SOLVENCY AND FINANCIAL CONDITION REPORT

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2022

VIG Re
VIENNA INSURANCE GROUP

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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”) 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 headquarters at Templová 747/5, Prague 1 and has conducted reinsurance business in non-life, life and health lines of business since 2009.

VIG Re is responsible for managing the Group reinsurance programs of Vienna Insurance Group and assumes reinsurance from insurance undertakings outside of VIG Group mainly from Continental Europe and East Asia.

VIG Re adheres to a prudent risk management policy, emphasizing underwriting discipline, a conservative investment policy and comprehensive reinsurance protection. In combination with a strong capital position, its nimble 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 markets.

Business and Performance

In line with the Company’s strategy, gross written premium reached EUR 792 million in 2022, a 20% increase compared to 2021. The P&C business segment contributed with EUR 717 million, health with EUR 34 million and Life with EUR 41 million.

In 2022, VIG Re reported a profit before tax of EUR 30.7 million. The combined ratio for the period was 91.9%, improving by 4.2 percentage points compared to last year. The Company continued to strengthen its market position and enhance its value proposition. The underwriting result reached EUR 38.5 million despite a series of hailstorms in France in spring and summer 2022 and also inflation.

The investment revenues of EUR 8 million reflect the prudent structure of the assets risk profile. Total investment result was negatively affected by the impairment of one Russian government bond and the impairment of shares of a company that went into insolvency. Net losses comprise additional negative impact stemming from matured bonds and sold investment funds devalued due to the higher interest rates and from FX revaluation of assets held against liabilities in foreign currencies.

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

System of Governance

The Company's system of governance as defined in the internal standards 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 are 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 to the organizational structure of Supervisory Board and Board of Directors and the overall system of governance during 2022 are commented in chapter B.

Risk Profile

In the context of VIG Re's main activity operating as a reinsurance company, the most significant risk category is underwriting risk. 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 the non-life underwriting risk and NSLT health underwriting risk.

Market risk is governed by VIG Re's Investment and Risk 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 decreased from EUR 156 million in 2021 to EUR 148 million in 2022 as most of the risk modules were affected by the current macroeconomic environment. The largest movement compared to last year SCR is identified in respect of market risk due to the impact of interest rate risk and underwriting risk through the valuation of related exposures.

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 comprise of the ordinary share capital, the share premium, the reconciliation reserve and subordinated liabilities. Eligible own funds amount to EUR 257 million in 2022, decreased by approximately EUR 13 million compared to prior year. The decrease is driven mainly by the impact of interest rates on technical provisions within the non-proportional casualty line of business which due to its long-term nature affected the duration gap with assets and a prudent booking of bad debt allowance for selected contracts.

In 2022, the Company received a commitment issued by VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe in the amount of EUR 22 million which is classified as Tier 3 ancillary own funds.

The solvency ratio amounted to 173.7% in 2022, remaining at the same level compared to last year as the SCR and the eligible own funds decreased proportionally.

The Solvency Financial Condition Report 2022 was approved by the Board of Directors on 6th of April 2023.

It is worth noting that 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 a 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 identification 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 aforementioned 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

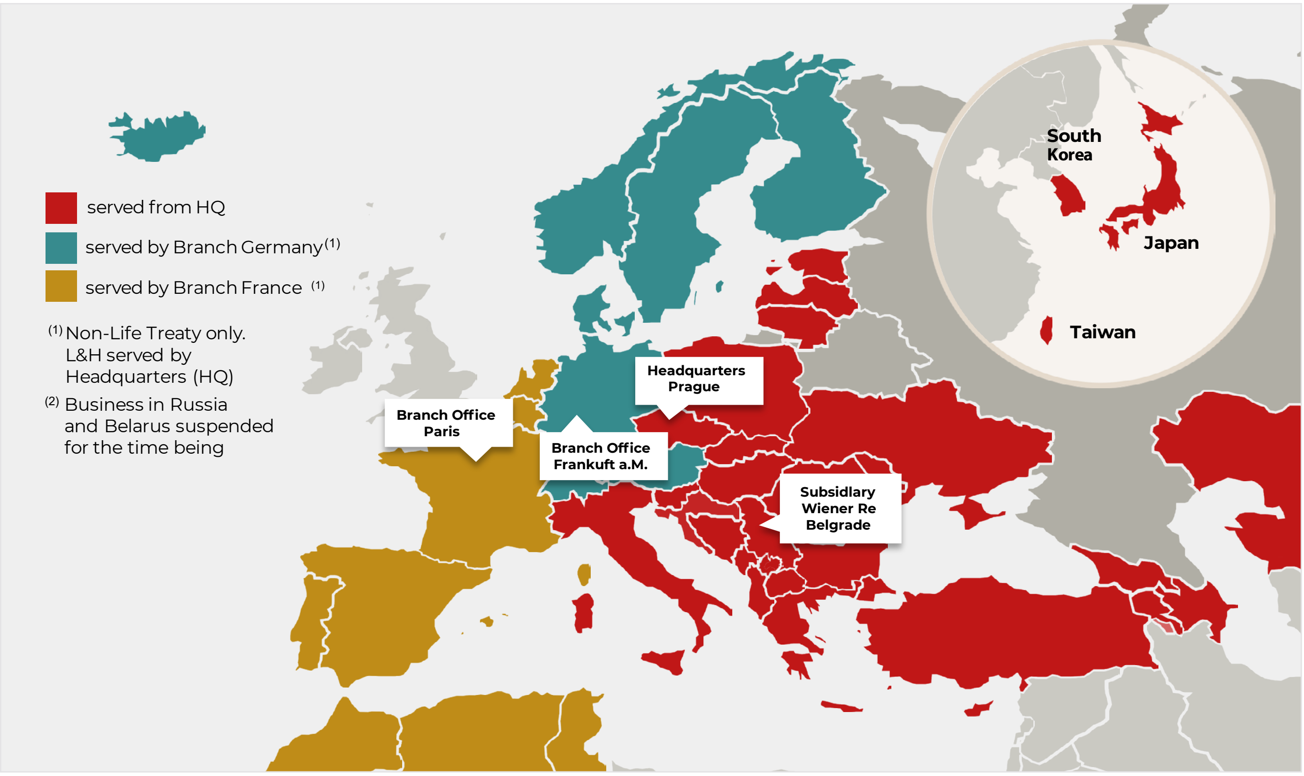


Figure 1 shows the underwriting territories from which the Company assumed property and casualty reinsurance in 2022. These would include most Continental European countries as well as Japan, South Korea, Morocco, Tunisia, Algeria and Taiwan. Moreover, in line with the 'VIG Re Strategy 2025', new underwriting territories have been added and the Company is further extending its footprint in life, facultative as well as obligatory natural catastrophes reinsurance offerings.

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).
The contact details are follows:

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

KPMG Česká republika Audit, s.r.o. is the Company's external auditor.
The auditor's contact details are as follows:

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 the 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 information of the branches is, in accordance with the legislation of the Czech Republic, an integral part of the financial statements of the Company. In 2023, the Company plans to relocate its German branch from Frankfurt am Main to Munich to enhance the business opportunities for the branch underwriting portfolio.

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 adjacent countries Bosnia and Herzegovina, Montenegro and North 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 2022

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	3.13%	3.13%

Table 3 - VIG Re Shares 2021

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%

A.2 Underwriting Performance

A.2.1 Underwriting Performance in 2022

Economic Environment

The hope of a return to normality and economy recovery at the beginning of the year 2022, in the wake of the fading COVID-19 pandemic, has been shattered in February by a succession of geopolitical and macroeconomic turbulences. The global geopolitical tensions culminated into a war in Europe, followed by a combination of an energy crisis, a 40-year high inflation, and a dooming economic outlook as major European economies entered a recession by year end.

For VIG Re the overall growth is attributed to continuous activity on non-VIG market as well as to gradual growth of group business, resulting mostly from Group-wide life reinsurance programme and new PPI business.

While insurers are seeking more reinsurance protection to manage volatility and protect their balance sheets, reinsurance supply becomes scarcer. Investors are turning to other industries, which have shown over the past years a higher return and less volatile results, and with raising interest rates fixed income bonds become more attractive. On the other hand, reinsurers become more reluctant to provide cover for frequency events as underwriting results have been disappointing for reinsurers over the past years. This supply-demand imbalance experienced in 2022 has led to a hardening of the reinsurance market which is expected to continue at least for 2023 as the market will have to find a new equilibrium.

At VIG Re, we see the current market environment as opportunity for profitable growth. Standing at the side of our clients, supporting our partners in times of need will foster the franchise of VIG Re and lays the basis for our future success. With our lean operational model, a focus on sustainable underwriting profits, a prudent investment and retrocession policy and, last but not least, an intelligent capital management we are best positioned to capture the opportunities a crisis also provides. In line with VIG Re Strategy 2025, the Company is committed to further strengthen and invest into its operational excellence, digitalization, and automatization of its processes in 2023. The Company will foster its position as a leading reinsurer in Central and Eastern Europe. It will further enhance its market position and reputation not only in Continental Europe, especially through its branches in Germany and France, but also strengthen its market presence in the new underwriting territories and enhance its value proposition in Life and in Facultative Reinsurance.

Business Performance 2022

The Company's profit before tax for 2022 amounts to EUR 30.7 million resulting in a return on equity of 17.9%. Combined ratio for the period was 91.9%, decreased compared to 2021 by 4.2% percentage points.

The underwriting result reached EUR 38.5 million, despite series of hailstorms and severe weather events in France in spring and summer 2022 (total VIG Re gross incurred loss EUR 27.1 million), driven by excellent performance of our CEE book, supported by sound performance of Facultative business, Asian and Southern Europe profits, backed by strong Retrocession.

The investment result accounted a return from investment of 0.8% (2021: 1.2%). It was caused by the impairment of one Russian government bond that the Company hold and the impairment of shares of a company B3i that went into insolvency. Ordinary income developed according to the plan however, the investment result was negatively affected by selling devaluated fund certificates.

Administrative and other operating expenses amounted to EUR 17.3 million. Main expense categories are personal cost (61%), IT related costs (17%), outsourcing and consultancy (9%).

Table 4 - Income Statement (in '000 EUR)

	2022	2021
Premiums written	792 273	661 275
Property & Casualty	717 168	600 096
Life	40 727	32 867
Health	34 377	28 312
Combined ratio *	91.9%	96.1%
Result from investments	7 545	9 610
Profit before tax	30 668	26 846
Profit for the period	**25 573**	**21 136**

* 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 463 million, 20% above 2021 level, which is 58% of the total gross written premium. Out of this EUR 382 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'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.

As for Central and Eastern Europe, despite the ongoing market consolidation and centralisation of reinsurance buying of international insurance groups, the portfolio marginally grew by 1% to EUR 55 million. Other non-life treaty business for underwriting year 2022 written from the Headquarter with clients outside of VIG Group includes Southern Europe (Italy), accounting for EUR 28 million and East Asia (Japan, South Korea), accounting for EUR 30 million. In the second half of 2022, the Company started writing international catastrophe business. Given the short presence in this segment, only very limited exposure from Philippines has been accepted so far. The facultative property and casualty book grew by 146% to EUR 29 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, Switzerland, and Nordics grew by EUR 12 million to EUR 94 million.

By end of 2022 number of clients in the region grew to 91. Likewise, for the French branch office, which for the underwriting year 2022 served clients in France, Benelux, Iberia and Maghreb, 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 35% to EUR 65 million which is partially attributed to business growth along with an extended territorial scope. By end of 2022 VIG Re was servicing 67 clients in the region. The life and health portfolio grew from EUR 85 million to EUR 96 million. The overall growth is attributed to continuous activity on non-VIG market as well as to gradual growth of group business, resulting mostly from Group-wide life reinsurance programme and new PPI business.

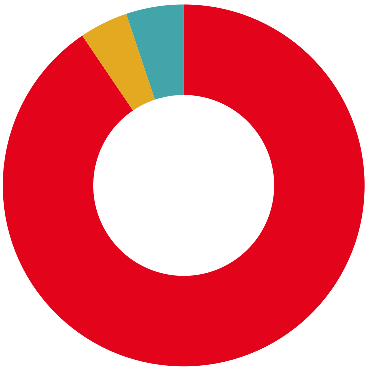


Figure 2 - GWP per Segment in (EUR ‘000)

P&C	717 168
Health	34 377
Life	40 727

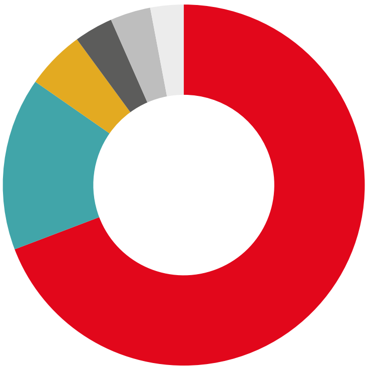


Figure 3 - GWP P&C per Line of Business (in EUR ‘000)

Property	496 323
Motor Third Party Liability	111 075
Motor Own Damage	37 673
General Third Party Liability	24 843
Marine	25 906
Personal Accident	21 349

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

Austria	194 946
Germany	72 195
Czech Republic	65 721
Turkey	47 181
France	39 863
Poland	37 085
Italy	30 145
Romania	20 223
Switzerland	16 474
Spain	15 771
Other*	177 565

*Other represents the following countries: Albania, Algeria, Armenia, Azerbaijan, Belgium, Bosnia, Bulgaria, China, Croatia, Cyprus, Denmark, Estonia, Finland, Georgia, Greece, Hungary, Iceland, Ireland, Japan, Kazakhstan, Kosovo, Latvia, Lithuania, Luxembourg, Macedonia, Maldives, Moldova, Montenegro, Morocco, Netherlands, New Zealand, Norway, Philippines, Portugal, Russia, Slovakia, Slovenia, Serbia, South Korea, Sweden, Taiwan, Ukraine, Utd.Arab. Emir., United Kingdom.

The underwriting result for 2022 and 2021 is summarised in the following tables.

Table 5 - IFRS Results of 2022 (in EUR '000)

2022	P&C	Life	Health	Total
Premiums written - gross	717 168	40 727	34 377	792 273
Premiums written - reinsurers' share	-332 074	-10 261	-3 419	-345 754
Net earned premiums	382 124	25 941	30 720	438 785
Other income	0	2 522	14	2 536
Claims incurred	-285 079	-14 316	-6 636	-306 031
Operating expenses	-77 234	-9 252	-10 265	-96 750
Underwriting result	**19 811**	**4 895**	**13 833**	**38 539**

Table 6 - IFRS Results of 2021 (in EUR '000)

2021	P&C	Life	Health	Total
Premiums written - gross	576 794	32 867	51 615	661 275
Premiums written - reinsurers' share	-240 007	-8 494	-2 269	-250 770
Net earned premiums	330 981	24 016	49 582	404 579
Other income	0	2 662	10	2 672
Claims incurred	-240 311	-14 152	-46 925	-301 389
Operating expenses	-75 546	-7 238	-2 833	-85 617
Underwriting result	**15 124**	**5 288**	**-166**	**20 246**

The underwriting result per segments for 2022 and 2021 is presented in the tables below:

Table 7 - Underwriting Result per Segments 2022 (in EUR '000)

2022	Gross Earned Premium	Gross Claims & Expenses Incurred*	Gross Underwriting Result	Net Underwriting Result**
P&C CEE & VIG	423 381	-377 727	45 654	16 461
Branch Germany	91 449	-85 378	6 071	637
P&C SE	29 310	-24 170	5 140	4 224
Branch France	63 043	-82 366	-19 323	-1 285
P&C Eastern Mediterranean	14 417	-11 343	3 074	1 837
P&C International Cat	94	-23	71	67
P&C Asia	31 077	-27 924	3 153	3 922
P&C Facultative	19 396	-6 046	13 350	5 311
Health	53 113	-49 933	3 179	2 770
Life	36 077	-27 708	8 369	4 595
Total	**761 356**	**-692 618**	**68 739**	**38 539**

* Life underwriting result also includes income from the deposits to cedants in the "Gross Claims & Expenses Incurred".

**After all retrocession. Including admin costs.

Table 8 - Underwriting Result per Segments 2021 (in EUR '000)

2021	Gross Earned Premium	Gross Claims & Expenses Incurred*	Gross Underwriting Result	Net Underwriting Result**
P&C CEE & VIG	374 075	-541 555	-167 480	4 025
Branch Germany	82 351	-150 754	-68 403	3 503
P&C SE	35 831	-39 229	-3 398	-5 547
Branch France	45 738	-51 343	-5 606	3 804
P&C Asia	23 413	-21 747	1 666	1 200
P&C Facultative	12 429	-8 226	4 203	1 516
Health	51 935	-51 040	895	6 493
Life	32 416	-24 840	7 576	5 252
Total	**658 188**	**-888 735**	**-230 547**	**20 246**

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

**After all retrocession. Including admin costs.

The underwriting result for the most important lines of business for 2022 and 2021 is presented in the following tables:

Table 9 - Underwriting Result per Solvency II Line of Business 2021 (in EUR '000)

2022	Gross Earned Premium	Gross Claims & Expenses Incurred	Gross Underwriting Result	Net Underwriting Result
Fire and other damage to property reinsurance	266 863	-278 720	-11 857	-4 797
Non-proportional Property reinsurance	235 068	-203 547	31 522	6 087
Non-proportional Casualty reinsurance	78 158	-54 655	23 503	22 362
Other motor reinsurance	19 533	-19 546	-13	-328
Motor vehicle liability reinsurance	38 456	-43 551	-5 095	-1 658
Non-proportional health	31 926	-13 255	18 672	12 266
Life reinsurance	36 077	-27 708	8 369	4 595
Other	55 273	-51 636	3 637	11
Total	**761 356**	**-692 618**	**68 739**	**38 539**

Table 10 - Underwriting Result per Solvency II Line of Business 2021 (in EUR '000)

2021	Gross Earned Premium	Gross Claims & Expenses Incurred	Gross Underwriting Result	Net Underwriting Result
Fire and other damage to property	236 473	-266 005	-29 532	-15 056
Non-proportional Property	200 500	-451 387	-250 887	7 499
Non-proportional Casualty	64 161	-41 529	22 632	6 728
Other motor	36 280	-36 754	-474	436
Motor vehicle liability	18 717	-18 592	125	159
Non-proportional health	26 441	-11 559	14 882	16 144
Life reinsurance	32 687	-24 970	7 717	5 393
Other	42 930	-37 940	4 990	-1 057
Total	**658 188**	**-888 735**	**-230 547**	**20 246**

A.3 Investment Performance

A.3.1 Investment Performance in 2022

Bond and equity markets had significant negative impact on portfolio performance in 2022. Ukrainian war, increasing global inflation, China´s Zero-Covid politics, and still disrupted supply-chains were the dominating underlying causes. International sanctions reduced liquidity for Russian assets and led to technical default for several bonds – beside the 100% strategy change for all western companies with activities in Russia. All major Central Banks tried to fight increased inflation level with considerable interest rate increases. These rate hikes within a historically short period of time together with substantially higher credit spreads led to significant losses for the majority of bond portfolios. The rising uncertainty and decreasing economic outlook -stagflation or recession- also turned equity markets deeply red. Moreover, year-end 2022 seems to become a crisis year for Silicon Valley and all its companies resulting in a significant sector rotation to value stocks.

VIG Re investments in bonds were focused on benefiting from increased yield levels in 2022. The Company switched out of funds into direct bond holdings primarily with high issuer quality and ratings, average maturity of 4 years, using primary markets. Additionally, several FX-ALM transactions (USD, CHF) were done also focusing on issuer quality. Transactions in the equity were not preferred. The Company invested into alternative investments and real estate funds based on existing commitments and according to the investment strategy.

The composition of the investment portfolio in 2022 and 2021 is presented in the following table.

Table 11 - Investments (in EUR '000)

Investments	2022	2021
Property, plant & equipment held for own use	2 068	2 548
Investments	511 931	501 116
Holdings in related undertakings, including participations	8 990	8 663
Participations in fully consolidated insurance companies	0	0
Participations in fully consolidated non-insurance companies	8 990	8 663
Equities	664	1 173
Equities - listed	0	0
Equities - unlisted	664	1 173
Bonds	394 491	351 177
Government bonds	214 486	206 390
Corporate bonds	180 005	144 787
Collective Investments Undertakings	90 778	140 102
Deposits other than cash equivalents	17 008	0
Loans & mortgages	13 927	12 374
Deposits to cedants	96 411	105 828
Cash and cash equivalents	32 505	60 754
Total	**656 842**	**682 621**

The decrease in the total value is mainly stemming from cash and cash equivalents that the Company was holding at the year-end 2021 for the upcoming payments of the natural catastrophe events from 2021.

The Company valuates the participation in Wiener Re subsidiary at zero in According to SII Regulation. VIG Re has no investments in securitisation.

The investment result per asset class for 2022 and 2021 is presented in the tables below:

Table 12 - Investment Result of Individual Assets Classes 2022 (in EUR '000)

Asset category	Dividends	Interest	Net Gains and Losses	Unrealised Gains and Losses
Government Bonds	0	2 882	-148	-21 623
Corporate Bonds	0	2 872	-387	-27 027
Equity instruments	656	0	0	-675
Collective investments undertakings	729	0	-442	-6 577
Cash and deposits	0	715	-665	-277
Mortgages and loans	0	-1 838	938	2 706
Other investments	0	0	-330	0
Total	**1 385**	**4 631**	**-1 034**	**-53 471**

Table 13 - Investment Result of Individual Assets Classes 2021 (in EUR '000)

Asset category	Dividends	Interest	Net Gains and Losses	Unrealised Gains and Losses
Government Bonds	0	3 017	1 250	-5 830
Corporate Bonds	0	2 209	-317	-5 168
Equity instruments	414	0	454	-446
Collective investments undertakings	798	0	2 263	-79
Cash and deposits	0	3 471	-1 475	-512
Mortgages and loans	0	178	17	-214
Other investments	0	0	0	0
Total	**1 212**	**8 875**	**2 193**	**-12 248**

The revenues reflect the approved structure of the assets and their prudent risk profile. Increase of interest from corporate bonds was mainly related to higher investment volume in this asset category, in reverse, the investment income from cash decreased due to the lower volume of cash in the portfolio, as mentioned above. Net gains and losses are negatively influenced by matured bonds and investment funds devalued due to the higher interest rates and by currency devaluation in some currencies like JPY, TRY and PLN. On the other hand, this negative effect was compensated by realization of profits, mainly from bond interest. Unrealized gains and losses were affected mainly by increasing yields, spreads widening and consequently decreased valuations of the bond portfolio.

The expenses related to Investment activity in 2022 and 2021 are shown in the following table:

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

	2022	2021
Expenses on investment activity	**2 578**	**1 937**
Interest from deposits to retrocessionaires	46	447
Expenses of asset management and securities	355	56
Interest expenses of subordinated debt	2 177	1 434
Depreciation and costs of property	0	0
Other expenses	0	0

The expenses of investment activity increased due to reallocation of asset management expenses from administrative to investment expenses.

A.4 Performance of other Activities

The Company granted loans, which resulted in a receivable amount of EUR 13.9 million (2021: EUR 12.4 million) and deposits other than cash equivalents amount of EUR 17.0 million (2021: EUR 0) benefitting from the high yield environment, 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 a robust system of governance and efficient management of the Company. The individual elements are discussed in more detail 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.). The number of the members of the Board of Directors has increased from three to four as a new Board of Directors member has been appointed as of 1 January 2023.

Seven committees are established in order to support the Board of Directors, in particular three of them were newly established in 2022 to enhance the organizational structure and delegation of additional functions in line with strategic elements of the Company.

The **Executive Committee** is a collective body, which acts as an advisory and decision making body to the Board of Directors, taking resolutions on matter which are of relevance for the general management of the Company or in respect of matters which do affect the responsibilities, competences and resources of multiple organisational units of different kind. The Executive Committee is held on a biweekly basis, chaired by the Chairman of the Board of Directors and consists of all the members of the Board of Directors, chairmen/chairwomen of the other committees and the Chief Business Transformation Officer.

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 a 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 a quarterly basis.

The Company has also set up a **Remuneration Committee** as a collective body which copes 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 Head of HR Operations of the Company.

The **Market Committee** is a collective body, which ensures best practices and coherent approach towards markets and business partners in line with the Company´s approved business strategy. It is chaired on an interim basis by the member of the Board of Directors responsible for markets until the Chief Market Officer is appointed.

The **Operations Committee** is a collective body, which ensures operation excellence fostering lean and efficient processes. It is chaired by the Chief Operations Officer.

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. The regular agenda includes the Company's strategy, business plan, 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 also adopted one per rollam decision in 2022.

The Supervisory Board was also informed about the development of the solvency position of VIG Re and subsequently measures were taken to manage the solvency ratio within the defined comfort zone.

All the nine members of the Supervisory Board were re-elected in 2022 and their term of office has been prolonged until 30.6.2028. The list of members is to be found in the Annual Report 2022.

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 are established at VIG Re:

- Committee for the Matters of the Board of Directors,
- Committee for Urgent Matters.

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 authorised 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

In addition to the aforementioned 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 to the organizational structure of the Audit Committee over the course of 2022 and the list of its members is to be found in the Annual Report 2022.

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 – The function is a unit independent from the reserving team, hence independent from the technical provisions' calculation. 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 provided 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 is temporarily assigned to the member of the Board of Directors and shall be assigned to the Internal Auditor of the Company as of 1 April 2023. The Internal Audit Function maintains independence as the officers that conduct the audit work are from an external organization (please refer to chapter B.8 Outsourcing). More information on the implementation, authority and independence is provided in chapter B.6.

Corporate Underwriting is 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 further 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 Guideline, 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

Given that VIG Re's business, and organisation are 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 2022, there were several changes to the Company's organizational structure. In line with the Company's plans to further develop asset management, the area of investments was added as business function, the Investment Officer was appointed. Aiming to strengthen both teams the Company decided to split of Reinsurance Accounting and Claims department into two separate departments. The previous Human Resources department was split into Human Resources Operations and HR Strategy and Development fostering the people development and retention. The option of defined teams within Organizational Units was established in order to enhance the organization structure. Within the bodies of the company 3 new committees were created the Executive Committee, Market Committee and Operations Committee as further described in B.1.2.

The Company newly created the Chief Operating Officer and Chief Business Transformation Officer and the Chief Market Officer.

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) Specific Persons Ensuring the Company´s Activities

Before appointing an individual to the aforementioned positions, 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 and business models,
- Corporate governance,
- Financial and actuarial analysis,
- Regulatory framework and requirements,
- Risk management system.

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.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 and is organised in a way that provides:

- Integrity and ethical values,
- Conflict of interest prevention,
- Allocation of responsibilities,
- Motivation alignment with Company's targets, and
- Four-eye principle.

Own Risk and Solvency Assessment, as one of the key elements of risk management system, is further discussed in chapter B.3.4.

B.3.1 Risk Management Roles and Responsibilities

Risk management system forms an integral and key element of the system of governance and has been established on the basis of the three lines of defence concept. The core principle of this concept embeds a transparent segregation of responsibilities into three different lines of defence, that are intended 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 comprises all organisational units of the Company that participate in activities exposing the Company to risks. These units and their directors take the ownership of the risks including 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 whereas 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.

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

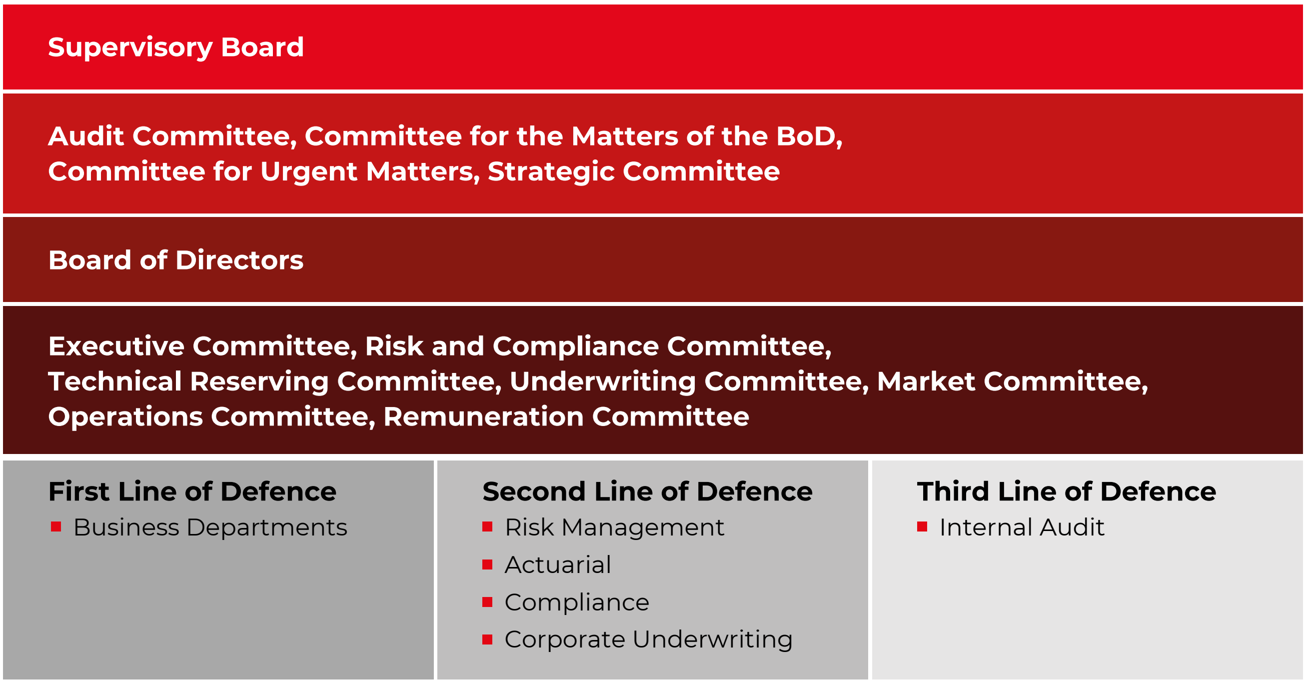
Third Line of Defence

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. At VIG Re, the third line of defence is represented by the Internal Audit Function and its roles and responsibilities are defined in a separate internal standard.

In relation to the organisational separation of individual departments into the respective lines of defence, the principle of proportionality is applied given the size of VIG Re. 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.

As a natural consequence of the separation of lines of defence, the Company has established several 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 chapter B.1. The hierarchy of statutory bodies and organisational units related to risk management system at VIG Re are illustrated in the following chart.

Figure 5 - Statutory Bodies and Organisational Units in the Company



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 allows the Board of Directors to have insight to the areas covered by the key functions and have access to the necessary information in order to exercise its duties more strictly. The cooperation between the functions and the 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 and is regularly updated.

Board of Directors

The overall responsibility of risk management system is in the Board of Directors. The Board of Directors is held accountable for the definition and approval of the risk strategy, including the risk appetite framework and the derived limits for individual risks, internal policies and organisational chart. These 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 discussed in the rules of procedures approved by the Board of Directors.

Risk Management Function

Risk Management function implements the risk management framework based on the Company's risk strategy, oversees the processes of aggregation and reporting of quantitative and qualitative assessments, ensures data quality controls are in place in respective areas. Moreover, risk management conducts the internal control system assessment on an 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 aforementioned activities, the function fulfils additionally regular tasks to ensure an overall well-functioning of Risk Management System at VIG Re. This includes but is not limited to:

- Screening of regulatory developments in the area of risk management,
- Raising awareness at 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, is responsible for the implementation, maintenance and development of the risk management system and reports directly to the Board of Directors.

B.3.2 Risk Management Process Implementation

Risk Strategy

Given the business activities as a reinsurance company, VIG Re is exposed to a variety of risks. The Company identifies underwriting risk in respect of 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 risks.

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 take in order to achieve its objectives. The risk appetite depends on the balance achieved between the 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 individually.

The Company is committed not to endanger the risk strategy while improving the financial KPIs. Hence, a set of limits are established to allow the management of the Company to monitor the performance on an on-going basis, ensuring that the goals of risk strategy are met.

In line with the risk strategy, VIG Re has 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 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 a close cooperation with the first line of defence.

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.

The Solvency Capital Requirement calculation for each risk by means of the standard formula approach and the partial internal model is the basis for risk quantification. Alternative methodologies are used for further insight when possible. 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

The main outcomes of a decision as part of the risk management includes 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 forms 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 the 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 the risk management function and are subsequently submitted and discussed in the Risk and Compliance Committee and Board of Directors for the aforementioned areas, including the SCR and VaR calculations as well as 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 making use of 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 the non-life underwriting risk and the NSLT health underwriting risk.

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

Table 15 – Responsibilities of PIM Processes

Process	Responsibility
SCR aggregation	Risk Management Function
Validation	Risk Management Function
Data Quality	Data Quality Manager
Technical Provisions Adequacy	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 a 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 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 undertaken 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, as set out in Table 15, are governed by clearly defined rules and procedures which are outlined in the Company's internal standards.

B.3.4 ORSA Process

The Own Risk and Solvency Assessment ("ORSA") process is a continuous 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 agreed 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 comprises the following elements:

- Analysis of the Company's risk profile and overall Solvency needs given 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 a continuous basis,
- Deviations of Company's risk profile from the assumptions underlying the Solvency Capital Requirement calculated by the standard formula and the assessment of PIM appropriateness of assumptions,
- Forward-looking assessment in accordance with the Company's business plan, including stress test analysis.

The BoD of the Company is in general 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 to the extent of providing data, calculations and other information required for the risk assessment. Risk management shall coordinate the whole process and carry out the projections of its solvency position and assessment of the risk profile. The process is concluded in the ORSA report summarising the main results of each step. Release of the report is subject to a review and approval of the Board of Directors.

In order to adequately assess the risk profile and overall solvency needs of the Company, all risks the Company is exposed to are identified and categorised. 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.

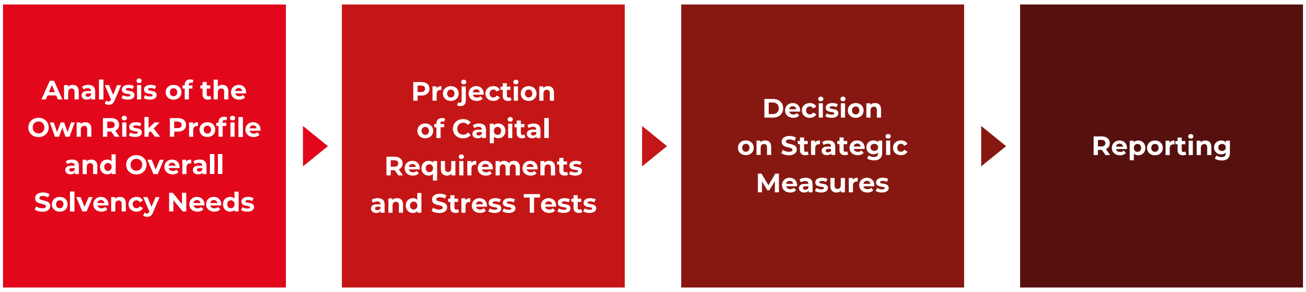
As a result of the business planning of the Company, the overall solvency needs, the regulatory capital needs and the available capital are assessed over the business planning horizon of the Company. The projection considers the latest forecasts in conjunction with the solvency estimations that were 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 to 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-year horizon which is used as a basis for the projection of the expected solvency position.

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 continuously operating process that provides an appropriate control environment with effective controls. This is relevant for compliance with national and European law, and 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 effective 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 proportionate to the nature, scale and complexity of the risks. Every department and their directors are responsible for development of the internal controls in their area of responsibility, carrying out the defined controls and reporting of 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 an 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 along with the existing control culture and environment being satisfactorily 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 in 2022 remained at 94% as in 2021. Based on these results the ICS is according to VIG Group standards considered as mostly effective.

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.

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 Risk and Compliance Committee and Board of Directors.

The Compliance Function has the following duties and responsibilities:

- Providing Advice – The Compliance Function advises the Board of Directors, the Supervisory Board as well as individual employees 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 the compliance standpoint (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 2022, based on the compliance plan approved by Board of Directors and legal developments in the Compliance related areas, especially in connection to the Russian Invasion of Ukraine, the Compliance function concentrated on the area of international sanctions, data protection, and anti – money laundering.

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 VIENNA INSURANCE GROUP AG, Wiener Versicherung Gruppe. The persons who carry out the audits and report the findings are independent from those who 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 assessments, findings and recommendations made. The Internal Audit Plan is acknowledged by the Audit Committee and consequently also by the Supervisory Board.

The internal audit is a joint responsibility of all members of the Board of Directors. The Internal Audit Function Holder is currently a member of the Board of Directors.

The 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 situations,
- Effectiveness and economic efficiency of internal control system.

The Internal Audit department has an unrestricted active and passive right to inspection. Their access to information extends to all data and storage media.

During 2022, four internal audits were performed at the Company. The topics were Premium Adjustment and Estimated Premium Income Review Process, Project Management and two audits of Underwriting Standards performed in the International and Southern Europe Market Units. Most of the findings had low or medium material risk associated and most of the recommendations were already fulfilled as of end of the year 2022.

B.7 Actuarial Function

The Actuarial Function forms the second line of defence of the Company's risk management system that is an independent role 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 in line with the 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 along with recommendation for deficiencies,
  - 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 from the Actuarial Services and Retrocession department and is a voting member of the Technical Reserving Committee. The tasks undertaken along with the opinions on underwriting and retrocession in place are summarised in the Actuarial Function report which is prepared on an annual basis.

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.

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

- Internal Audit,
- Economic Services,
- Asset Management,
- IT & IT Security Function.

B.9 Any Other Information

The Company has not identified any other information to be disclosed 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.

RISK PROFILE

Based on its activities as a reinsurance Company, VIG Re is exposed to a variety of risks which are 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 further discussed in the risk inventory report issued on an annual basis. Particular risks are assessed by making use of both quantitative methods, as described in chapter E.2 Solvency Capital Requirement and Minimum Capital Requirement, and qualitative methods (frequency and severity method). The latter is mainly used for operational risk assessment. The Company ensures the capitalization within predefined risk tolerance limits through the risk bearing capacity analysis performed on a quarterly basis.

Reinsurance being the core activity of the Company, underwriting risk constitutes the most important risk class for VIG Re, more specifically non-life underwriting risk being the most significant risk contributor. The composition of risk categories in capital requirement after diversification is depicted in the chart below.

Figure 7 - Composition of the SCR 2022

Non-life underwriting risk	40%
Market risk	16%
Counterparty default risk	16%
Operational risk	11%
Life underwriting risk	10%
Health underwriting risk	8%

The Total Solvency capital requirement decreased to EUR 148.2 million as of 31 December 2022 (2021: EUR 155.8 million) mainly given the current macroeconomic environment that affected two of the most material risks, more specifically market and underwriting risk through the valuation of related exposures.

The Company does not sell variable annuities, and thus there is 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.

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 a proportional and non-proportional, obligatory and facultative basis. It provides services under the defined lines of business across the property and casualty, personal accident and health and life segments. In relation to underwriting territories, VIG Re focuses its activities on the continental Europe where the Company writes almost 86% of its portfolio, yet at the same time is also present in East Asia and other countries as presented in chapter A. 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 have an appetite for business assessed as significantly exposed to pandemics, such as credit & surety, event cancellation, or travel bonds, however, it's exposed to business interruption (BI) and contingent business interruption (CBI) coverages. In terms of natural catastrophe events in 2022, VIG Re had encountered property losses related to French hails events however, their impact on non-life underwriting risk was mitigated by the retrocession protection in place.

Life insurance policies and proportional reinsurance contracts typically provide cover for any cause of death, including pandemics.

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

The quantitative risk assessment for the non-life and the NSLT health underwriting risks is performed by making use of an internal model, as the requirements and assumptions of the standard formula do not adequately reflect the Company's risk profile. In modelling of non-life and NSLT health underwriting risks, the Company makes a distinction between events that have occurred at or before valuation date (i.e. reserve risk) and events that are attributable to future. In particular the latter also includes the catastrophe risk (i.e. premium and catastrophe 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 the 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 technical reserves are quarterly assessed

and reviewed within the Committee of Technical Reserves 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.

A conservative approach to the statutory reserving is sought by the Company. Thus, additional case reserves are set up within Claims department and if required revaluated at the Technical Reserving Committee meetings according to its rules of procedure.

Premium and catastrophe risk arising 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 usually gives rise to 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 in 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 over 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 as well as the NSLT health premium risk module is performed during the underwriting process of the individual assumed reinsurance contracts. This allows the Company to achieve a consistency between its PIM quantification and the view on the risks embedded in the reinsurance contracts at the time when they are underwritten.

Health catastrophe risk is calculated by making use of the standard formula based on the prescribed 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 across 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 risk is governed by underwriting guidelines and directives and sets underwriting limits on single exposures in order to mitigate and manage the undertaken risk. Accumulation control for natural catastrophe events is monitored continually with special emphasis during the renewal periods adhering to a comprehensive retrocession protection. The Company retroceded approximately 45% of its non-life and health portfolio based on premiums whereas half of the retrocession was related to natural catastrophe event coverage in order to mitigate the risk according to the risk strategy. In addition to that, 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.

Risk Mitigation Techniques

Retrocession is a key risk mitigation technique utilised by the Company. The Company pursues a prudent underwriting philosophy and portfolio management by making use of the diversification benefits when assuming underwriting risks from different lines of business and geographical territories and at the same time 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 coverage against single severe catastrophe events alongside an aggregate annual excess-of-loss cover as a protection against an accumulation of smaller and mid-size 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 motor third-party liability, 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 exceed 3% of VIG Re's equity. Natural catastrophe retrocession cover is secured at 99.6% percentile of Value-at-Risk confidence level which is equivalent to 1 in 250-year return period.

The retrocession adequacy and appropriateness are monitored by the Reserving department further supported by the partial internal model analyses. Every year the Company performs quantitative and qualitative evaluation of its retrocession protection to optimize and adjust it in line with portfolio development if a need arises.

The non-life underwriting risk capital requirements calculated by the Company's internal model for 2022 and 2021 are presented in the following table:

Table 16 - Non-Life Underwriting Risk (in EUR '000)

Risk Module	SCR	
	2022	2021
Non-life Underwriting risk	82 193	83 588

Non-life underwriting risk slightly decreased to EUR 82.2 million in 2022 (2021: EUR 83.6 million) mainly as a result of increased interest rates and also model improvements which eliminated the increasing trends from business growth.

The capital requirement for health underwriting risk is presented in the table below:

Table 17 - Health Underwriting Risk (in EUR '000)

Risk Module	SCR	
	2022	2021
Health Underwriting risk	16 124	16 912
SLT health underwriting risk	1 000	940
NSLT health underwriting risk	11 877	12 884
Health catastrophe risk	7 570	7 451
Diversification within health underwriting risk module	-4 323	-4 363

The majority of the Company's health business is classified under the non-similar to life techniques module. It is worth noting that the NSLT health underwriting risk is calculated in the PIM as opposed to the SLT and health catastrophe modules which are calculated using the standard formula. The capital requirement of NSTL health remained at a similar level compared to prior year as a result of the stable Company's health portfolio.

C.1.2 Life Underwriting Risk

The Company's life portfolio is significantly smaller compared to non-life. The solvency capital requirement is calculated by the standard formula principles. In terms of life underwriting risk, the Company is exposed to biometric risks, i.e., risks directly connected with human life conditions, in particular mortality risk and morbidity risk. Mortality risk is assessed through both increase / decrease of mortality rates and through catastrophe scenario mortality increase in line with Solvency II Regulation and morbidity risk through increase / decrease of disability and morbidity rates. In addition to these, the Company is also exposed to lapse and expense risks. The prior is evaluated in line with Solvency II directive as maximum of predefined lapse scenarios with mass lapse shock being the main driver for lapse capital requirement. The expense risk is evaluated by making use of the predefined shocks connected with acquisition expenses and future maintenance expenses in line with the Solvency II regulation. In terms of revision risk, it is worth pointing out, that the risk stemming from non-life annuities is covered in the calculation of non-life underwriting risk.

Risk Mitigation Techniques
In a similar fashion to non-life underwriting, 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 VIG Group 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 where the risk is mitigated by market diversification and prudent approach. 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.

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

Risk Module	SCR	
	2022	2021
Life Underwriting risk	20 169	23 002

The decrease in SCR is mainly attributed to the discontinuation of one mass lapse capital intense reinsurance contract and secondarily by the current macroeconomic environment.

C.1.3 Risk Sensitivity for Underwriting Risk

Various sensitivities are analysed for the non-life and the NSLT health underwriting risks as part of the PIM Validation process and the ORSA process. Ultimately, the aim of a sensitivity analysis is to identify the most sensitive parameters to ensure the model's robustness and the appropriateness of its implementation. The analysed parameters comprise calculated input parameters, parameters set by an expert judgement 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 as follows:

- Increased correlation (+25% per correlation coefficient) for ultimate losses of premium risk which results in decreased Solvency ratio by 9 percentage points.
- Increased correlation (+25% per correlation coefficient) for ultimate losses of reserve risk resulting in lower Solvency ratio by 7 percentage points.
- 10% uplift to claims severity for all natural catastrophe exposed contracts which results in 3.06% increased the non-life underwriting capital requirement, which results in 3 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 1.3%. Due to the decrease in own funds the solvency ratio decreases by 30 percentage points.

In relation to life underwriting risks, the sensitivity analysis was carried out with focus on lapse risk since this is the most significant risk in life underwriting module. Nevertheless, the impact of the scenario is less material within 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 measured 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 making use of the Solvency II standard formula. In addition to standard formula, VIG Re assess its market risk by Value at Risk measure, defining the maximum potential loss at various probability levels and time horizons.

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 improving yield environment in Eurozone, VIG Re invested higher amounts into government and covered bonds compared to 2021, mitigating the exposure to spread risk. The solvency capital requirements for investment funds are calculated using a look-through approach. All investments are accepted within the limits per asset class stated in the approved investment strategy valid for 2022 and also in accordance with the limits set on various aspects of portfolio including rating structure, maturity, industry concentration, localisation and currency.

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

Table 19 - Market risk (in EUR '000)

Risk Module	SCR	
	2022	2021
Market risk	32 514	41 339
Interest rate risk	749	6 328
Equity risk	4 264	4 542
Property risk	3 432	3 669
Spread risk	20 288	23 486
Market risk concentrations	5 128	4 801
Currency risk	13 286	16 547
Diversification within market risk module	-14 633	-18 034

The decrease is in the market risk module is mainly driven by the increased volume of technical provisions within the non-proportional casualty line of business which due to its long-term nature affected the duration gap with assets.

C.2.1 Key Risks and Risk Mitigation Techniques

Interest rate risk arises from all assets and liabilities sensitive to changes in the term structure of interest rates or in the volatility of interest rates. The interest rates in Eurozone increased significantly and changed their shape compared to prior year. In general, these have flattened meaning the rate is at the similar level in short term as well as in the long term.

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.

Equity risk arises from the level or volatility of market prices for equities. The Company does not have a strong appetite for this risk and is exposed to equity risk from investment funds. The risk slightly decreased due to decreased equity exposure as a result of less equity funds in the portfolio compared to year end 2021.

Property risk arises from the sensitivity of assets to the level or volatility of the property market prices. VIG Re retains a relatively minor exposure to the property risk, mostly stemming from real estate funds' look through approach.

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 lower spread risk due to the investments mainly into government and covered bonds with shorter durations and higher rating resulting from the improving yields on the market.

Regarding **currency risk**, the Company's reporting and main transactional currency is Euro, which comprises of approximately 86% of the Solvency II balance sheet. Other material national currencies are from Turkey, Czech Republic, Poland, Japan and Switzerland. 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 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 remains 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 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. 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. In case of investment in new instruments the impact on solvency capital requirement is assessed. 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.

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.

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.

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 resulting in 5-6 percentage points deviation rather symmetrically for the two scenarios.

The adverse scenario of 25% 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 but also rather irrelevant for the Company as it’s not exposed to direct equity investments.

C.3 Credit Risk

Credit risk refers to the risk of loss or of adverse change in the financial situation, resulting from fluctuations in the credit standing in relation to the counterparty default, spread risk or concentration risk. The main sources of credit risk can be categorised as follows:

- Investments,
- Reinsurance recoverables,
- Deposits to cedants,
- Insurance and reinsurance receivables
- Cash at bank.

The Company's exposure to credit risk from investments is covered in the previous chapter C.2 Market risk under spread and concentration risks.

C.3.1 Key Risks and Risk Mitigation Techniques

Counterparty Default Risk

Counterparty default risk is defined as risk of loss, or adverse change in the value of assets and financial instruments due to unexpected default, or deterioration in the credit standing, of counterparties and debtors.

The Company limits its liability from assumed reinsurance business by ceding 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. Almost 96 % of the recoverables are towards counterparties with rating equal and above A-. 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 the Corporate Underwriting and the Risk Management departments. Depending on the treaty wording, counterparty default risk may arise from these arrangements subsequently 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 is subject to VIG Group approval. The capital requirement for counterparty default risk is calculated by making use of the standard formula principles as defined in the Solvency II regulation. The exposures comprise risk-mitigating contracts, such as reinsurance arrangements, receivables from intermediaries along with any other credit exposures which are not covered by spread risk.

Table 20 - Counterparty Default Risk (in EUR '000)

Risk Module	SCR	
	2022	2021
Counterparty default risk	33 696	36 528

The decrease in the capital requirement for counterparty default risk is mainly attributed to a lower volume of retrocession exposures and cash at bank compared to prior year-end as a result of settlement of the large natural catastrophe events from 2021.

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 deteriorating the credit standing of both reinsurance counterparties in the scope of the counterparty default risk as well as investment counterparties affecting the 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 3 percentage points under the scenario of 50bps increase in the credit spread of corporate bonds.

The default of retrocession counterparties with material exposure in retrocession recoverables might possibly lead to significant losses; hence, this risk is managed by entering into retrocession contracts with 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 those 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 its asset liability management activities. This allows the Investment Officer and Asset Management department to manage properly funds of the Company, in order to ensure that sufficient funds are available to fulfil the liabilities.

The risk is governed by the Investment Strategy which defines a liquidity buffer comprising highly liquid securities and cash. More specifically, at least EUR 10 million shall be held in highly liquid investment assets to serve as liquidity cushion (cash, deposits, T-bills, money market funds, floating rate or short-term fixed rate bonds) along with other assets ready to cover possible cash-flow needs and deliver needed return. Hence, the risk is assessed to be low.

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

Expected profit included in the future premiums as of 2022 year end amounted at EUR 146.97 million (2021: EUR 64.1 million) for non-life and health portfolio.

The EPIFP for Life portfolio amounted at EUR 48.39 million as of 2022 year end (2021: EUR 22.4 million).

The values can also be found in S.23.01 Quantitative Reporting Template.

C.4.3 Risk Sensitivity for Liquidity Risk

The risk is assessed under extreme scenarios as part of the ORSA process combing natural catastrophe events alongside changes to the payment patterns. Nonetheless, the Company has retained a significant volume of investments on highly liquid securities which can support the liquidity needs even in such scenarios. The Company's liquidity was not challenged by the natural catastrophe events of 2021, the highest in its history.

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 capital requirement for operational risk is calculated by the standard formula principles.

Table 21 - Operational Risk (in EUR '000)

Risk Module	SCR	
	2022	2021
Operational risk	23 201	23 908

In 2022, operational risk has been derived from premium module as opposed to last year that was affected by the significant impact of the natural catastrophe events on the gross technical provisions. In respect of the year-end result for operational risk, in particular its premium module, it is in line with the business development of 2022.

C.5.1 Key Risks and Risk Mitigation Techniques

The Company aims for an efficient and economic operation seeking 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.

The operational risk according to the standard formula is derived from the amounts of gross earned premiums and gross best estimates. This assessment is deemed not to provide a deep understanding of the underlying sources and associated effects of operational risk. With that being said, the operational risk is further divided into further sub-categories and additionally assessed qualitatively through the Internal Control System in accordance with internal guidelines in order to obtain a more precise risk profile. The operational sub-risk categories are as follows:

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

The Company has introduced the new Strategy 2025 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.

The Company is exposed to inflation risk stemming mainly from the liabilities of its underwriting portfolio. The risk is assessed in stress tests and scenarios as part of the ORSA process.

On 17th October 2022, 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 secured ever since its foundation.

C.7 Any Other Information

There is no other information to be disclosed in this chapter.

VALUATION FOR SOLVENCY PURPOSES

VIG Re prepares its financial statements in accordance with the 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 subchapters below.

D.1 Assets

As of 31 December 2022, the Company held the following assets:

Table 22 - Assets Comparison (in EUR '000)

Assets	Solvency II		IFRS	
	2022	2021	2022	2021
Deferred acquisition costs	0	0	9 375	9 608
Intangible assets	0	0	3 104	2 478
Deferred tax assets	16 501	0	30 934	10 727
Property, plant & equipment held for own use	2 068	2 548	2 068	2 548
Investments, thereof:	511 931	501 116	516 642	502 354
Holdings in related undertakings, including participations	8 990	8 663	14 778	14 778
Equities	664	1 173	664	1 173
Equities – listed	0	0	0	0
equites – unlisted	664	1 173	664	1 173
Bonds	394 491	351 177	393 413	346 300
Government Bonds	214 486	206 390	213 409	201 512
Corporate Bonds	180 005	144 787	180 005	144 787
Collective Investments Undertakings	90 778	140 102	90 778	140 102
Deposits other than cash equivalents	17 008	0	17 008	0
Assets held for index-linked and unit-linked contracts	3 693	8 480	10 171	8 480
Loans & mortgages	13 927	12 374	17 371	12 031
Reinsurance recoverables	464 205	476 474	537 202	554 242
Non-Life and Health similar to Non-Life	480 015	472 058	530 152	548 672
Non-Life excluding Health	464 264	452 437	498 664	525 837
Health similar to Non-Life	15 752	19 622	31 488	22 835
Life and Health similar to Life, excluding Health and index-linked and unit-linked	-15 810	4 416	7 050	5 570
Health similar to Life	0	0	0	0
Life excluding Health and index-linked and unit-linked	-15 810	4 416	7 050	5 570
Life index-linked and unit-linked	0	0	0	0
Deposits to cedants	96 411	105 828	99 938	92 565
Insurance & intermediaries receivables	10 865	109 837	149 768	109 837
Reinsurance receivables	9 568	104 990	62 928	104 990
Receivables (trade, not insurance)	2 846	6 672	2 846	6 672
Cash and cash equivalents	32 505	60 754	32 505	60 754
Any other assets, not elsewhere shown	1 003	353	1 003	353
Total assets	**1 165 523**	**1 389 427**	**1 475 855**	**1 477 639**

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 while 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; however, those are incorporated in the technical provision 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 the requirement for their recognition to be traded in an active market is not met for VIG Re.

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 assets 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 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 IFRS 16, right of use assets are included in the total value of EUR 1 300 thousand for IFRS and also Solvency II valuation. This is made up of the three rented premises for Headquarters and both branches.

D.1.5 Investments

VIG Re owns 100% in Wiener Re Serbia and a 3.13% 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 EUR 6 758 thousand in IFRS balance sheet, is valued at nil 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 if 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 2022, VIG Re held a limited amount of bonds where no market quotation was available, representing 12 % of the investment portfolio.

A small part of VIG Re's bond portfolio comprises bonds classified as held-to-maturity and thus valued at amortized costs in the IFRS balance sheet.

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 considered 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 NSLT health), life (including SLT health) and life unit-linked.

Best Estimate of Retrocession Recoverables

When it comes to non-life recoverables, the characteristics of the Company's retrocession result in development triangles that are not adequately stable due to the combination of different types of retrocession and approximations needed to split retrocession cash flows per reserving segment. Hence, 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 an 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 assumed reinsurance contract and are modelled directly in the life actuarial models.

Counterparty Default Adjustment

The methodology used is based on the simplification described in Article 61 of Delegated Acts. The Company's retrocession panel is diversified over a large number of high rated international reinsurance companies that the Company assesses with adequate creditworthiness in order to minimize own credit risk due to their insolvency. As a result, the calculated credit default adjustment as of year-end 2022 is not material.

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 NSLT health contracts, the Company makes use of 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

In accordance with Solvency II principles, Insurance and Intermediaries receivables represent past due 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.

Table 23 – Insurance & Intermediaries Receivables comparison (in EUR '000)

	2022		
	Solvency II	IFRS	Difference
Insurance & intermediaries receivables	10 865	149 768	-138 903

The difference between SII and IFRS in the table above represents the non-due insurance receivables that were reclassified as at year-end 2022. In accordance with the guidelines on the valuation of technical provisions, technical cash flows recognised within the contract boundary which fall due after the valuation date are included in Solvency II best estimates. As a result, the insurance receivable balances accounted for under IFRS need to be adjusted for the purpose of Solvency II.

D.1.9 Reinsurance Receivables

Reinsurance receivables recognised in the Solvency II EBS represent past due amounts from reinsurers related 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.

Table 24 – Reinsurance Receivables comparison (in EUR '000)

	2022		
	Solvency II	IFRS	Difference
Reinsurance receivables	9 568	62 928	-53 360

The difference between SII and IFRS amounts represents the non-due reinsurance receivables that were reclassified as at year-end 2022. On the same grounds as discussed above, future cash flows related to reinsurance receivables due for payment after the valuation date are included in reinsurance recoverables.

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 comprises 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 either of a 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

In 2022, the Company experienced a decrease in the values of technical provisions on gross level as a result of a multiple factors such as a significant increase in risk free rates used, settlement of claims related to the natural catastrophe events of 2021 and due to the reclassification of non-due receivables and payables which form part of the technical provisions. On the other hand these effects are partially compensated by the portfolio growth.

Table 25 - Gross technical provisions (in EUR '000)

SII Line of Business	2022			2021		
	Best Estimate	RM	Technical Provision	Best Estimate	RM	Technical Provision
Medical expense proportional	50	119	169	3 495	109	3 603
Income protection proportional	13 935	1 370	15 305	17 277	2 471	19 748
Workers' Compensation proportional	33	8	42	66	5	71
Health non-proportional	15 801	516	16 318	18 274	504	18 778
Motor vehicle liability proportional	22 178	1 942	24 120	45 730	1 932	47 662
Other motor proportional	4 792	211	5 003	6 333	238	6 572
Marine, aviation and transport proportional	8 355	220	8 575	6 829	198	7 027
Fire and other property proportional	245 361	4 046	249 407	155 358	2 707	158 065
General liability proportional	19 777	1 333	21 110	20 706	888	21 594
Credit and suretyship proportional	1 654	42	1 696	842	22	865
Legal expenses proportional	29	1	30	66	3	68
Miscellaneous proportional	-41	0	-40	10	0	10
Casualty non-proportional	214 545	14 733	229 278	203 844	15 718	219 561
Marine, aviation and transport non-proportional	7 796	445	8 242	8 773	456	9 229
Property non-proportional	198 394	4 536	202 929	301 068	4 031	305 098
Total	**752 660**	**29 522**	**782 182**	**788 672**	**29 281**	**817 952**

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.

Coverage period of majority of the treaties is 12 months with most being underwritten in advance during the fourth quarter. This means that VIG Re is committed to them as at the valuation date, but insurance coverage has not yet commenced ("written but not yet incepted business"). For a year end valuation this generally includes the 1st of January renewals for the coming year.

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 bility 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 is 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 all 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 such as life expectancy and subsequently 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 the technical provision 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 cedants.

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 poses a challenge 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 selected as a sufficient illustration of the uncertainty associated with the value of technical provisions.

Table 26 - Sensitivities 2022 (in EUR '000)

Assumption Change	CP, gross	CP, net, after CDA, PAXL	PP, gross	PP, net, after CDA	Total BE, net
Basis scenario	883 550	419 520	-130 890	-146 875	272 644
Written premium up +5%	883 550	419 520	-138 238	-155 137	264 383
Written premium down -5%	883 550	419 520	-123 542	-138 613	280 906
Claims Paid up +5%	929 071	440 929	-99 749	-127 624	313 306
Claims Paid down -5%	838 028	398 110	-162 031	-166 127	231 983
RFR shock up (+100 bps)	855 919	407 782	-139 165	-150 976	256 806
RFR shock down (-100 bps)	914 462	432 318	-121 620	-142 402	289 915

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

The technical provisions valuated according to the Solvency II principles differ from the accounting technical provisions 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.

Within the premium provision, best estimates allow for the anticipated profits embedded in the premium receivables, which in turn reduces the level of technical provisions.

Table 27 - IFRS and Solvency II Technical Provisions 2022 (in EUR '000)

Lines of Business	IFRS		Solvency II		
	Outstanding Claims Provisions	Unearned Premiums Provision	Claim BELs	Premium BELs	Risk Margin
Non-Life	862 154	16 237	780 968	-31 409	26 192
HNSLT	57 680	-848	51 343	-12 231	3 088
Total	919 834	15 389	832 311	-43 640	29 281

IFRS technical provisions comprise 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.

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

The following table provides an overview of gross life technical provisions including their comparison with the IFRS value.

Gross technical provisions as of 31.12.2022 are presented below:

Table 28 - Gross Technical Provisions 2022 (in EUR '000)

Line of Business	Solvency II			IFRS
	BEL	Risk Margin	TPs	Life Technical Provisions
Life excluding Unit-/Index-linked and SLT health	25 176	8 028	33 204	91 218
Unit-/Index-linked	1 765	556	2 321	10 171
SLT health	-2 311	1 255	-1 056	0
Total	**24 630**	**9 839**	**34 469**	**101 389**

Gross technical provisions as of 31.12.2021:

Table 29 - Gross Technical provisions 2021 (in EUR '000)

Line of Business	Solvency II			IFRS
	BEL	Risk Margin	TPs	Life Technical Provisions
Life excluding Unit-/Index-linked and SLT health	57 335	11 263	68 598	88 494
Unit-/Index-linked	8 782	1 628	10 410	8 480
SLT health	-2 163	1 452	-711	0
Total	**63 954**	**14 343**	**78 297**	**96 974**

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

All reinsurance treaties are divided into the relevant Solvency II lines of business on reinsurance contract level. The vast majority of life technical provisions is segmented under the Insurance with profit participation line of business.

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 a sum of a best estimate liabilities and risk margin. Projection of cash-flows is performed by making use of the life actuarial model.

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

Risk margin is calculated in line with VIG Re's guidelines on the calculation of the risk margin under SII. The Company applies a simplification and projects the SCR based on relevant risk drivers to be used for projection of individual sub-modules of the SCR. To obtain the annual costs the Company uses the prescribed 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 utilised by the actuarial model are also reviewed annually. 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 nor future discretionary benefits are managed in line with the actual Company's approach for life portfolio.

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

- 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 is available.

Data Quality

One of the most significant challenges the Company faces in life segment is the quality of provided input data. In 2022, the Company focused on enhancement 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 improve 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. Several limitations and uncertainties present in the value of technical provisions have been identified mainly due to 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 this is not deemed to be a 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 assumption changes whereas 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 30 - Main Drivers for Decrease in Gross BEL 2022 (in EUR '000)

Assumption Change	Impact on Gross BEL
50% relative decrease in lapse rates, to a limit of 3% absolute shift down	- 10 025
Mortality experience ratio 10% relative shift down	- 5 412
10% increase in premium based scaling factor	- 2 801
SLT riders experience ratio 10% relative shift down	- 2 256
10% decrease in expenses	- 1 186
NSLT riders experience ratio 10% relative shift down	- 20

Table 31 - Main Drivers for Increase in gross BEL 2022 (in EUR '000)

Assumption Change	Impact on Gross BEL
50% relative increase in lapse rates, to a limit of 3% absolute shift up	+ 7 217
Mortality experience ratio 10% relative shift up	+ 5 426
10% decrease in premium based scaling factor	+ 2 801
SLT riders experience ratio 10% relative shift up	+ 2 249
10% increase in expenses	+ 1 186
NSLT riders experience ratio 10% relative shift up	+ 20

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 of 31 December 2022, the Company held the following liabilities:

Table 32 - Liabilities Comparison (in EUR '000)

	Solvency II Value		IFRS Value	
	2022	**2021**	**2022**	**2021**
Technical provisions – Non-Life	782 182	817 952	992 686	943 240
Technical provisions – Life (excluding index-linked and unit-linked)	32 148	67 886	91 218	88 494
Technical provisions – index-linked and unit-linked	2 321	10 410	10 171	8 480
Deposits from reinsurers	1 504	1 132	1 804	1 052
Deferred tax liabilities	0	3 573	0	522
Debts owed to credit institutions	7	1	7	1
Financial liabilities other than debts owed to credit institutions	6 693	14 877	6 693	14 877
Insurance & intermediaries payables	60 131	161 379	144 869	161 379
Reinsurance payables	21 884	16 387	25 495	16 387
Payables (trade, not insurance)	6 909	7 624	6 909	7 624
Subordinated liabilities	55 742	55 742	55 742	55 742
Any other liabilities, not elsewhere shown	5	6	5	6
Total Liabilities	969 526	1 156 969	1 335 600	1 297 804
Excess of Assets over Liabilities	**195 998**	**232 458**	**140 255**	**179 835**

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 ceded reinsurance arrangements.

The fair value for Solvency II for deposits from reinsurers related to non-life business is represented by the IFRS value. The valuation of deposits from reinsurers related to life portfolio, follow the same principles as defined in chapter 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 assets in Solvency II balance sheet.

Following the tax law in Czech Republic implemented in 2019, 100% of the temporary difference between Solvency II valuation and valuation for tax purposes is eliminated.

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 deemed a reasonable 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 past due for payment by the valuation date to ceding insurance undertakings and linked to assumed reinsurance business which do not form part of technical provisions.

Table 33 – Insurance & Intermediaries Payables Comparison (in EUR '000)

	2022		
	Solvency II	**IFRS**	**Difference**
Insurance & intermediaries payables	60 131	144 869	-84 739

The difference between Solvency II and IFRS in the table above represents the non-due insurance payables that were reclassified as at year-end 2022. On the same grounds as used for insurance receivables, future cash flows related to insurance payables due for payment after the valuation date are included in Solvency II best estimates.

D.3.5 Reinsurance Payables

Amounts payable past due to reinsurers 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 deemed a reasonable proxy for the Solvency II valuation.

Table 34 – Reinsurance Payables Comparison (in EUR '000)

	2022		
	Solvency II	**IFRS**	**Difference**
Reinsurance payables	21 884	25 495	-3 611

The difference between Solvency II and IFRS in the table above represents the non-due reinsurance payables that were reclassified as at year-end 2022. On the same grounds as used for reinsurance receivables, future cash flows related to reinsurance payables due for payment after the valuation date are included in reinsurance recoverables.

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 determined at amortized costs (equals the nominal or repayment value).

D.3.7 Excess of Assets over Liabilities

The difference between assets and liabilities represents the value of basic own funds, that subject to respective restrictions, are available to cover the capital requirements. More details are discussed in chapter E.1 dedicated to own funds.

D.4 Alternative Methods for Valuation

Apart from the methods described above, the Company does not make use of 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 disclosed 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 the Solvency II balance sheet (assets and liabilities valuation) or resulting from a change in its own capital.

The main objective of capital management is 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

In relation to capital management, the Company aims to ensure the continued existence of the Company on a going-concern basis. In addition to that, the objective is to maintain an optimal capital structure that allows us to fulfil obligations to primary insurers, continue providing dividends to shareholders and meet the Solvency II requirements.

VIG Re's capital management strives to continuously maintain a sufficient level of own funds to cover the SCR and MCR within the predefined comfort zone. Own funds shall be of a sufficient quality to meet the eligibility requirements in Article 82 of the Delegated Regulation. In order to monitor and analyse the ratio of eligible own funds over SCR and MCR, a risk bearing capacity concept has been implemented. As part of own funds management, the Own Risk and Solvency Assessment process is performed 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 at VIG Re comprises 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 a quarterly basis in order to ensure that the regulatory requirements for the solvency position are continuously met and also that the internally defined goals on comfort zone and minimum solvency ratio are satisfied.

Under an adverse scenario where own funds become insufficient, measures are to be implemented depending on the situations acknowledged.

Capital Planning
Capital planning constitutes the estimation of future capital situation. VIG Re 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). Throughout 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 the capital and solvency requirements are analysed as part of 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 aforementioned steps in conjunction 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 forming 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.

The solvency position of the Company remained within the comfort zone as of 31 December 2022.

E.1.2 Own Funds Classified by tiers

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

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.

As part of the capital planning supporting the strategy, the Company issued a perpetual and subordinated certificate of EUR 20 million in 2021, initially subscribed by VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe.

In 2022, the Company received a commitment issued by VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe in the amount of EUR 22 million which is classified as tier 3 ancillary own funds.

The development of VIG Re's IFRS equity is presented below:

Table 35 - IFRS Equity (in EUR '000)

IFRS Equity	2022	2021
Ordinary share capital	126 850	126 850
Share premium	49	49
Retained earnings	57 557	49 950
Other components	-44 201	2 986
Total shareholders equity	**140 255**	**179 835**

The decrease in IFRS equity is mainly driven by the unrealised losses of the investment portfolio.

The following table provides a breakdown of the Solvency II own funds and the reconciliation reserve held by VIG Re as of 31 December 2022 and 31 December 2021, respectively.

Table 36- Solvency II Available Own Funds (in EUR '000)

Solvency II Own Funds	2022	2021
Excess of assets over liabilities	195 998	232 458
Foreseeable dividends	0	17 965
Ordinary share capital	126 850	126 850
Share premium	50	49
Reconciliation reserve	52 597	87 593
Subordinated liabilities	55 742	55 742
An amount equal to the value of net deferred tax assets	16 501	0
Ancillary own funds	22 000	0
Solvency II Own funds	**273 739**	**270 234**

The subordinated liabilities remained at the same level as in 2021 as mentioned above. In order to support its capital position, the Company will retain the profits from 2022. As a result, the foreseeable dividend payments from profit are not taken into account the reconciliation reserve as of year-end 2022.

The Company's basic own funds are distributed to tiers as presented in the following table:

Table 37- Available Own Funds by tiers 2022 (in EUR '000)

2022	Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
Ordinary share capital	126 850	126 850	0	0	0
Share premiums	50	49	0	0	0
Reconciliation reserve	52 597	52 597	0	0	0
Subordinated liabilities	55 742	0	20 034	35 708	0
Ancillary own funds	22 000	0	0	0	22 000
An amount equal to the value of net deferred tax assets	16 501	0	0	0	16 501
Total basic own funds	**273 739**	**179 496**	**20 034**	**35 708**	**38 501**

For the sake of comparison, the Company's own funds by tiers as of 31 December 2021 are presented in the following table:

Table 38 – Available Own Funds by tiers 2021 (in EUR '000)

2021	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	87 593	87 593	0	0	0
Subordinated liabilities	55 742	0	20 000	35 742	0
Total basic own funds	**270 234**	**214 492**	**20 000**	**35 742**	**0**

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

Table 39- Eligible Own Funds 2022 (in EUR '000)

2022	Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
Total eligible own funds to meet SCR	257 473	179 497	20 034	35 708	22 235
Total eligible own funds to meet MCR	212 872	179 497	20 034	13 341	0

Table 40 - Eligible Own Funds 2021 (in EUR '000)

2021	Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
Total eligible own funds to meet SCR	270 234	214 492	20 000	35 742	0
Total eligible own funds to meet MCR	248 513	214 492	20 000	14 020	0

Tier 1 unrestricted own funds dropped down in 2022 mainly as a result of the macroeconomic environment that affected the market consistent valuations of investments more severely compared to liabilities. Restricted tier 1 own funds include the perpetual and subordinated certificate issued in 2021, tier 2 own funds include the subordinated loan, which was issued in 2018, and tier 3 the commitment received in 2022.

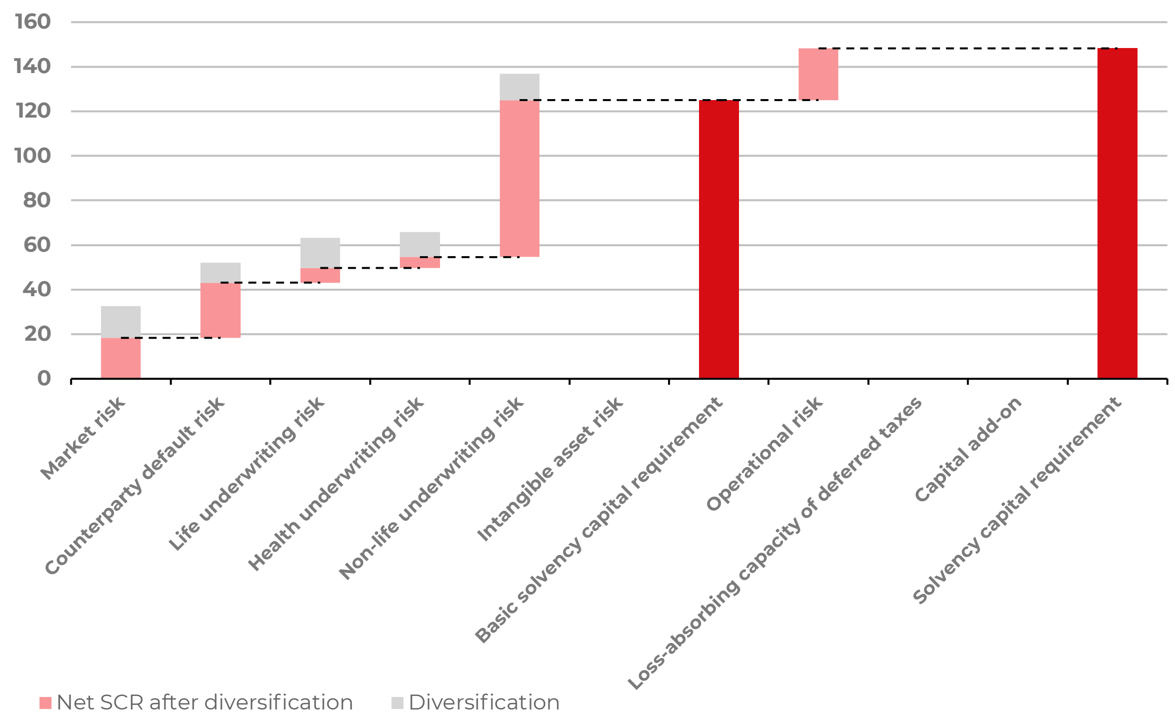
The eligible amount of tier 3 own funds being subject to a limit of 15 % of the Solvency Capital Requirement results in EUR 22,2 million, EUR 16 million lower than available own funds of this tier. The significant increase in tier 3 available own funds - apart from the aforementioned capital measure - is stemming from increased deferred tax assets.

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 2022 is EUR 148.2 million (2021: EUR 155.8 million). The MCR of the Company as of 31 December 2022 is EUR 66.7 million (2021: EUR 70.1 million).

Figure 8 - Composition of the Solvency Capital Requirement 2022 (in EUR million)



E.2.2 Solvency Capital Requirement Split by Risk Module

The final solvency capital requirement of the Company is result of the aggregation of the market, counterparty, life underwriting, non-life and health underwriting risks, less a benefit for diversification and including an additional risk charge for operational risk.

As commented in chapter C, the SCR decreased compared to prior year end, in particular as a result of the current economic environment (market risk, underwriting risk) and also due to model changes in non-life underwriting risk.

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

	2022	2021
Market risk	32 514	41 339
Counterparty default risk	33 696	36 528
Life underwriting risk	20 169	23 002
Non-Life underwriting risk	82 193	83 588
Health underwriting risk	16 124	16 912
Intangible asset risk	0	0
Diversification	-59 665	-66 722
Basic solvency capital requirement	125 031	134 646
Operational risk	23 201	23 908
Loss-absorbing capacity of technical provisions	0	0
Loss-absorbing capacity of deferred taxes	0	-2 782
Solvency capital requirement	**148 232**	**155 773**

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

The Company used one simplification in its calculations according to the standard formula, namely applied in the calculation of the risk mitigating effects of the retrocession contracts for the counterparty default risk calculation according to Article 107, Delegated Acts 2015/35.

E.2.4 Inputs Used to Calculate the Minimum Capital Requirement

The input used to calculate the MCR of the Company can be found in the table below. The underlying input data (net best estimates and net written premium) are also presented QRT S.28.01.

Table 42 - MCR inputs 2022 (in EUR '000)

SII Line of Business	Net Best Estimate	Net Written Premiums
Medical expense insurance and proportional reinsurance	3 277	12 364
Income protection insurance and proportional reinsurance	14 456	2 546
Workers' compensation insurance and proportional reinsurance	33	20
Motor vehicle liability insurance and proportional reinsurance	15 258	27 062
Other motor insurance and proportional reinsurance	4 405	17 924
Marine, aviation and transport insurance and proportional reinsurance	3 798	6 504
Fire and other damage to property insurance and proportional reinsurance	93 992	155 985
General liability insurance and proportional reinsurance	20 056	10 683
Credit and suretyship insurance and proportional reinsurance	359	233
Legal expenses insurance and proportional reinsurance	28	33
Assistance and proportional reinsurance	0	0
Miscellaneous financial loss insurance and proportional reinsurance	0	0
Non-proportional health reinsurance	0	22 727
Non-proportional casualty reinsurance	125 606	52 632
Non-proportional marine, aviation and transport reinsurance	0	4 452
Non-proportional property reinsurance	0	102 893
Total	**281 267**	**416 058**

The MCR decreased in 2022 to EUR 66.7 million (2021: EUR 70.1 million) resulting from decreased SCR in 2022 via the MCR cap.

Table 43 - Minimum Capital Requirement (in EUR '000)

	2022	2021	Variance (%)
Linear MCR	93 402	95 322	-2%
SCR	148 232	155 773	-5%
MCR cap	66 705	70 098	-5%
MCR floor	37 058	38 943	-5%
Combined MCR	66 705	70 098	-5%
Absolute floor of the MCR	3 900	3 600	8%
Minimum Capital Requirement	66 705	70 098	-5%

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

The Company did not use the duration-based equity risk sub-module in the calculation of the SCR as of 31 December 2022.

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

The Company has continuously been developing its partial internal model (PIM) since 2015 and received its approval in 2019. The model is part of the VIG Group PIM, subject to many reinsurance specific adjustments.

The model has been developed internally by the Actuarial Services and Retrocession Department with 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 in the context of specifics arising from an additional element of complexity due to the reinsurance structure. The intention of the Company was also to develop a model which can be used as a powerful tool to support various management decisions.

The following graph presents all SCR sub-modules. The modules highlighted in red are calculated by making use of the partial internal model:

Figure 9 - SCR Components

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

The model covers all material underwriting risks in non-life and in health underwriting business and in addition to the SCR calculation also it is also used in other areas such as:

- 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. The 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 the 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 run. 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 is used for the parametrisation of the reserve risk, for each homogenous reserving group the claims provision best estimates 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 is used wherever possible for parametrisation of the premium and catastrophe risks. Where this data is not sufficient, individual market data is used.

The model allows for a one-year modelling of the underwriting result in the non-life insurance business by making use of 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 method along with 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 across 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, all characteristics of the complex retrocession programme can also 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 to the risk profile. Information on the validation process and governance system for the PIM is provided in chapter 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 disclosed in this chapter.

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 (EU) 2016/679 of the European Parliament (General Data Protection Regulation
IASB	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
LoB	Line of Business
MCR	Minimum capital requirement
NSLT health	Non-similar to Life Techniques
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	Regular supervisory report
SCR	Solvency capital requirement
SFCR	Solvency and financial condition report
SLT health	Similar to Life Techniques
SII	Solvency II
Solvency II	Directive 2009/138/EC of the European Parliament and of the Council and related regulation
TP	Technical provision
VaR	Value at Risk

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Annex I – Organisational Structure as of 31 December 2022

Governance	**Supervisory Board**	P. Thirring, E. Stadler, A. Flandrin, V. Bakeš, K. Fink, P. Höfinger, G. Lahner, R. Müller, W. Petschko
	Board of Directors	J.M. Hartmann, I. Jurčíková, S. Wirz
	Audit Committee	F. Dostálek, P. Thirring, A. Flandrin
	Internal Audit	J.M. Hartmann
	Compliance	Z. Nulíčková
	Risk Management	A. Alexiou
	Actuarial Function	A. Alexiou

Markets Units						
Life & Health A. Rejer (Interim)	**VIG CEE** A. Mirnik	**International** A. Mirnik	**Branch Germany** F. Christoph	**Branch France** P. Chevrel	**Southern Europe** P. Chevrel	**Facultative** M. Schmid

Middle Office	**Corporate Underwriting**	O. Dietrich
	Actuarial Services and Retrocession	J. Hrevuš
	Reinsurance Accounting and Claims	M. Korytina
	Business Administration	S. Shirai
	Claims Management	S. Shirai
Support Functions	**Corporate Governance and Legal**	Z. Nulíčková
	Controlling, Planning, Reporting	Z. Štěpán
	Office Management	I. Jurčíková
	Human Resources Operations	P. Türková
	HR Strategy and Talent Development	J. M. Hartmann
	Marketing and Communications	J. M. Hartmann
	IT Solutions Services	M. Maryška
	Investments	I. Jurčíková

Executive Committee
J.M. Hartmann

Risk & Compliance Com.
A. Alexiou

Technical Reserving Com.
J. Hrevuš

Underwriting Committee
O. Dietrich

Remunerations Committee
Š. Brůnová

Market Committee
S. Wirz

Operations Committee
Z. Štěpán

Outsourced Functions

Asset Management
Asset Risk Management
Economic Services
Human Resources Payroll
Legal Services
Information Technology
IT Security
Procurement
Internal Audit

Responsibility / Coordination: Hartmann Jurčíková Wirz

Annex II – Quantitative Information

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S.05.02.01	Premiums, claims and expenses by country
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S.17.01.02	Non-Life Technical Provisions
S.19.01.21	Non-Life Insurance Claims Information
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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	16 501
Pension benefit surplus	R0050	
Property, plant & equipment held for own use	R0060	2 068
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	511 931
Property (other than for own use)	R0080	
Holdings in related undertakings, including participations	R0090	8 990
Equities	R0100	664
Equities - listed	R0110	0
Equities - unlisted	R0120	664
Bonds	R0130	394 491
Government Bonds	R0140	214 486
Corporate Bonds	R0150	180 005
Structured notes	R0160	
Collateralised securities	R0170	
Collective Investments Undertakings	R0180	90 778
Derivatives	R0190	
Deposits other than cash equivalents	R0200	17 008
Other investments	R0210	
Assets held for index-linked and unit-linked contracts	R0220	3 693
Loans and mortgages	R0230	13 927
Loans on policies	R0240	
Loans and mortgages to individuals	R0250	
Other loans and mortgages	R0260	13 927
Reinsurance recoverables from:	R0270	464 205
Non-life and health similar to non-life	R0280	480 015
Non-life excluding health	R0290	464 264
Health similar to non-life	R0300	15 752
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	-15 810
Health similar to life	R0320	
Life excluding health and index-linked and unit-linked	R0330	-15 810
Life index-linked and unit-linked	R0340	0
Deposits to cedants	R0350	96 411
Insurance and intermediaries receivables	R0360	10 865
Reinsurance receivables	R0370	9 568
Receivables (trade, not insurance)	R0380	2 846
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	
Cash and cash equivalents	R0410	32 505
Any other assets, not elsewhere shown	R0420	1 003
Total assets	R0500	**1 165 523**

Annex II - S.02.01.02

Balance sheet

Liabilities		Solvency II value C0010
Technical provisions – non-life	R0510	782 182
Technical provisions – non-life (excluding health)	R0520	750 349
TP calculated as a whole	R0530	0
Best Estimate	R0540	722 840
Risk margin	R0550	27 508
Technical provisions - health (similar to non-life)	R0560	31 833
TP calculated as a whole	R0570	0
Best Estimate	R0580	29 819
Risk margin	R0590	2 014
Technical provisions - life (excluding index-linked and unit-linked)	R0600	32 148
Technical provisions - health (similar to life)	R0610	-1 056
TP calculated as a whole	R0620	0
Best Estimate	R0630	-2 311
Risk margin	R0640	1 255
Technical provisions – life (excluding health and index-linked and unit-linked)	R0650	33 204
TP calculated as a whole	R0660	0
Best Estimate	R0670	25 176
Risk margin	R0680	8 028
Technical provisions – index-linked and unit-linked	R0690	2 321
TP calculated as a whole	R0700	0
Best Estimate	R0710	1 765
Risk margin	R0720	556
Contingent liabilities	R0740	
Provisions other than technical provisions	R0750	
Pension benefit obligations	R0760	
Deposits from reinsurers	R0770	1 504
Deferred tax liabilities	R0780	
Derivatives	R0790	
Debts owed to credit institutions	R0800	7
Financial liabilities other than debts owed to credit institutions	R0810	6 693
Insurance & intermediaries payables	R0820	60 131
Reinsurance payables	R0830	21 884
Payables (trade, not insurance)	R0840	6 909
Subordinated liabilities	R0850	55 742
Subordinated liabilities not in BOF	R0860	
Subordinated liabilities in BOF	R0870	55 742
Any other liabilities, not elsewhere shown	R0880	5
Total liabilities	R0900	**969 526**
Excess of assets over liabilities	R1000	**195 998**

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' compensat. 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	15 783	2 578	20	45 946	19 613	15 310	278 790	11 620	1 725
Gross - Non-proportional reinsurance accepted	R0130									
Reinsurers' share	R0140	3 419	32		18 884	1 689	8 806	122 805	937	1 492
Net	R0200	12 364	2 546	20	27 062	17 924	6 504	155 985	10 683	233
Premiums earned										
Gross - Direct Business	R0210									
Gross - Proportional reinsurance accepted	R0220	15 135	2 529	20	38 456	19 533	14 815	266 863	10 625	1 354
Gross - Non-proportional reinsurance accepted	R0230									
Reinsurers' share	R0240	2 998	27		10 509	1 621	8 681	116 710	901	1 174
Net	R0300	12 137	2 501	20	27 947	17 912	6 135	150 154	9 724	179
Claims incurred										
Gross - Direct Business	R0310									
Gross - Proportional reinsurance accepted	R0320	9 384	2 660	27	38 052	12 452	8 922	204 929	7 880	550
Gross - Non-proportional reinsurance accepted	R0330									
Reinsurers' share	R0340	2 514	41	3	14 424	775	5 243	91 075	451	405
Net	R0400	6 870	2 619	25	23 628	11 677	3 679	113 854	7 429	145
Changes in other technical provisions										
Gross - Direct Business	R0410									
Gross - Proportional reinsurance accepted	R0420	278	0	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	278	0	0	0	0	0	0	0	0
Expenses incurred	R0550	**3 984**	**870**	**3**	**5 977**	**6 563**	**2 177**	**41 097**	**3 530**	**246**
Other expenses	R1200									
Total expenses	R1300									

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)			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	33	0	-6					391 413
Gross - Non-proportional reinsurance accepted	R0130				37 346	78 352	10 595	233 839	360 133
Reinsurers' share	R0140		0	0	14 619	25 720	6 144	130 946	335 493
Net	R0200	33	0	-6	22 727	52 632	4 452	102 893	416 053
Premiums earned									
Gross - Direct Business	R0210								
Gross - Proportional reinsurance accepted	R0220	33	0	-6					369 359
Gross - Non-proportional reinsurance accepted	R0230				31 926	78 158	10 768	235 068	355 920
Reinsurers' share	R0240		0	0	9 264	25 212	6 110	129 044	312 252
Net	R0300	33	0	-6	22 663	52 946	4 657	106 024	413 027
Claims incurred									
Gross - Direct Business	R0310								
Gross - Proportional reinsurance accepted	R0320	-4	0	-5					284 848
Gross - Non-proportional reinsurance accepted	R0330				6 306	49 784	7 299	184 502	247 891
Reinsurers' share	R0340	1	0	0	2 977	23 425	4 534	95 157	241 024
Net	R0400	-5	0	-5	3 330	26 359	2 765	89 345	291 715
Changes in other technical provisions									
Gross - Direct Business	R0410								
Gross - Proportional reinsurance accepted	R0420	0	0	0					278
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	278
Expenses incurred	R0550	**12**	**0**	**-2**	**7 067**	**4 224**	**424**	**11 327**	**87 499**
Other expenses	R1200								
Total expenses	R1300								**87 499**

Annex II - S.05.01.02

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							1 313	39 414	40 727
Reinsurers' share	R1420							0	10 261	10 261
Net	R1500							1 313	29 153	30 466
Premiums earned										
Gross	R1510							1 313	34 762	36 075
Reinsurers' share	R1520							0	10 128	10 128
Net	R1600							1 313	24 634	25 948
Claims incurred										
Gross	R1610							150	17 510	17 660
Reinsurers' share	R1620							0	3 344	3 344
Net	R1700							150	14 166	14 316
Changes in other technical provisions										
Gross	R1710							937	-1 413	-476
Reinsurers' share	R1720							0	666	666
Net	R1800							937	-2 079	-1 142
Expenses incurred	R1900							**560**	**8 691**	**9 252**
Other expenses	R2500									
Total expenses	R2600									**9 252**

Annex II - S.05.01.02

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	21 242	100 060	14 461	45 152	23 068	41 153	245 136
Gross - Non-proportional reinsurance accepted	R0130	45 459	112 358	25 406	30 774	16 422	10 555	240 974
Reinsurers' share	R0140	47 774	118 623	5 861	11 929	21 792	29 234	235 214
Net	R0200	18 927	93 795	34 005	63 997	17 698	22 474	250 896
Premiums earned								
Gross - Direct Business	R0210							
Gross - Proportional reinsurance accepted	R0220	20 990	97 729	12 891	44 178	23 371	31 131	230 289
Gross - Non-proportional reinsurance accepted	R0230	45 267	111 689	25 879	29 174	17 548	10 767	240 324
Reinsurers' share	R0240	48 036	116 499	5 477	11 415	20 862	20 124	222 412
Net	R0300	18 220	92 919	33 293	61 937	20 057	21 774	248 201
Claims incurred								
Gross - Direct Business	R0310							
Gross - Proportional reinsurance accepted	R0320	18 280	86 636	11 654	32 865	15 774	31 656	196 865
Gross - Non-proportional reinsurance accepted	R0330	11 484	93 487	36 717	18 373	18 614	2 793	181 468
Reinsurers' share	R0340	20 134	106 786	18 723	5 165	12 850	19 692	183 351
Net	R0400	9 630	73 337	29 647	46 073	21 538	14 757	194 982
Changes in other technical provisions								
Gross - Direct Business	R0410							
Gross - Proportional reinsurance accepted	R0420		0	0	278	0	0	278
Gross - Non- proportional reinsurance accepted	R0430							0
Reinsurers'share	R0440							0
Net	R0500		0	0	278	0	0	278
Expenses incurred	R0550	**1 371**	**17 921**	**6 939**	**16 683**	**1 109**	**5 297**	**49 319**
Other expenses	R1200							
Total expenses	R1300							**49 319**

Annex II - S.05.02.01

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	499	7 400	2 166	7 044	5 462	8 645	31 216
Reinsurers' share	R1420	3	1 173	-14	0	0	1 564	2 726
Net	R1500	496	6 227	2 180	7 044	5 462	7 081	28 489
Premiums earned								
Gross	R1510	499	7 517	221	7 044	3 175	8 599	27 055
Reinsurers' share	R1520	3	1 117	-14	0	0	1 541	2 647
Net	R1600	496	6 400	235	7 044	3 175	7 058	24 408
Claims incurred								
Gross	R1610	101	10 601	147	1 171	1 920	1 900	15 841
Reinsurers' share	R1620	0	322	6	0	0	681	1 010
Net	R1700	101	10 279	141	1 171	1 920	1 219	14 831
Changes in other technical provisions								
Gross	R1710	0	-5 082	0	1 631	0	1 691	-1 760
Reinsurers' share	R1720	0	11	0	0	0	0	11
Net	R1800	0	-5 093	0	1 631	0	1 691	-1 771
Expenses incurred	R1900	**170**	**1 542**	**125**	**4 032**	**1 193**	**3 208**	**10 271**
Other expenses	R2500							
Total expenses	R2600							**10 271**

Annex II - S.12.01.02

Life and Health SLT Technical Provisions

		Insurance with profit participation	Index-linked and unit-linked insurance			Other life insurance			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)
				Contracts without options and guarantees	Contracts with options or guarantees		Contracts without options and guarantees	Contracts with options or guarantees			
		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									**26 941**	**26 941**
Total Recoverables from reinsurance/ SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0080									-15 810	-15 810
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	R0090									42 751	42 751
Risk Margin	R0100									**8 584**	**8 584**
Amount of the transitional on Technical Provisions											
Technical Provisions calculated as a whole	R0110										
Best estimate	R0120										
Risk margin	R0130										
Technical provisions - total	R0200									**35 525**	**35 525**

Annex II - S.12.01.02

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					**-2 311**	**-2 311**
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					-2 311	-2 311
Risk Margin	R0100					**1 255**	**1 255**
Amount of the transitional on Technical Provisions							
Technical Provisions calculated as a whole	R0110						
Best estimate	R0120						
Risk margin	R0130						
Technical provisions - total	R0200					**-1 056**	**-1 056**

Annex II - S.17.01.02

Non-life Technical Provisions

		Direct business and accepted proportional reinsurance								
		Medical expense insurance	Income protection insurance	Workers' compensat. 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	-8 736	-636	-45	-26 479	-4 268	-1 317	80 184	-1 279	445
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140	-1 772	-9		-4 034	-12	-122	83 188	-10	191
Net Best Estimate of Premium Provisions	R0150	-6 964	-627	-44	-22 445	-4 257	-1 195	-3 005	-1 269	253
Claims provisions										
Gross	R0160	8 785	14 570	78	48 657	9 061	9 672	165 178	21 056	1 209
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240	-1 455	-512	0	10 954	399	4 679	68 181	-269	1 104
Net Best Estimate of Claims Provisions	R0250	10 240	15 083	78	37 703	8 662	4 993	96 996	21 325	105
Total Best estimate - gross	R0260	**50**	**13 935**	**33**	**22 178**	**4 792**	**8 355**	**245 361**	**19 777**	**1 654**
Total Best estimate - net	R0270	**3 277**	**14 456**	**33**	**15 258**	**4 405**	**3 798**	**93 992**	**20 056**	**359**
Risk margin	R0280	**119**	**1 370**	**8**	**1 942**	**211**	**220**	**4 046**	**1 333**	**42**
Amount of the transitional on Technical Provisions										
Technical Provisions calculated as a whole	R0290									
Best estimate	R0300									
Risk margin	R0310									

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Non-life Technical Provisions

		Direct business and accepted proportional reinsurance								
		Medical expense insurance	Income protection insurance	Workers' compensat. 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	169	15 305	42	24 120	5 003	8 575	249 407	21 110	1 696
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330	-3 227	-522		6 920	387	4 557	151 370	-279	1 295
Technical provisions minus recoverables from reinsurance/ SPV and Finite Re - total	R0340	3 396	15 826	42	17 199	4 616	4 018	98 038	21 388	401

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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	-41	-17 264	-38 835	-5 944	-106 667	-130 890
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140		0	0	-3 031	-13 115	-1 773	-43 518	15 985
Net Best Estimate of Premium Provisions	R0150	-9	0	-41	-14 233	-25 720	-4 171	-63 150	-146 875
Claims provisions									
Gross	R0160	38	0	0	33 066	253 380	13 740	305 061	883 550
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240		0	0	22 531	102 054	9 826	246 538	464 030
Net Best Estimate of Claims Provisions	R0250	37	0	0	10 534	151 326	3 915	58 523	419 520
Total Best estimate - gross	R0260	**29**	**0**	**-41**	**15 801**	**214 545**	**7 796**	**198 394**	**752 660**
Total Best estimate - net	R0270	**28**	**0**	**-41**	**-3 699**	**125 606**	**-256**	**-4 627**	**272 644**
Risk margin	R0280	**1**	**0**		**516**	**14 733**	**445**	**4 536**	**29 522**
Amount of the transitional on Technical Provisions									
Technical Provisions calculated as a whole	R0290								
Best estimate	R0300								
Risk margin	R0310								

Annex II - S.17.01.02

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 - total									
Technical provisions - total	R0320	30	0	-40	16 318	229 278	8 242	202 929	782 182
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330		0	0	19 500	88 939	8 053	203 021	480 015
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0340	29	0	-40	-3 182	140 339	189	-92	302 166

Annex II - S.19.01.21

Non-life Insurance Claims Information

Total Non-Life Business

Accident year / Underwriting year	Z0020	Underwriting year

Gross Claims Paid (non-cumulative)

(absolute amount)

	Year	Development year										
		0	1	2	3	4	5	6	7	8	9	10 & +
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110
Prior	R0100											1 467
N-9	R0160	127 182	63 330	20 545	9 181	3 424	3 046	1 663	864	1 199	587	
N-8	R0170	101 922	51 290	31 124	17 053	11 263	23 109	1 283	931	700		
N-7	R0180	91 074	57 115	28 775	13 680	9 187	7 507	1 670	1 519			
N-6	R0190	77 712	48 501	15 283	6 957	5 657	2 393	3 410				
N-5	R0200	115 710	77 398	33 832	28 536	11 791	4 853					
N-4	R0210	86 865	57 272	28 562	11 225	9 438						
N-3	R0220	106 830	88 679	43 062	13 356							
N-2	R0230	112 581	77 869	40 969								
N-1	R0240	258 379	244 609									
N	R0250	171 784										

Year	In Current year	Sum of years (cumulative)
	C0170	C0180
R0100	1 467	1 467
R0160	587	231 020
R0170	700	238 675
R0180	1 519	210 527
R0190	3 410	159 913
R0200	4 853	272 119
R0210	9 438	193 362
R0220	13 356	251 928
R0230	40 969	231 419
R0240	244 609	502 987
R0250	171 784	171 784
Total R0260	492 691	2 465 200

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Non-life Insurance Claims Information

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											59 502		R0100	45 305
N-9	R0160	0	0	0	25 831	23 984	16 422	14 477	12 597	12 197	14 848			R0160	11 201
N-8	R0170	0	0	53 183	61 413	49 947	18 358	13 624	14 780	19 325				R0170	14 123
N-7	R0180	0	82 976	67 489	49 581	30 094	24 491	23 293	26 456					R0180	18 834
N-6	R0190	89 889	61 459	44 135	29 521	31 425	31 864	34 043						R0190	25 150
N-5	R0200	142 139	108 345	70 599	49 893	41 957	39 302							R0200	31 888
N-4	R0210	101 617	82 393	42 440	40 598	42 431								R0210	32 645
N-3	R0220	176 713	121 155	76 256	71 575									R0220	55 719
N-2	R0230	184 424	141 541	98 458										R0230	80 848
N-1	R0240	451 483	320 560											R0240	289 271
N	R0250	317 460												R0250	278 565
													Total	R0260	883 550

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					

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Own funds

		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	52 597	52 597			
Subordinated liabilities	R0140	55 742		20 034	35 708	
An amount equal to the value of net deferred tax assets	R0160	16 501				16 501
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	**251 739**	**179 497**	**20 034**	**35 708**	**16 501**
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	22 000				22 000
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	**22 000**				**22 000**

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Own funds

		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	273 739	179 497	20 034	35 708	38 501
Total available own funds to meet the MCR	R0510	235 239	179 497	20 034	35 708	
Total eligible own funds to meet the SCR	R0540	257 473	179 497	20 034	35 708	22 235
Total eligible own funds to meet the MCR	R0550	212 872	179 497	20 034	13 341	
SCR	R0580	**148 232**				
MCR	R0600	**66 705**				
Ratio of Eligible own funds to SCR	R0620	**173,70%**				
Ratio of Eligible own funds to MCR	R0640	**319,13%**				

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	195 998
Own shares (held directly and indirectly)	R0710	0
Foreseeable dividends, distributions and charges	R0720	0
Other basic own fund items	R0730	143 401
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	
Reconciliation reserve	R0760	**52 597**
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	R0770	48 391
Expected profits included in future premiums (EPIFP) - Non- life business	R0780	146 966
Total Expected profits included in future premiums (EPIFP)	R0790	**195 357**

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**	32 514	0		
2	**Counterparty default risk**	33 696	0		
3	**Life underwriting risk**	20 169	0		
4	**Health underwriting risk**	16 124	11 877		
5	**Non-life underwriting risk**	82 193	82 193		
6	**Intangible asset risk**	0	0		
7	**Operational risk**	23 201	0		
8	**"LAC Technical Provisions (negative amount)"**	0	0		
9	**"LAC Deferred Taxes (negative amount)"**	0	0		

Calculation of Solvency Capital Requirement		C0100
Total undiversified components	R0110	207 897
Diversification	R0060	-59 665
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	**148 232**
Capital add-ons already set	R0210	0
Solvency capital requirement	R0220	**148 232**
Other information on SCR		
Amount/estimate of the overall loss-absorbing capacity of technical provisions	R0300	
Amount/estimate of the overall loss-absorbing capacity ot deferred taxes	R0310	
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	0
LAC DT justified by reversion of deferred tax liabilities	R0650	0
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	0

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	86 175

		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	3 277	12 364
Income protection insurance and proportional reinsurance	R0030	14 456	2 546
Workers' compensation insurance and proportional reinsurance	R0040	33	20
Motor vehicle liability insurance and proportional reinsurance	R0050	15 258	27 062
Other motor insurance and proportional reinsurance	R0060	4 405	17 924
Marine, aviation and transport insurance and proportional reinsurance	R0070	3 798	6 504
Fire and other damage to property insurance and proportional reinsurance	R0080	93 992	155 985
General liability insurance and proportional reinsurance	R0090	20 056	10 683
Credit and suretyship insurance and proportional reinsurance	R0100	359	233
Legal expenses insurance and proportional reinsurance	R0110	28	33
Assistance and proportional reinsurance	R0120	0	0
Miscellaneous financial loss insurance and proportional reinsurance	R0130	0	0
Non-proportional health reinsurance	R0140	0	22 727
Non-proportional casualty reinsurance	R0150	125 606	52 632
Non-proportional marine, aviation and transport reinsurance	R0160	0	4 452
Non-proportional property reinsurance	R0170	0	102 893

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

Linear formula component for life insurance and reinsurance obligations		C0040
MCRNL Result	R0200	7 227

		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	39 101	
Obligations with profit participation - future discretionary benefits	R0220		
Index-linked and unit-linked insurance obligations	R0230	1 765	
Other life (re)insurance and health (re)insurance obligations	R0240	1 884	
Total capital at risk for all life (re)insurance obligations	R0250		8 183 382

Overall MCR calculation		C0070
Linear MCR	R0300	93 402
SCR	R0310	148 232
MCR cap	R0320	66 705
MCR floor	R0330	37 058
Combined MCR	R0340	66 705
Absolute floor of the MCR	R0350	3 900

		C0070
Minimum Capital Requirement	R0400	**66 705**

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

		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	

		C00130
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		