515	49
Subordinated liabilities	35 708	35 708
Reconciliation reserve	83 515	80 043
SII Own funds	**246 123**	**242 650**

Foreseeable dividends are subject to final approval by the General Meeting and the Company's basic own funds are distributed to Tiers according to the following table:

Table 34 - Own Funds 2020 (in EUR '000)

2020	Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
Ordinary share capital	126 850	126 850	0	0	0
Share premiums	49	49	0	0	0
Reconciliation reserve	83 515	83 515	0	0	0
Subordinated liabilities	35 708	0	0	35 708	0
Total basic own funds	**246 122**	**210 414**	**0**	**35 708**	**0**

For 2019 the table was as follows:

Table 35- Own Funds 2019 (in EUR '000)

2019	Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
Ordinary share capital	126 850	126 850	0	0	0
Share premiums	49	49	0	0	0
Reconciliation reserve	80 043	80 043	0	0	0
Subordinated liabilities	35 708	0	0	35 708	0
Total basic own funds	**242 650**	**206 942**	**0**	**35 708**	**0**

The Company's eligible own funds for SCR and MCR are presented below:

Table 36 - Eligible Own Funds 2020 (in EUR '000)

2020	Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
Total eligible to meet SCR	246 123	210 415	0	35 708	0
Total eligible to meet MCR	221 677	210 415	0	11 262	0

Table 37 - Eligible Own Funds 2019 (in EUR '000)

2019	Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
Total eligible to meet SCR	242 650	206 942	0	35 708	0
Total eligible to meet MCR	216 853	206 942	0	9 911	0

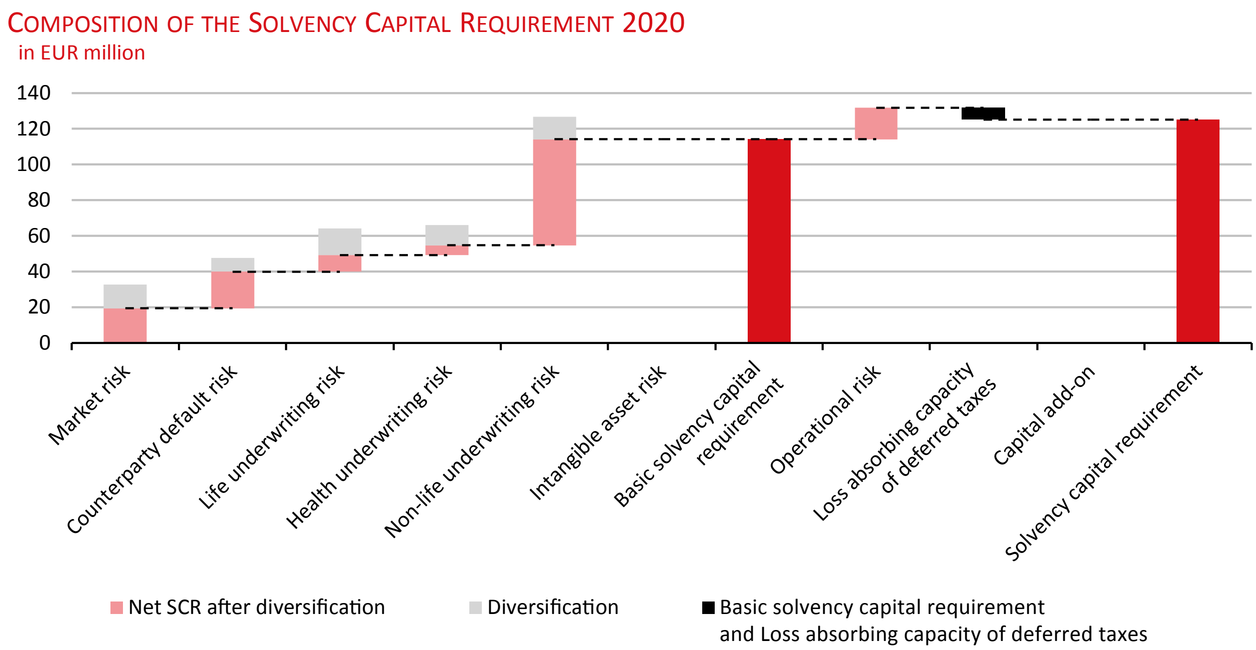
Tier 1 unrestricted own funds are increased mainly due the increased reconciliation reserve which is stemming from the difference in the valuation of Technical Provisions under Solvency II and IFRS. Tier 2 own funds include the subordinated loan which was accepted in 2018.

E.2 Solvency Capital Requirement and Minimum Capital Requirement

E.2.1 Amount of the Solvency Capital Requirement and Minimum Capital Requirement

The SCR of the Company as of 31 December 2020 is EUR 125.1 million (2019: EUR 110.1 million). The MCR of the Company as of 31 December 2020 is EUR 56.3 million (2019: EUR 49.6 million). The results per risk category are presented below:

Figure 9 - Composition of the Solvency Capital Requirement 2020



E.2.2 Solvency Capital Requirement Split by Risk Module

The final solvency capital requirement of the Company is the aggregation of the market, counterparty, Life underwriting, Non-Life and Health underwriting risks, less a credit for diversification, loss absorbing capacity of deferred taxes and then an additional charge for operational risk.

The cap to the loss-absorbing capacity of deferred taxes is based on the deferred tax liability in the Solvency II Balance Sheet. Due to the newly introduced tax law in Czech Republic, the Company estimated the deferred tax liabilities after its full implementation and this amount was used in the loss-absorbing capacity of deferred taxes in order to comply with the forward looking and ongoing principle of Solvency II.

Table 38 - Solvency Capital Requirement (in EUR ‘000)

	2020	2019
Market risk	32 697	29 203
Counterparty default risk	28 196	29 068
Life underwriting risk	24 374	17 463
Non-Life underwriting risk	71 989	67 335
Health underwriting risk	16 705	19 158
Intangible asset risk	0	0
Diversification	-59 761	-54 976
Basic solvency capital requirement	114 200	107 252
Operational risk	17 572	15 916
Loss-absorbing capacity of technical provisions	0	0
Loss-absorbing capacity of deferred taxes	-6 638	-13 042
Solvency capital requirement	**125 133**	**110 125**

E.2.3 Use of Simplification in Calculations of Sub-Modules, Use of Underwriting Specific Parameters

The Company used one simplification in the applying the standard formula, applied in the calculation of the risk mitigation of the retrocession contracts for the counterparty default risk calculation according to Article 107, Delegated Act 2015/35.

E.2.4 Inputs Used to Calculate the Minimum Capital Requirement

The input used to calculate the MCR of the Company are as follows. The underlying input data (net best estimates and net written premium) are also presented QRT S.28.01.

Table 39 - Underlying Input Data (in EUR '000)

SII Line of Business	Net best estimate	Net written premiums
Medical expense insurance and proportional reinsurance	4 425	5 765
Income protection insurance and proportional reinsurance	17 900	6 961
Workers' compensation insurance and proportional reinsurance	27	25
Motor vehicle liability insurance and proportional reinsurance	31 326	27 036
Other motor insurance and proportional reinsurance	4 685	19 896
Marine, aviation and transport insurance and proportional re	3 085	4 612
Fire and other damage to property insurance and proportional	44 800	128 297
General liability insurance and proportional reinsurance	19 206	9 369
Credit and suretyship insurance and proportional reinsurance	75	5
Legal expenses insurance and proportional reinsurance	41	51
Assistance and proportional reinsurance	0	0
Miscellaneous financial loss insurance and proportional rein	1	18
Non-proportional health reinsurance	0	20 350
Non-proportional casualty reinsurance	102 520	37 156
Non-proportional marine, aviation and transport reinsurance	2 247	3 415
Non-proportional property reinsurance	37 802	83 838
Total	**268 139**	**346 793**

The increase of the MCR compared to 2019 is driven by the increased SCR.

Table 41 - Minimum Capital Requirement (in EUR '000)

	2020	2019
Linear MCR	84 862	66 370
SCR	125 133	110 125
MCR cap	56 310	49 556
MCR floor	31 283	27 531
Combined MCR	56 310	49 556
Absolute floor of the MCR	3 600	3 600
Minimum Capital Requirement	56 310	49 556

E.3 Use of the Duration-Based Equity Risk Sub-Module in the Calculation of the Solvency Capital Requirement

The Company has not used the duration-based equity risk sub-module in the calculation of the SCR.

E.4 Differences between the Standard Formula and Any Internal Model Used

The Company has been developing its Partial Internal Model (PIM) since 2015 and gained its approval in 2019. The model is part of the VIG Group PIM, however, contains many reinsurance specific adjustments.

The model has been developed internally by the Actuarial Services and Retrocession Department with the support of VIG Enterprise Risk Management and Arithmetica Consulting GmbH. The main motivation for development of the partial internal model was to more properly reflect the Company´s risk profile, especially specifics of more complex reinsurance structures. The intention of the Company was also to develop a model which can be used as a powerful tool for various management decision.

The following graph presents all SCR sub-modules. The modules highlighted in green are calculated based on the Partial Internal Model:

Figure 10 - SCR Components

The application, structure and methodology of the model and its integration are described in the sections below.

The model covers all material underwriting risks in Non-life and in Health Underwriting business and is used not only for SCR calculation but also in other areas like:

- planning process,
- reinsurance pricing,
- accumulation control for natural catastrophe and
- retrocession optimization.

The calculated solvency capital requirement corresponds to the value-at-risk for a change in own funds with a confidence level of 99.5% over a period of one year.

The model parametrisation is performed on two different granularity levels. Reserve risk is parametrised on individual reserving segment level, whilst the parametrisation of the premium and catastrophe risk is performed on individual active reinsurance contact level where both attritional and large claims are also randomly simulated. The parametrisation of premium and catastrophe risk is performed already during the renewal process when each individual contract is quoted and for each contract an actuarial stochastic model is created. After the renewal period all the individual stochastic models are aggregated into a large one where also retrocession structure is set.

The Company´s historical accounting data are used for the parametrisation of the reserve risk, for each homogenous reserving group the claims technical provisions best estimate and their standard deviations on one-year horizon are estimated. To reflect the specifics of each active reinsurance contract individual renewal data provided by each client are used wherever possible for parametrisation of the premium and catastrophe risks. Where these data are not sufficient individual market data are used.

The whole model allows for a one-year modelling of the underwriting result in the non-life insurance business using a Monte Carlo simulation. In this simulation, a multitude of possible scenarios is generated based on a random number generator. A possible realisation of profit and loss items is estimated (premiums, losses, etc.) for each scenario on gross and net of reinsurance level. Overall, the generated scenarios allow for the identification of risk drivers and analysis of possible extreme events.

Diversification effects in the model between the sub-modules stem directly from the Monte Carlo simulation and from the implemented correlation structures that use copulas to take into account all material dependencies that occur in reality. This includes, among other things, the correlation of portfolio performance, losses and reserve levels between the modelled lines of business.

In comparison to the standard formula, the model allows for a better reflection of the Company´s risk profile. The individual reserving groups within each individual Solvency II line of business are more homogenous and parametrised on the Company´s historical data. Within the premium and catastrophe risk the Company performs the parametrisation on each active reinsurance contract level and also incorporates all characteristics of that contract into the individual stochastic pricing model. Due to the detailed nature of the model also all characteristics of the complex retrocession programme can be integrated.

Therefore, the model is also used for steering of the Company including underwriting decisions, business planning and retrocession purposes. The adequacy of the data and methods is reviewed annually as part of the comprehensive validation. If necessary, the modelling can be adapted quickly to changes in the risk profile. Detailed information on the validation process and governance system for the PIM is provided in section B.3.3.

E.5 Non-Compliance with the Minimum Capital Requirement and Non-Compliance with the Solvency Capital Requirement

The Company has maintained capital exceeded the minimum solvency capital requirement and its solvency capital requirement.

E.6 Any Other Information

The Company does not have any further information regarding the capital management to be reported.

Abbreviations

Abbreviation	Detail
BELs	Best estimates of liabilities
BoD	Board of Directors
BF	Bornhuetter Fergusson Method
CEE	Central and Eastern Europe
DFM	Development Factor Methods
Commission Regulation 2015/35	Commission Delegated Regulation (EU) 2015/35 of 10 October 2014 supplementing Directive 2009/138/EC of the European Parliament and of the Council
Directive 2009/138/EC	Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009
EIOPA	The European Insurance and Occupational Pensions Authority
EPI	Expected premium income
ERM	Enterprise Risk Management
EUR	Euro
FDB	Future Discretionary Benefits
GDPR	General Data Protection Regulation Regulation (EU) 2016/679 of the European Parliament (General Data Protection Regulation
Health SLT	Similar to Life Techniques
Health NSLT	Non-similar to Life Techniques
IASB	the International Accounting Standards Board
IBNER	Incurred but not enough reported
IBNR	Incurred but not reported
ICS	Internal control system
IFRS	International Financial Reporting Standards
IMF	International Monetary Fund
LoBs	Line of Business
MCR	Minimum capital requirement
ORSA	Own Risk and Solvency Assessment
P&C	Property & Casualty
QRT	Quantitative Reporting Templates
RBNS	Reported but not Settled
RCM	Risk Control Matrix
ResQ	Loss Reserving System for Insurance and Reinsurance
RSR	the Regular supervisory report
SCR	Solvency capital requirement
SFCR	the Solvency and financial condition report
SII	Solvency II
Solvency II	refers to Directive 2009/138/EC of the European Parliament and of the Council and related regulation
TP	Technical provision
VaR	Value at Risk
WIIW	Wiener Institut fur Internationale Wirtschaftsvergleiche

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Annex I – Organisational Structure as of 31 December 2020

Governance	**Supervisory Board**	Thirring, Stadler, Flandrin, Bakeš, Höfinger, Lahner, Lasshofer
Governance	**Board of Directors**	Hartmann, Jurčíková, Rowicki
Governance	**Internal Audit**	Jurčíková
Governance	**Compliance**	Nulíčková
Governance	**Actuarial Function**	Marcinek
Governance	**Risk Management**	Alexiou
Governance	**Corporate Underwriting**	Dietrich
Markets	**Life & Health**	Gałan
Markets	**VIG CEE**	Mirnik
Markets	**International**	Mirnik
Markets	**Branch Germany**	Christoph
Markets	**Branch France**	Chevrel
Markets	**Southern Europe**	Chevrel
Markets	**Facultative**	Chevrel
Middle Office	**Actuarial Services and Retrocession**	Hrevuš
Middle Office	**Reinsurance Accounting and Claims**	Korytina
Middle Office	**Business Administration**	Dietrich
Support Functions	**Business Processes and IT Solutions**	Maryška
Support Functions	**Controlling, Planning, Reporting**	Štěpán
Support Functions	**Corporate Governance and Legal**	Jurčíková
Support Functions	**Human Resources**	Hartmann
Support Functions	**Marketing and Communications**	Hartmann
Support Functions	**Board Office**	Jurčíková

Audit Committee

Underwriting Committee

Risk and Compl. Comm.

Techn. Reserv. Comm.

Techn. Reserv. Comm.

Outsourced Functions

Asset Management
Middle Office
Asset Risk Management
Economic Services
Human Resources
Legal Services
Information Technology
Procurement

Annex II – Quantitative Information

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S.05.01.02	Premiums, claims and expenses by line of business
S.05.02.01	Premiums, claims and expenses by country
S.12.01.02	Life and Health SLT Technical Provisions
S.17.01.02	Non-Life Technical Provisions
S.19.01.21	Non-Life Insurance Claims Information
S.22.01.21	Impact of long term guarantees and transitional measures
S.23.01.01	Own funds
S.25.02.21	Solvency Capital Requirement – for undertakings using the Partial Internal Model
S.28.01.01	Minimum Capital Requirement - Only Life or only Non-Life insurance or reinsurance activity
S.28.02.01	Minimum Capital Requirement – Both Life and Non-Life insurance activity

Figures are in thousands EUR unless stated otherwise.

VIG Re's collateral arrangements are well below 60% of total assets. The threshold of 60% is defined in Article 192 (2) of the Solvency II Delegated Regulation (EU) 2015/35 and this information is relevant for the calculation of the counterparty default risk with respect to VIG Re using Solvency II standard formula.

Annex II - S.02.01.02

Balance sheet

Assets		Solvency II value C0010
Intangible assets	R0030	
Deferred tax assets	R0040	
Pension benefit surplus	R0050	0
Property, plant & equipment held for own use	R0060	2 952
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	477 926
Property (other than for own use)	R0080	0
Holdings in related undertakings, including participations	R0090	6 648
Equities	R0100	1 337
Equities - listed	R0110	479
Equities - unlisted	R0120	858
Bonds	R0130	338 245
Government Bonds	R0140	217 522
Corporate Bonds	R0150	120 723
Structured notes	R0160	
Collateralised securities	R0170	0
Collective Investments Undertakings	R0180	131 696
Derivatives	R0190	0
Deposits other than cash equivalents	R0200	0
Other investments	R0210	0
Assets held for index-linked and unit-linked contracts	R0220	6 801
Loans and mortgages	R0230	7 701
Loans on policies	R0240	
Loans and mortgages to individuals	R0250	0
Other loans and mortgages	R0260	7 701
Reinsurance recoverables from:	R0270	201 840
Non-life and health similar to non-life	R0280	196 243
Non-life excluding health	R0290	179 128
Health similar to non-life	R0300	17 115
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	5 597
Health similar to life	R0320	0
Life excluding health and index-linked and unit-linked	R0330	5 597
Life index-linked and unit-linked	R0340	0
Deposits to cedants	R0350	116 137
Insurance and intermediaries receivables	R0360	84 031
Reinsurance receivables	R0370	38 034
Receivables (trade, not insurance)	R0380	2 711
Own shares (held directly)	R0390	0
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400	0
Cash and cash equivalents	R0410	44 817
Any other assets, not elsewhere shown	R0420	391
Total assets	R0500	**983 341**

Liabilities		Solvency II value C0010
Technical provisions – non-life	R0510	485 682
Technical provisions – non-life (excluding health)	R0520	447 757
TP calculated as a whole	R0530	0
Best Estimate	R0540	424 915
Risk margin	R0550	22 842
Technical provisions - health (similar to non-life)	R0560	37 924
TP calculated as a whole	R0570	0
Best Estimate	R0580	34 414
Risk margin	R0590	3 510
Technical provisions - life (excluding index-linked and unit-linked)	R0600	82 025
Technical provisions - health (similar to life)	R0610	-606
TP calculated as a whole	R0620	0
Best Estimate	R0630	-2 100
Risk margin	R0640	1 494
Technical provisions – life (excluding health and index-linked and unit-linked)	R0650	82 631
TP calculated as a whole	R0660	0
Best Estimate	R0670	68 039
Risk margin	R0680	14 592
Technical provisions – index-linked and unit-linked	R0690	8 993
TP calculated as a whole	R0700	0
Best Estimate	R0710	7 405
Risk margin	R0720	1 588
Contingent liabilities	R0740	
Provisions other than technical provisions	R0750	
Pension benefit obligations	R0760	
Deposits from reinsurers	R0770	9 506
Deferred tax liabilities	R0780	9 723
Derivatives	R0790	
Debts owed to credit institutions	R0800	
Financial liabilities other than debts owed to credit institutions	R0810	4 453
Insurance & intermediaries payables	R0820	103 842
Reinsurance payables	R0830	12 822
Payables (trade, not insurance)	R0840	5 911
Subordinated liabilities	R0850	35 708
Subordinated liabilities not in BOF	R0860	
Subordinated liabilities in BOF	R0870	35 708
Any other liabilities, not elsewhere shown	R0880	7
Total liabilities	R0900	**758 672**
Excess of assets over liabilities	R1000	**224 669**

Annex II - S.05.01.02

Premiums, claims and expenses by line of business

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)								
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090
Premiums written										
Gross - Direct Business	R0110									
Gross - Proportional reinsurance accepted	R0120	7 595	7 007	25	37 330	20 690	7 263	200 024	9 821	1 085
Gross - Non-proportional reinsurance accepted	R0130									
Reinsurers' share	R0140	1 830	46		10 295	795	2 651	71 727	452	1 080
Net	R0200	5 765	6 961	25	27 036	19 896	4 612	128 297	9 369	5
Premiums earned										
Gross - Direct Business	R0210									
Gross - Proportional reinsurance accepted	R0220	7 545	6 988	24	37 953	20 664	7 032	197 590	9 140	940
Gross - Non-proportional reinsurance accepted	R0230									
Reinsurers' share	R0240	1 777	45		10 632	787	2 620	69 120	477	909
Net	R0300	5 768	6 944	24	27 322	19 877	4 412	128 470	8 664	31
Claims incurred										
Gross - Direct Business	R0310									
Gross - Proportional reinsurance accepted	R0320	6 107	5 002	14	30 039	9 124	4 601	146 319	6 090	230
Gross - Non-proportional reinsurance accepted	R0330									
Reinsurers' share	R0340	1 057	198	1	9 791	624	1 875	60 573	757	246
Net	R0400	5 050	4 804	13	20 248	8 500	2 726	85 745	5 333	-16
Changes in other technical provisions										
Gross - Direct Business	R0410									
Gross - Proportional reinsurance accepted	R0420	0	-355	0	0	0	0	0	0	0
Gross - Non- proportional reinsurance accepted	R0430									
Reinsurers'share	R0440	0	0	0	0	0	0	0	0	0
Net	R0500	0	-355	0	0	0	0	0	0	0
Expenses incurred	R0550	**1 039**	**2 419**	**7**	**8 446**	**12 619**	**1 752**	**49 844**	**2 877**	**59**
Other expenses	R1200									
Total expenses	R1300									

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)			Line of business for: accepted non-proportional reinsurance				Total
		Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty	Marine, aviation, transport	Property	
		C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0200
Premiums written									
Gross - Direct Business	R0110								
Gross - Proportional reinsurance accepted	R0120	52	0	22					290 914
Gross - Non-proportional reinsurance accepted	R0130				26 790	58 274	6 784	170 141	261 990
Reinsurers' share	R0140	1	0	4	6 441	21 118	3 369	86 304	206 110
Net	R0200	51	0	18	20 350	37 156	3 415	83 838	346 793
Premiums earned									
Gross - Direct Business	R0210								
Gross - Proportional reinsurance accepted	R0220	52	0	22					287 950
Gross - Non-proportional reinsurance accepted	R0230				26 688	58 022	6 831	170 995	262 537
Reinsurers' share	R0240	1	0	4	6 602	20 949	3 379	87 906	205 208
Net	R0300	51	0	18	20 086	37 073	3 452	83 088	345 279
Claims incurred									
Gross - Direct Business	R0310								
Gross - Proportional reinsurance accepted	R0320	16	0	1					207 543
Gross - Non-proportional reinsurance accepted	R0330				8 002	41 953	7 519	94 677	152 150
Reinsurers' share	R0340	2	0	0	3 733	15 622	5 432	35 832	135 743
Net	R0400	14	0	1	4 269	26 330	2 087	58 844	223 950
Changes in other technical provisions									
Gross - Direct Business	R0410								
Gross - Proportional reinsurance accepted	R0420	0	0	0					-355
Gross - Non- proportional reinsurance accepted	R0430				0	0	0	0	0
Reinsurers'share	R0440	0	0	0	0	0	0	0	0
Net	R0500	0	0	0	0	0	0	0	-355
Expenses incurred	R0550	**32**	**0**	**11**	**9 434**	**1 619**	**345**	**19 624**	**110 127**
Other expenses	R1200								
Total expenses	R1300								**110 127**

Premiums, claims and expenses by line of business

		Line of Business for: life insurance obligations						Life reinsurance obligations		Total
		Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Health reinsurance	Life reinsurance	
		C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0300
Premiums written										
Gross	R1410							1 191	25 186	26 377
Reinsurers' share	R1420							0	8 404	8 404
Net	R1500							1 191	16 782	17 973
Premiums earned										
Gross	R1510							1 191	25 241	26 431
Reinsurers' share	R1520							0	8 299	8 299
Net	R1600							1 191	16 942	18 132
Claims incurred										
Gross	R1610							85	18 541	18 626
Reinsurers' share	R1620							0	3 935	3 935
Net	R1700							85	14 606	14 690
Changes in other technical provisions										
Gross	R1710							-283	4 047	3 765
Reinsurers' share	R1720							0	-219	-219
Net	R1800							-283	4 266	3 984
Expenses incurred	R1900							**416**	**5 173**	**5 589**
Other expenses	R2500									
Total expenses	R2600									**5 589**

Premiums, claims and expenses by country

		Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations					Total Top 5 and home country
		C0010	C0020	C0030	C0040	C0050	C0060	C0070
	R0010		AT	DE	IT	PL	TR	
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
Premiums written								
Gross - Direct Business	R0110							
Gross - Proportional reinsurance accepted	R0120	12 201	85 846	34 012	32 942	16 470	22 731	204 201
Gross - Non-proportional reinsurance accepted	R0130	34 052	94 377	20 858	9 416	15 445	8 493	182 641
Reinsurers' share	R0140	31 838	72 568	8 602	1 666	14 260	15 006	143 940
Net	R0200	14 415	107 655	46 268	40 692	17 655	16 218	242 903
Premiums earned								
Gross - Direct Business	R0210							
Gross - Proportional reinsurance accepted	R0220	11 844	85 037	33 880	32 886	16 363	23 040	203 049
Gross - Non-proportional reinsurance accepted	R0230	33 751	95 281	20 971	9 781	15 361	8 301	183 446
Reinsurers' share	R0240	31 821	72 325	8 694	1 778	13 878	15 475	143 972
Net	R0300	13 773	107 993	46 157	40 888	17 846	15 865	242 522
Claims incurred								
Gross - Direct Business	R0310							
Gross - Proportional reinsurance accepted	R0320	6 227	72 563	18 033	20 187	10 765	19 521	147 297
Gross - Non-proportional reinsurance accepted	R0330	6 636	42 122	18 302	9 847	15 064	1 914	93 884
Reinsurers' share	R0340	7 006	54 111	10 601	1 135	6 676	11 206	90 735
Net	R0400	5 858	60 574	25 733	28 899	19 153	10 230	150 447
Changes in other technical provisions								
Gross - Direct Business	R0410							
Gross - Proportional reinsurance accepted	R0420		0	355	0	0	0	355
Gross - Non- proportional reinsurance accepted	R0430							0
Reinsurers'share	R0440							0
Net	R0500		0	355	0	0	0	355
Expenses incurred	R0550	**2 621**	**43 324**	**13 869**	**15 895**	**5 484**	**3 747**	**84 941**
Other expenses	R1200							
Total expenses	R1300							**84 941**

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Premiums, claims and expenses by country

		Home Country	Top 5 countries (by amount of gross premiums written) - life obligations					Total Top 5 and home country
		C0150	C0160	C0170	C0180	C0190	C0200	C0210
	R1400		AT	DE	HU	PL	SK	
		C0220	C0230	C0240	C0250	C0260	C0270	C0280
Premiums written								
Gross	R1410	239	7 989	5 873	502	1 532	8 118	24 253
Reinsurers' share	R1420	3	1 695	4 050	0	250	1 691	7 689
Net	R1500	236	6 294	1 823	502	1 282	6 427	16 564
Premiums earned								
Gross	R1510	239	8 162	5 873	503	1 531	8 016	24 324
Reinsurers' share	R1520	3	1 638	4 050	0	250	1 640	7 581
Net	R1600	236	6 524	1 823	503	1 281	6 376	16 743
Claims incurred								
Gross	R1610	37	13 164	3 191	88	290	1 021	17 792
Reinsurers' share	R1620	0	307	2 777	0	26	499	3 608
Net	R1700	37	12 857	415	88	265	522	14 185
Changes in other technical provisions								
Gross	R1710	0	-6 407	513	0	0	1 805	-4 089
Reinsurers' share	R1720	0	0	219	0	0	0	219
Net	R1800	0	-6 407	294	0	0	1 805	-4 308
Expenses incurred	R1900	**81**	**1 429**	**888**	**115**	**387**	**2 392**	**5 293**
Other expenses	R2500							
Total expenses	R2600							**5 293**

Life and Health SLT Technical Provisions

			Index-linked and unit-linked insurance			Other life insurance					
		Insurance with profit participation		Contracts without options and guarantees	Contracts with options or guarantees		Contracts without options and guarantees	Contracts with options or guarantees	Annuities stemming from non-life insurance contracts and relating to insurance obligation other than health insurance obligations	Accepted reinsurance	Total (Life other than health insurance, incl. Unit-Linked)
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0150
Technical provisions calculated as a whole	R0010										
Total Recoverables from reinsurance/ SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	R0020										
Technical provisions calculated as a sum of BE and RM											
Best Estimate											
Gross Best Estimate	R0030									**75 443**	**75 443**
Total Recoverables from reinsurance/ SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0080									5 597	5 597
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	R0090									69 846	69 846
Risk Margin	R0100									**16 180**	**16 180**
Amount of the transitional on Technical Provisions											
Technical Provisions calculated as a whole	R0110										
Best estimate	R0120										
Risk margin	R0130										
Technical provisions - total	R0200									**91 624**	**91 624**

Life and Health SLT Technical Provisions

		Health insurance (direct business)			Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Health reinsurance (reinsurance accepted)	Total (Health similar to life insurance)
			Contracts without options and guarantees	Contracts with options or guarantees			
		C0160	C0170	C0180	C0190	C0200	C0210
Technical provisions calculated as a whole	R0010						
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	R0020						
Technical provisions calculated as a sum of BE and RM							
Best Estimate							
Gross Best Estimate	R0030					**-2 100**	**-2 100**
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0080					0	0
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	R0090					-2 100	-2 100
Risk Margin	R0100					**1 494**	**1 494**
Amount of the transitional on Technical Provisions							
Technical Provisions calculated as a whole	R0110						
Best estimate	R0120						
Risk margin	R0130						
Technical provisions - total	R0200					**-606**	**-606**

		Direct business and accepted proportional reinsurance								
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100
Technical provisions calculated as a whole	R0010									
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	R0050									
Technical provisions calculated as a sum of BE and RM										
Best estimate										
Premium provisions										
Gross	R0060	-117	-1 323	17	596	43	-152	4 942	926	50
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140	-163	-1	0	-622	-10	309	13 928	164	33
Net Best Estimate of Premium Provisions	R0150	46	-1 322	17	1 217	53	-461	-8 987	762	16
Claims provisions										
Gross	R0160	4 361	19 342	9	37 601	4 773	6 425	100 585	19 479	633
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240	-18	120	0	7 493	141	2 879	46 798	1 034	574
Net Best Estimate of Claims Provisions	R0250	4 380	19 222	9	30 108	4 632	3 546	53 787	18 444	59
Total Best estimate - gross	R0260	**4 244**	**18 019**	**27**	**38 197**	**4 817**	**6 273**	**105 526**	**20 404**	**683**
Total Best estimate - net	R0270	**4 425**	**17 900**	**27**	**31 326**	**4 685**	**3 085**	**44 800**	**19 206**	**75**
Risk margin	R0280	**115**	**2 809**	**1**	**1 772**	**135**	**175**	**2 536**	**1 108**	**12**
Amount of the transitional on Technical Provisions										
Technical Provisions calculated as a whole	R0290									
Best estimate	R0300									
Risk margin	R0310									

		Direct business and accepted proportional reinsurance								
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100
Technical provisions - total										
Technical provisions - total	R0320	4 359	20 827	28	39 969	4 952	6 447	108 062	21 513	695
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330	-181	119	0	6 871	131	3 188	60 726	1 198	608
Technical provisions minus recoverables from reinsurance/ SPV and Finite Re - total	R0340	4 540	20 709	28	33 098	4 821	3 259	47 336	20 314	87

Non-life Technical Provisions

		Direct business and accepted proportional reinsurance			Accepted non-proportional reinsurance				Total Non-Life obligation
		Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	
		C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
Technical provisions calculated as a whole	**R0010**								
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	**R0050**								
Technical provisions calculated as a sum of BE and RM									
Best estimate									
Premium provisions									
Gross	**R0060**	-9	0	-7	-12 426	-3 749	-1 330	-40 676	-53 216
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0140**	0	0	0	-249	-110	-780	-31 573	-19 074
Net Best Estimate of Premium Provisions	**R0150**	-9	0	-7	-12 176	-3 639	-549	-9 104	-34 142
Claims provisions									
Gross	**R0160**	51	0	8	24 550	173 458	10 994	110 276	512 545
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0240**	1	0	0	17 427	67 300	8 198	63 370	215 316
Net Best Estimate of Claims Provisions	**R0250**	50	0	8	7 123	106 158	2 796	46 906	297 228
Total Best estimate - gross	**R0260**	**42**	**0**	**1**	**12 124**	**169 709**	**9 665**	**69 600**	**459 329**
Total Best estimate - net	**R0270**	**41**	**0**	**1**	**-5 053**	**102 520**	**2 247**	**37 802**	**263 087**
Risk margin	**R0280**	**1**	**0**		**585**	**13 719**	**411**	**2 971**	**26 352**
Amount of the transitional on Technical Provisions									
Technical Provisions calculated as a whole	**R0290**								
Best estimate	**R0300**								
Risk margin	**R0310**								

		Direct business and accepted proportional reinsurance			Accepted non-proportional reinsurance				Total Non-Life obligation
		Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	
		C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
Technical provisions - total									
Technical provisions - total	R0320	43	0	1	12 710	183 429	10 076	72 571	485 682
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330	1	0	0	17 177	67 189	7 418	31 798	196 243
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0340	43	0	1	-4 468	116 239	2 658	40 773	289 439

Total Non-Life Business

Accident year / Underwriting year	Z0010	Underwriting year

Gross Claims Paid (non-cumulative)

(absolute amount)

		Development year												In Current year	Sum of years (cumulative)
	Year	0	1	2	3	4	5	6	7	8	9	10 & +			
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110		C0170	C0180
Prior	R0100											961	R0100	961	961
N-9	R0160	51 121	15 559	7 194	2 452	3 176	2 803	2 522	2 054	675	729		R0160	729	88 285
N-8	R0170	68 402	30 623	9 894	3 552	2 095	3 163	1 054	1 566	1 720			R0170	1 720	122 070
N-7	R0180	127 182	63 330	20 545	9 181	3 424	3 046	1 663	864				R0180	864	229 234
N-6	R0190	101 922	51 290	31 124	17 053	11 263	23 109	1 283					R0190	1 283	237 044
N-5	R0200	91 074	57 115	28 775	13 680	9 187	7 507						R0200	7 507	207 338
N-4	R0210	77 712	48 501	15 283	6 957	5 657							R0210	5 657	154 110
N-3	R0220	115 710	77 398	33 832	28 536								R0220	28 536	255 476
N-2	R0230	86 865	57 272	28 553									R0230	28 553	172 691
N-1	R0240	106 830	88 679										R0240	88 679	195 510
N	R0250	112 507											R0250	112 507	112 507
												Total	R0260	276 998	1 775 225

Gross undiscounted Best Estimate Claims Provisions

(absolute amount)

		Development year												Year end (discounted data)
	Year	0	1	2	3	4	5	6	7	8	9	10 & +		
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300		C0360
Prior	R0100											31 636	R0100	31 638
N-9	R0160	0	0	0	0	0	18 838	12 362	10 422	8 655	8 033		R0160	7 764
N-8	R0170	0	0	0	0	21 141	17 726	17 851	16 121	12 867			R0170	12 598
N-7	R0180	0	0	0	25 831	23 984	16 422	14 477	12 597				R0180	12 338
N-6	R0190	0	0	53 183	61 413	49 947	18 358	13 624					R0190	13 090
N-5	R0200	0	82 976	67 489	49 581	30 094	24 491						R0200	22 779
N-4	R0210	89 889	61 459	44 135	29 521	31 425							R0210	28 474
N-3	R0220	142 139	108 345	70 599	49 893								R0220	48 378
N-2	R0230	101 617	82 393	42 440									R0230	40 511
N-1	R0240	176 713	121 155										R0240	116 773
N	R0250	184 424											R0250	178 202
												Total	R0260	512 545

Annex II - S.22.01.21

Impact of long term guarantees and transitional measures

		Amount with Long Term Guarantee measures and transitionals	Impact of transitional on technical provisions	Impact of transitional on interest rate	Impact of volatility adjustment set to zero	Impact of matching adjustment set to zero
		C0010	C0030	C0050	C0070	C0090
Technical provisions	R0010					
Basic own funds	R0020					
Eligible own funds to meet Solvency Capital Requirement	R0050					
Solvency Capital Requirement	R0090					
Eligible own funds to meet Minimum Capital Requirement	R0100					
Minimum Capital Requirement	R0110					

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation (EU) 2015/35						
Ordinary share capital (gross of own shares)	R0010	126 850	126 850			
Share premium account related to ordinary share capital	R0030	50	50			
initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040	0	0			
Subordinated mutual member accounts	R0050					
Surplus funds	R0070					
Preference shares	R0090					
Share premium account related to preference shares	R0110					
Reconciliation reserve	R0130	83 515	83 515			
Subordinated liabilities	R0140	35 708			35 708	
An amount equal to the value of net deferred tax assets	R0160					
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180					
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220					
Deductions						
Deductions for participations in financial and credit institutions	R0230					
Total basic own funds after deductions	R0290	**246 123**	**210 415**		**35 708**	
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300					
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310					
Unpaid and uncalled preference shares callable on demand	R0320					
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330					
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340					
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350					
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360					
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370					
Other ancillary own funds	R0390					
Total ancillary own funds	R0400					

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Available and eligible own funds						
Total available own funds to meet the SCR	R0500	246 123	210 415		35 708	
Total available own funds to meet the MCR	R0510	246 123	210 415		35 708	
Total eligible own funds to meet the SCR	R0540	246 123	210 415	0	35 708	0
Total eligible own funds to meet the MCR	R0550	221 677	210 415	0	11 262	
SCR	R0580	**125 133**				
MCR	R0600	**56 310**				
Ratio of Eligible own funds to SCR	R0620	**196,69 %**				
Ratio of Eligible own funds to MCR	R0640	**393,67 %**				

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	224 669
Own shares (held directly and indirectly)	R0710	
Foreseeable dividends, distributions and charges	R0720	14 254
Other basic own fund items	R0730	126 900
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	
Reconciliation reserve	R0760	**83 515**
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	R0770	14 540
Expected profits included in future premiums (EPIFP) - Non- life business	R0780	68 219
Total Expected profits included in future premiums (EPIFP)	R0790	**82 760**

Annex II - S.25.01.21 Solvency Capital Requirement - for undertakings on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0100
Market risk	R0010			
Counterparty default risk	R0020			
Life underwriting risk	R0030			
Health underwriting risk	R0040			
Non-life underwriting risk	R0050			
Diversification	R0060			
Intangible asset risk	R0070			
Basic Solvency Capital Requirement	R0100			

Calculation of Solvency Capital Requirement		C0100
Operational risk	R0130	
Loss-absorbing capacity of technical provisions	R0140	
Loss-absorbing capacity of deferred taxes	R0150	
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	
Solvency capital requirement excluding capital add-on	R0200	
Capital add-on already set	R0210	
Solvency capital requirement	R0220	
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	R0400	
Total amount of Notional Solvency Capital Requirement for remaining part	R0410	
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420	
Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	R0430	
Diversification effects due to RFF nSCR aggregation for article 304	R0440	

		Yes/No
		C0109
Approach based on average tax rate	R0590	

		LAC DT
Calculation of loss absorbing capacity of deferred taxes		C0130
LAC DT	R0640	
LAC DT justified by reversion of deferred tax liabilities	R0650	
LAC DT justified by reference to probable future taxable economic profit	R0660	
LAC DT justified by carry back, current year	R0670	
LAC DT justified by carry back, future years	R0680	
Maximum LAC DT	R0690	

Annex II - S.25.02.21 Solvency Capital Requirement - for undertakings using the standard formula and partial internal model

Unique number of component	Components description	Calculation of the Solvency Capital Requirement	Amount modelled	USP	Simplifications
C0010	C0020	C0030	C0070	C0090	C0120
1	Market risk	32 697	0		
2	Counterparty default risk	28 196	0		
3	Life underwriting risk	24 374	0		
4	Health underwriting risk	16 705	12 555		
5	Non-life underwriting risk	71 989	71 989		
6	Intangible asset risk	0	0		
7	Operational risk	17 572	0		
8	LAC Technical Provisions (negative amount)	0	0		
9	LAC Deferred Taxes (negative amount)	-6 638	0		

Calculation of Solvency Capital Requirement		C0100
Total undiversified components	R0110	184 894
Diversification	R0060	-59 761
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	0
Solvency capital requirement excluding capital add-on	R0200	**125 133**
Capital add-ons already set	R0210	0
Solvency capital requirement	R0220	**125 133**
Other information on SCR		
Amount/estimate of the overall loss-absorbing capacity of technical provisions	R0300	0
Amount/estimate of the overall loss-absorbing capacity ot deferred taxes	R0310	-6 638
Capital requirement for duration-based equity risk sub-module	R0400	0
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	0
Total amount of Notional Solvency Capital Requirements for ring fenced funds (other than those related to business operated in accordance with Art. 4 of Directive 2003/41/EC (transitional))	R0420	0
Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	R0430	0
Diversification effects due to RFF nSCR aggregation for article 304	R0440	0

		Yes/No
		C0109
Approach based on average tax rate	R0590	Yes

		LAC DT
Calculation of loss absorbing capacity of deferred taxes		C0130
LAC DT	R0640	-6 638
LAC DT justified by reversion of deferred tax liabilities	R0650	-6 638
LAC DT justified by reference to probable future taxable economic profit	R0660	0
LAC DT justified by carry back, current year	R0670	0
LAC DT justified by carry back, future years	R0680	0
Maximum LAC DT	R0690	-6 638

Annex II - S.28.01.01

Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

Linear formula component for non-life insurance and reinsurance obligations		
		C0010
MCRNL Result	R0010	78 029

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
Medical expense insurance and proportional reinsurance	R0020	4 425	5 765
Income protection insurance and proportional reinsurance	R0030	17 900	6 961
Workers' compensation insurance and proportional reinsurance	R0040	27	25
Motor vehicle liability insurance and proportional reinsurance	R0050	31 326	27 036
Other motor insurance and proportional reinsurance	R0060	4 685	19 896
Marine, aviation and transport insurance and proportional reinsurance	R0070	3 085	4 612
Fire and other damage to property insurance and proportional reinsurance	R0080	44 800	128 297
General liability insurance and proportional reinsurance	R0090	19 206	9 369
Credit and suretyship insurance and proportional reinsurance	R0100	75	5
Legal expenses insurance and proportional reinsurance	R0110	41	51
Assistance and proportional reinsurance	R0120	0	0
Miscellaneous financial loss insurance and proportional reinsurance	R0130	1	18
Non-proportional health reinsurance	R0140	0	20 350
Non-proportional casualty reinsurance	R0150	102 520	37 156
Non-proportional marine, aviation and transport reinsurance	R0160	2 247	3 415
Non-proportional property reinsurance	R0170	37 802	83 838

Annex II - S.28.01.01

Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

Linear formula component for life insurance and reinsurance obligations		
		C0040
MCRL Result	R0200	6 833

		Net (of reinsurance/ SPV) best estimate and TP calculated as a whole	Net (of reinsurance/ SPV) total capital at risk
		C0050	C0060
Obligations with profit participation - guaranteed benefits	R0210	65 097	
Obligations with profit participation - future discretionary benefits	R0220		
Index-linked and unit-linked insurance obligations	R0230	7 405	
Other life (re)insurance and health (re)insurance obligations	R0240	0	
Total capital at risk for all life (re)insurance obligations	R0250		6 246 833

Overall MCR calculation		
		C0070
Linear MCR	R0300	84 862
SCR	R0310	125 133
MCR cap	R0320	56 310
MCR floor	R0330	31 283
Combined MCR	R0340	56 310
Absolute floor of the MCR	R0350	3 600

		C0070
Minimum Capital Requirement	R0400	**56 310**

Annex II - S.28.02.01 Minimum capital Requirement - Both life and non-life insurance activity

		Non-life activities	Life activities
		MCR(NL,NL) Result	MCR(NL,L) Result
		C0010	C0020
Linear formula component for non-life insurance and reinsurance obligations	R0010		

		Non-life activities		Life activities	
		Net (of reinsurance/ SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months	Net (of reinsurance/ SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0030	C0040	C0050	C0060
Medical expense insurance and proportional reinsurance	R0020				
Income protection insurance and proportional reinsurance	R0030				
Workers' compensation insurance and proportional reinsurance	R0040				
Motor vehicle liability insurance and proportional reinsurance	R0050				
Other motor insurance and proportional reinsurance	R0060				
Marine, aviation and transport insurance and proportional reinsurance	R0070				
Fire and other damage to property insurance and proportional reinsurance	R0080				
General liability insurance and proportional reinsurance	R0090				
Credit and suretyship insurance and proportional reinsurance	R0100				
Legal expenses insurance and proportional reinsurance	R0110				
Assistance and proportional reinsurance	R0120				
Miscellaneous financial loss insurance and proportional reinsurance	R0130				
Non-proportional health reinsurance	R0140				
Non-proportional casualty reinsurance	R0150				
Non-proportional marine, aviation and transport reinsurance	R0160				
Non-proportional property reinsurance	R0170				

Annex II - S.28.02.01

Minimum capital Requirement - Both life and non-life insurance activity

		Non-life activities	Life activities	Non-life activities	Life activities
		MCR(L,NL) Result	MCR(L,L) Result		
		C0070	C0080		
Linear formula component for life insurance and reinsurance obligations	R0200				

		Non-life activities		Life activities	
		Net (of reinsurance/ SPV) best estimate and TP calculated as a whole	Net (of reinsurance/ SPV) total capital at risk	Net (of reinsurance/ SPV) best estimate and TP calculated as a whole	Net (of reinsurance/ SPV) total capital at risk
		C0090	C0100	C0110	C0120
Obligations with profit participation - guaranteed benefits	R0210				
Obligations with profit participation - future discretionary benefits	R0220				
Index-linked and unit-linked insurance obligations	R0230				
Other life (re)insurance and health (re)insurance obligations	R0240				
Total capital at risk for all life (re)insurance obligations	R0250				

Annex II - S.28.02.01 Minimum capital Requirement - Both life and non-life insurance activity

Overall MCR calculation		
		C0130
Linear MCR	R0300	
SCR	R0310	
MCR cap	R0320	
MCR floor	R0330	
Combined MCR	R0340	
Absolute floor of the MCR	R0350	

		C0130
Minimum Capital Requirement	R0400	

Notional non-life and life MCR calculation		Non-life activities	Life activities
		C0140	C0150
Notional linear MCR	R0500		
Notional SCR excluding add-on (annual or latest calculation)	R0510		
Notional MCR cap	R0520		
Notional MCR floor	R0530		
Notional Combined MCR	R0540		
Absolute floor of the notional MCR	R0550		
Notional MCR	R0560		