Solvency Financial Condition Report 2017

The report was revised in terms of own funds and capital requirements due to technical deficiencies and miscalculations that were discovered by the Company. The revised SFCR illustrates corrected figures and does not reflect any other change.

Content

Summary

The purpose of this 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 the first professional reinsurance company established in the Czech Republic and is part of Vienna Insurance Group (“VIG”). VIG Re was incorporated on 18 August 2008 and has its registered office at Templová 747/5, Prague 1. VIG Re received the license to carry out reinsurance business and related activities on 8 August 2008 and has conducted the reinsurance business in Property/Casualty, Life and Health since 2009. In line with its Strategy, the Company opened its branch office in Frankfurt a. M., Germany in September 2017.

The Company’s system of governance (Chapter B) is defined through a set of internal rules, procedures and organization as governed by internal policies. The system of governance encompasses also other integral elements, such as the risk management system (including the risk strategy, ORSA, etc.), the internal control system and the key functions. The system of governance is continually adjusted according to the complexity of the risk landscape of the Company’s business model. To foster the operational excellence of the Company, further modules of the Company’s internal workflow system were implemented in 2017. VIG Re is currently in the pre-application phase of applying for a partial internal model for the area of Non-Life and Health not Similar to Life underwriting risks in 2019.

Chapter C provides an overview of the Company’s risks to which it is exposed and key procedures to mitigate these risks to an acceptable level. The establishment of an appropriate risk profile is a pivotal element for a proper underwriting, investment and risk mitigation process. Out of these risk classes, underwriting risks are identified as the most important for VIG Re. The Company is exposed to Non-Life, Health (non-similar to Life techniques) and Life underwriting risks. The Company mitigates underwriting risks by the adherence of a strict underwriting policy, definition of underwriting limits, accumulation control, and establishment of a comprehensive reinsurance programme. The market risk is governed by VIG Re’s Investment and Risk Strategy policy. It sets a balanced risk/return-profile and sets limits for asset allocation and is updated annually. To limit counterparty default risk VIG Re distributes its reinsurance coverage over a diversified panel of financially solid international reinsurance companies, in compliance with VIG Security Guidelines. In the area of operational risks, strict procedures, controls and emergency plans areas are in place to ensure sustainable reinsurance services.

Chapter D (Valuation for Solvency Purposes) summarizes methods of valuation of assets and liabilities and the main differences between statutory reports according to IFRS standards and Solvency II valuation. Main differences refer to the valuation of investment (especially held to maturity bond portfolio), technical provisions and reinsurance recoveries.

Finally, chapter E provides an overview of the capital management and the solvency requirement of the Company. The whole capital of the Company qualifies as Tier I capital. The Company’s capital was increased by EUR 25 million in 2017 to support the capital position of the Company for its planned expansion. The Company solvency position as at 31 December 2017 was 131.5 %.

Report presents in its appendixes the organisational structure of the Company, and quantitative reports according to Solvency II requirements. The revised Solvency Financial Condition Report 2017 was approved by the Board of Directors on 3 December 2018.

A Business and Performance

A.1 Business

As part of the Vienna Insurance Group, VIG Re has established itself from its foundation in 2008 as a core player in the Austrian and CEE reinsurance markets.

VIG RE zajišťovna, a.s. (hereinafter also "VIG Re" or "the Company") is a part of Vienna Insurance Group, whose history reaches back to 1824. VIG Re was founded in 2008 with the aim to optimize the reinsurance buying of VIG Group and to underwrite profitable reinsurance business with insurance companies inside and outside of VIG Group. By end of 2017, VIG Re assumed business with more than 350 clients, mainly from its core markets Austria and CEE, but also from other Continental European markets such as Germany, Switzerland, Italy and Turkey.

A.1.1 Name and Legal Form of the Undertaking

VIG Re is incorporated in the Czech Republic and is a joint-stock company. Identification number: 28445589, registered in the Commercial Register kept by Municipal Court in Prague, section B, insert 14560.

The address of the registered office is:
Templová 747/5
110 01 Praha 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:

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

Reinsurance activities referred to the decisive date are of actual exercise. Performance of these activities was not limited or suspended by the Czech National Bank.

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 the Česká národní banka (Czech National Bank). Česká národní banka can be contacted at:

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

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

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

A.1.3 External Auditor of the Undertaking

The statutory auditor of the Company is:

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

A.1.4 Holders of Qualifying Holdings in 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	70 %	70 %
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%

A.1.5 Legal Structure of the Group

VIG Re is a part of VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe. Detailed list of related parties and equity can be found in our Annual report Annex 2 to the Report on Related Parties.

In line with its strategic focus on Continental Europe reinsurance markets, the Company opened a branch office in Frankfurt a. M., Germany, starting operation on 29 September 2017. The economic data of the branch are, in accordance with the legislation of the Czech Republic, an integral part of the financial statements of the Company.

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 has established business relationships with a significant number of insurance companies in Serbia and Western Balkans. It is currently active in Serbia and neighbouring countries Bosnia and Herzegovina, Montenegro and Macedonia. The Company increased in 2017 its share in Wiener Re from 99 % to 100 %.

VIG Re has also share in VIG fund CZ, a.s. This company operates in the area of real estate management.

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	3.11%	3.11%

A.1.6 Material Lines of Business and Geographical Areas

The Company is a reinsurance undertaking providing Non-Life, Health and Life services.

Material Services of the Company are conducted for the following lines of business:

Property and Casualty Reinsurance

- Property
- Engineering
- Motor Third Party Liability
- Motor Own Damage
- General Third-Party Liability
- Marine

Accident and Health Reinsurance

- Personal Accident
- Health

Life Reinsurance

Underwriting Territories

The map shows the underwriting territories of VIG Re. In addition, business is assumed from Japan.

Under SII standards, the Company's business assumes Non-Life, Health (non-similar to Life underwriting techniques) and Life reinsurance.

A.1.7 Main Trends and Factors Contributing to the Business Performance of The Company

Macroeconomics

According to IMF the year 2017 has shown a real global GDP growth of 3.6%, up from 3.2% in 2016. Main driver of growth was the acceleration of international trade (+4.2% compared to +2.4% in 2016). For the CEE markets, the positive economic development has been even more pronounced: real GDP growth was +4.1%, outpacing the moderate growth in EU 15 countries of +2.1%. Hence, the performance of CEE economies continues to converge to Western European levels.

Major economies in the CEE region, such as Poland or Czech Republic have been growing in 2017 according to WIIW data by +3.7% and +3.8%, respectively. Even higher growth has been achieved in Romania (+5.7%), Turkey (+5.4%), Hungary, Slovenia and the Baltic countries (all +4.0%). The positive macroeconomic development had overall a possible impact on the demand for insurance products, although effects differ by country. For the years 2018 and 2019 the WIIW forecasts a continued positive economic development for the CEE countries, especially for the smaller economies in the region. The real growth for the region is forecasted at above 3% and will continue to outperform Western European economies. Forecast for Poland is 3.5%, for Czech Republic 3.2%, Romania 4.5% and Turkey 3.9%. The positive economic development in CEE will be driven by a combination of various factors such as decreasing unemployment rates, wage increases, which will fuel growing domestic demand and the slowly recovering investments as well as increased exports in the region. CEE countries will be able to leverage the economic growth forecasted for Western Europe, as by now the CEE economies have been well integrated in the value added chain of European and international industries.

Outlook

Industry Challenges

While global political and economic challenges still continue, such as low interest environment, the outcome of the Brexit negotiation, stabilization of the Euro zone, and the trade and financial politics of the United States and China, it appears that markets have taken actions and priced in these uncertainties.

A continuous challenge to the industry remains the introduction of various new regulations. Not only that Solvency II will be already subject to a review process and still in view of lacks of cohesion in the interpretation by the different national regulators, but the implementation of new regulations such as IFRS 17, GDPR or IDD will impose additional burden on the insurance industry.

Beyond this, the insurance industry is facing the challenges of technological innovations and socio-economic developments, which will drive fundamental changes in the way insurance companies will interact with their clients and intermediaries, assess risks, manage their services and organise their workflow. It remains to be seen, to which extent the prediction that this digital revolution will emerge into a disruptive change of the industry model, or if the incumbent insurance provider will be able to embrace new technologies and innovate their business models.

We believe that ultimately the technological innovation and social economic trends represent significant opportunities for reinsurance through extending its value proposition and improving the efficiency of the industry.

Reinsurance Industry

Terms and conditions for most lines of reinsurance business have been developing in favour of reinsurance buyers in past years, mainly driven by an abundance of capital in the reinsurance industry and relative benign loss activity. However, the year 2017 has seen significant loss activities with insured losses from natural disasters well beyond USD 100 billion and denting the underwriting results of global insurers and reinsurers significantly. VIG Re expects that reinsurance market terms in 2018 will reflect the weak underwriting performance of the industry in 2017. The continued high level of available capital, both traditional reinsurance and so-called alternative capital, will likely not allow for a significant improved terms and conditions, especially in those markets that have not been affected by the major events in 2017 and have shown a solid performance in recent years. While interest rates on bonds appear to be slowly picking up, interest rates remain at a historically low level. In this context, adherence to remain key principles in our business.

Growth Ahead in CEE

The rising purchasing power of a growing middle class in Central and Eastern Europe will trigger an increased demand for insurance solutions from private households, which will consequently increase insurance density. As a result, mid to long-term macroeconomic trends provide strong growth potential for insurance and reinsurance companies in the region. Still, the future development of the insurance market will also depend on CEE countries implementing reforms in social, health and pension insurance.

VIG Re Strategy 2020

In the first years of its operation, VIG Re focused on accepting business from VIG companies. However, from the beginning the Company has built a value proposition for clients outside of VIG Group, which gained momentum since 2013. In the following years, VIG Re has been gradually building its franchise beyond VIG core insurance markets, such as Germany, Italy, Russia and Turkey. As part of its new strategy 2020, VIG Re aims to strengthen its underwriting activities in Germany and to enter additional markets in a careful and controlled way. There, VIG Re will focus on those business segments and client relations that provide opportunities for profitable and sustainable growth with selected clients. In combination with the further development of its established business segments, the company is aiming to grow its profits before tax continuously until 2020, while maintaining a combined ratio below 100% and its internal cost ratio below 3% in any year.

In 2018 and beyond, VIG Re will adhere to its policy of strict risk management, underwriting discipline and conservative investment and protection policy. Together with the superior financial security, its lean and nimble operating model, its ability to offer broad risk solutions across all main lines of business, these are the factors that enables the company to seize opportunities in its Central and Eastern core markets and beyond.

A.2 Underwriting Performance

A.2.1 Underwriting Performance in 2017

Business Performance 2017

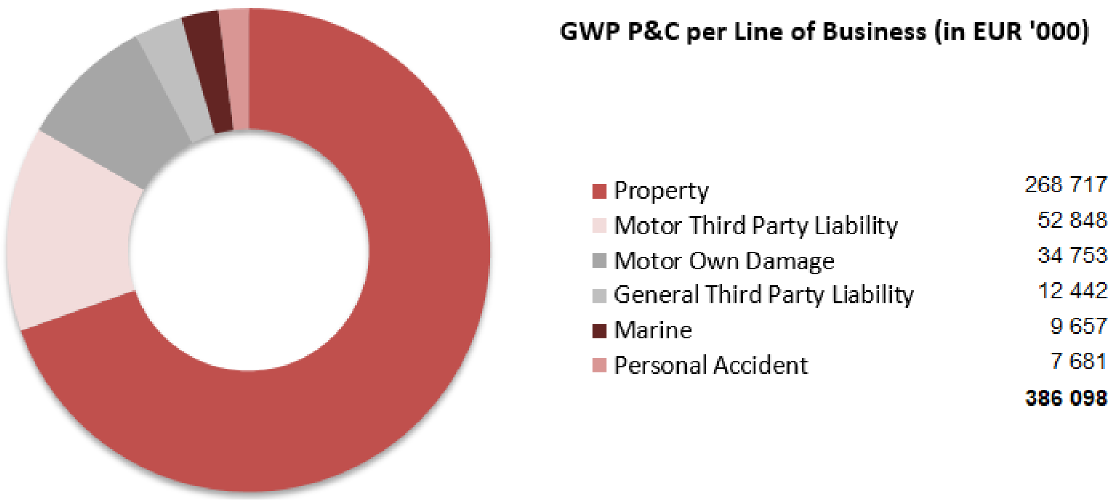
Market conditions during the year 2017 were still challenging, with premium rate levels stabilising on low level across most lines of business and markets. VIG Re adhered to its strict underwriting discipline, withdrawing from business where the renewal terms were not in line with VIG Re’s technical standards. The strong franchise of VIG Re in its core markets and increased marketing activities with selected clients however enabled VIG Re to originate new business at sufficient technical margins. As a result, and in line with the Strategy 2020, the gross written premium increased in 2017 to EUR 423.7 million. The P&C business segment contributed to this with EUR 386.1 million, Health segment with EUR 21.0 million and the Life segment with EUR 16.6 million.

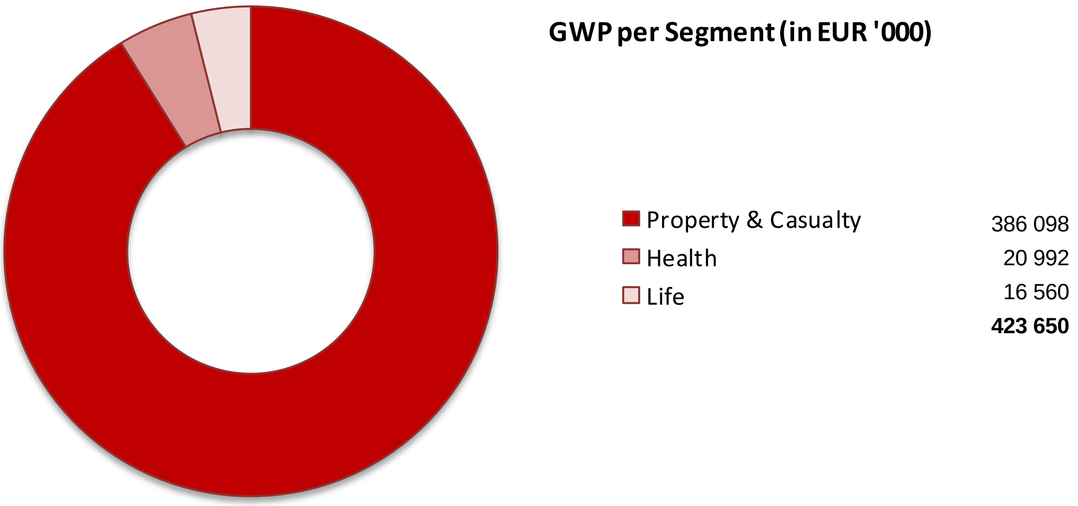
In order to strengthen its marketing activities in Germany, Austria and Switzerland, VIG Re established a permanent office in Frankfurt am Main on 29 September 2017. Before, the

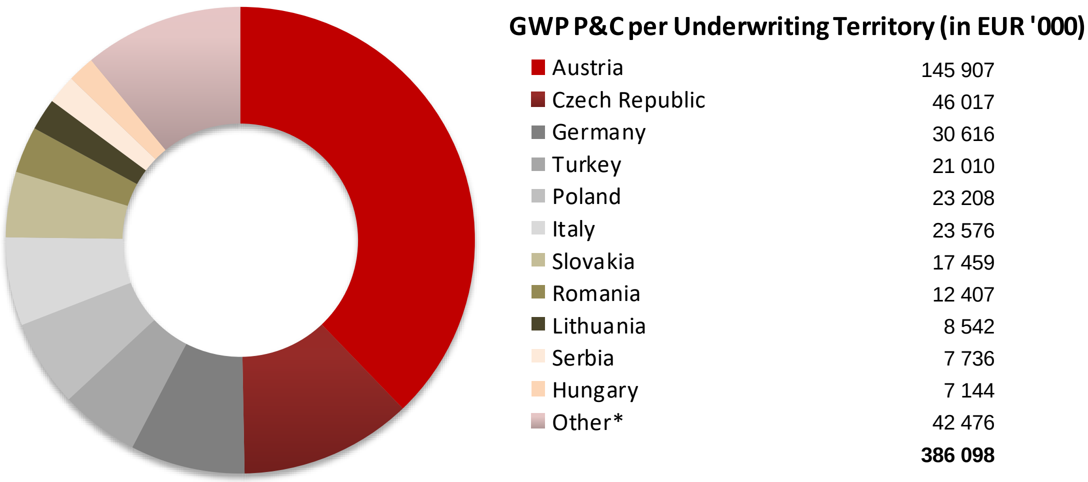
Company has been writing German business already on a freedom of service basis. The new branch office has been set up in order to serve our clients locally and is a token of VIG Re's long-term commitment to the market.

Unlike most other reinsurers, VIG Re was in 2017 not materially affected by any large natural catastrophe events such as hurricanes in USA & Caribbean, namely Harvey, Irma and Maria, VIG Re noticed no material losses. However, VIG Re was to some extent affected by a number of local weather related events, most significantly losses from windstorm "Herwart" in October in Germany, Austria and various CEE countries. The storm reported for VIG Re losses in the amount of EUR 16.7 million. A second notable event was a hailstorm which occurred in Austria in July, causing a gross incurred loss of EUR 6 million. In addition the total burden of large man-made losses (VIG Re's gross share above EUR 1 million) increased in 2017. In 2017, 14 large claims were reported for VIG Re with a total gross loss of EUR 38.9 million, compared to 10 large losses in 2016 with a total gross loss of EUR 31.1 million.

A stable and sustainable profitable performance is one of the most important targets for VIG Re and its shareholders. Due to a well diversified portfolio and a prudent reinsurance protection, the Company achieved a net combined ratio of 94.8%, only slightly higher than the very strong 2016 underwriting year.







*) Other represents the following countries: Albania, Armenia, Belgium, Bosnia, Bulgaria, Croatia, Estonia, France, Georgia, Japan, Kazakhstan, Kosovo, Latvia, Macedonia, Moldova, Montenegro, Russia, Slovenia, Spain, Switzerland, Ukraine.

GWP P&C shows significant growth in 2017 (EUR +46.8 million), driven by Austria (EUR+16.8 million). Growth in Italy (EUR +12.2 million) is driven by underwriting a new large QS treaty. Growth in Germany (EUR +11.8 million) was mainly driven by new business and increased share on renewals of various treaties. In Western Europe (France and Belgium) the Company achieved a GWP of EUR 2.2 million and Premium from Japan accounted for EUR 1.3 million.

Results for 2017 and 2016 from the underwriting activity are summarized in the tables below (in EUR '000).

2017	P&C	Life	Health	Total
Premiums written - gross	386 098	16 560	20 992	423 650
Premiums written - reinsurers' share	-167 732	-3 284	-149	-171 166
Net earned premiums	221 716	13 518	20 727	255 961
Other income	2	4 399	-1	4 400
Claims incurred	-177 642	-10 530	-2 357	-190 529
Operating expenses	-46 598	-4 310	-3 298	-54 206
Underwriting result	-2 522	3 076	15 072	15 626
Profit before tax				23 630

2016	P&C	Life	Health	Total
Premiums written – gross	339 329	19 021	24 708	383 058
Premiums written - reinsurers' share	-156 872	-2 683	-1 421	-160 976
Net earned premiums	182 563	16 560	23 241	222 364
Other income	0	4 506	0	4 506
Claims incurred	-121 190	-14 750	-3 066	-139 006
Operating expenses	-58 796	-3 873	-8 831	-71 500
Underwriting result	2 577	2 443	11 345	16 365
Profit before tax				22 279

A.3 Investment Performance

A.3.1 Investment Performance in 2017

As for previous years, also the year 2017 was characterized by continued low interest rates. Interest rates started to increase in the second half of the year but to a lesser extend as expected by most market participants. On the other hand, equity markets achieved several historical maximums.

Despite of the challenging market conditions, VIG Re succeeded to achieve planned investment result. The ordinary investment income was EUR 8.2 million in 2017 (EUR 7.5 million in 2016). In addition, an extraordinary income was realised in the amount of EUR 1.6 million (no extraordinary income in 2016). Additional EUR 4.4 million was earned from the net funds deposited with cedents in respect of Life Reinsurance contracts in 2017 (EUR 4.5 million in 2016). After deduction of investment related expenses total investment income was EUR 13.8 million (EUR 11.3 million in 2016).

Low market yields and volatile equity markets make the investment outlook even more challenging than before. Planned investment yield has been adjusted in order to stick to the policy of a conservative risk/return profile of diversified portfolio and disciplined risk management.

The Company’s investment was allocated as of 31 December 2017 in following assets (in EUR '000):

Investments VIG Re (IFRS)	**2017**	**2016**
Property, plant & equipment held for own use	442	252
Investments	376 684	308 252
Holdings in related undertakings, including participations	*11 762*	*11 726*
Participations in fully consolidated insurance companies	6 759	6 722
Participations in fully consolidated non-insurance companies	5 003	5 003
Bonds	*292 135*	*251 923*
Government bonds	246 241	210 396
Corporate bonds	45 894	41 527
Collective Investments Undertakings (=Investment funds)	*72 787*	*44 604*
Loans & mortgages	177	423
Deposits to cedants	101 662	141 069
Cash and cash equivalents	9 812	7 300

The Company has no investments in securitisation.

A.4 Performance of other Activities

The Company granted a loan, which resulted in a receivable of EUR 177 thousand (EUR 423 thousand in 2016), as shown in the Company’s financial statements.

A.5 Any other Information

There are no other material information related to Business performance that would be relevant to provide.

B System of Governance

B.1 General Information on the System of Governance

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

B.1.1 Role and Responsibilities of the Board of Directors

The Board of Directors as the highest executive body of the Company is responsible for the determination of objectives and business plans and meeting them, setting the organisational structure, remuneration and ultimately takes ownership of all risks. In doing so, the Board of Directors follows the tasks, as assigned to it by the respective legislation (inter alia the Commercial Code and Insurance Act) and internal documents (decisions of the Shareholders Assembly, the Company's By-Laws, Organisational Charter, Terms of Procedures, etc.). As VIG Re is still a relative small company by number of employees, the Board of Directors members are, to some extent, involved in certain operational tasks.

Mr. Tomasz Rowicki joined the Board of Directors of VIG Re effective 1 March 2017.

The Board of Directors has the power to establish committees as its advisory bodies in specific areas, where specific issues under the responsibility of the Board of Directors are discussed with the assistance of subject matter experts.

The Company has currently set-up the Committee for Technical Reserves, which meets on a quarterly basis to discuss issues related to technical provisions calculation and assessment, including setting the assumptions and methods and monitoring the level and sufficiency of the technical provisions. The Committee is chaired by Mr. Johannes Martin Hartmann.

The establishment of a **Risk Management and Compliance Committee** and **Underwriting Committee** has been decided by the Board of Directors on its Meeting on 3 November 2017. The Committees shall be established in the course of 2018.

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. Apart of its regular agenda which includes Management Report, Report on Business Activity, Report on Wiener Re (subsidiary of VIG Re), it discusses other relevant key points. During year 2017, major topics for the Supervisory Board were:

- change in Board of Directors competences,
- approval of the establishment of Branch office in Germany,
- capital increase of EUR 25 million.

The composition of the Supervisory Board has changed in 2017 and the list of its members is to be found in the Annual Report 2017, page 20.

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

The following committees have been established at VIG Re:

- Audit committee,
- Committee for matters of the Board of Directors,
- Committee for urgent matters,
- Strategic committee.

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 suggests the statutory auditor. The Committee held three meetings in the course of 2017. The main topics of the agenda were the proceedings and findings of the external and internal audits, the Solvency II compliance of VIG Re and the Internal and Control System (ICS) of the Company. The Audit Committee was strengthened by two new independent members and the composition of the committee was changed and the list of its members is to be found in the Annual Report 2017, page 20.

The Strategic Committee did not convene any meeting during 2017.

The Committee for Matters of the Board of Directors and the Committee for Urgent Matters are working committees of the Supervisory Board, where operational issues are discussed in advance of regular meetings of the Supervisory Board. The Committees hadn't held any meeting during 2017.

B.1.3 General Information on the Key Functions

The following sub-section provides a summary of the authority, resources and operational independence of the key functions.

Actuarial Function - the Actuarial Function Holder is the head of Actuary Analytics. Information on the authority, resources and independence of the actuarial function is provided in chapter B.7. Activities of the actuarial function are discussed at the Technical Provisions Committee.

Risk Function – the Risk Function Holder is the member of the Board of Directors responsible for the risk management. The risk manager reports to this Board Member. Asset risk management is outsourced to Kooperativa pojišťovna, a.s. (see chapter B.8 Outsourcing). The Risk Function maintains independence by carrying out an oversight role in the major processes, allowing for robust challenge of decisions and processes across the business. Details of responsibilities and processes are in chapter B.3.

Compliance Function – the Compliance Function Holder is the member of the Board of Directors responsible for compliance. The compliance officer reports to this Board Member. More information on the implementation, authority and independence is provided in chapter B.5.

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

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

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

The rules for remuneration are governed by the Remuneration Policy, which lays down the aspects of remuneration in accordance with the requirements set out by the Solvency II regime as well as the Remuneration VIG Group 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 may consist of a fixed and a variable component, or only a fixed salary.

Fixed remuneration is a predefined amount of money a person receives. It usually comes in form of a base salary, i.e., in form of a fixed payment in regular instalments. Variable remuneration is an amount of money paid to an employee that is related to performance, but is not necessarily part of the remuneration package.

Remuneration Schemes for Specific Types of Personnel

Specific remuneration applies to the members of the Board of Directors and of the Supervisory Board, other employees that have significant influence on VIG Re's risk profile and holders of the key functions.

Variable remuneration of personnel that are of particular importance for the Company's success, is based on a combination of:

- the 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;
- the performance of the business unit he or she is assigned to, taking into account the contribution to the fulfilment of the Company's business strategy, its risk profile and objectives;
- the Company's overall performance over a certain period (as opposed to performance on a specific reference date).

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 40% of variable remuneration.

Furthermore, the remuneration for the function of a member of the Supervisory Board does not contain 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 and Supervisory Board and other key function holders.

There were no 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 and the Supervisory Board.

B.1.5 Regular Review of the System of Governance

As VIG Re is a growing company – its business, organisation and number of employees have been increasing steadily over time – the system of governance is continually adjusted according 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 2017 the Company continues to strengthen its own capabilities and in implementing changes of the Company to its organisational structure to foster the growth of the Company with emphasis on the enlarging territorial scope.

B.2 Fit and Proper Requirements

The fit and proper requirements apply to all persons who effectively run the Company or persons having key functions. It is governed by the Fit and Proper Policy and specific requirements for key functions are defined in the policies defining these function roles and responsibility.

Persons who effectively run the Company,

- Members of the Board of Directors,
- Members of the Supervisory Board,
- Head of Branches.

VIG Re identifies the following key functions:

- Internal Audit Function,
- Compliance Function,
- Risk Management Function,
- Actuarial Function.

Before appointing an individual to any of the above-mentioned functions, 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 during the time they are appointed to ensure that they meet the criteria and report if they no longer comply with them.

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 individuals 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 ensures that persons who effectively run the Company collectively possess appropriate qualification, experience and knowledge about at least:

- Insurance and Financial Markets,
- Business Strategy and Business Model,
- System of Governance,
- Financial and Actuarial Analysis,
- Regulatory Framework and Requirements.

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

B.2.2 Proper Requirements

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

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

- current or past proceedings on revocation or limitation of a professional practice license in the financial industry.

B.2.3 List of the Persons Responsible for Key Functions

The Company's key function holders as at 31 December 2017 were:

- Risk Management Function – Mr. Dušan Bogdanović, member of the Board of Directors
- Compliance Function – Mrs. Ivana Jurčíková, member of the Board of Directors
- Internal Audit Function – outsourced to Vienna Insurance Group AG, function holder in VIG Re is Mr. Tomasz Rowicki, member of the Board of Directors
- Actuarial Function – Mr. Jan. Hrevuš, Head of the Actuarial Analytics department.

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

B.3.1 Risk Management Roles and Responsibilities

VIG Re's risk management system, as an integral and key element of the system of governance, is built on the basis of the three lines of defence concept. The core principle of this concept is to separate – functionally and organisationally to the extent possible – the responsibilities and activities into three groups, as stated below, in order to avoid and minimize the conflicts of interest between the executive, risk taking activities and oversight functions.

First Line of Defence

The first line of defence includes all departments of the Company that participate in activities exposing the Company to risks. These departments and their directors take ownership of the risks and are responsible for their identification, analysis, evaluation and day-to-day management, including carrying out defined internal controls.

Second Line of Defence

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

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

Third Line of Defence

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

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

As a natural consequence of the separation of lines of defence, the Company can establish committees as advisory bodies to the Board of Directors. These committees shall serve as a means of discussion of common topics between the lines of business. The established Committees are described in chapters above.

The hierarchy of statutory bodies and organisational units in VIG Re can be illustrated by the following chart.

Supervisory Board		
Committees of Second Type (Committees of the Supervisory Board)		
Board of Directors		
Committees of First Type (Committees of the Board of Directors)		
First Line of Defence	Second Line of Defence	Third Line of Defence
Activities Owning and Managing Risks	***Oversight over Risk Management and Compliance***	***Independent Assurance/Audit***
• Business Departments	• Risk Management Function • Actuarial Function • Compliance Function	• Internal Audit

The ultimate owner of the risk management system as a whole is the Board of Directors, with the Risk Function Holder (BoD member) as a coordinator. The Board of Directors has the responsibility for laying down and approving the Risk Management Strategy, including the risk appetite framework and the derived limits for individual risks, internal policies and Organisational Charter, which define the tasks and responsibilities of organisational units and individuals in the risk management system and internal control system. The Board of Directors regularly monitors and discusses the risk profile of the Company, including the risk exposures and potential breaches to the limits.

The Risk Function Holder, supported by the Risk Manager, has the responsibility for implementing, maintaining and developing the risk management system. The Risk Manager reports directly to the Risk Function Holder. The RMF is also supported by the Business processes.

Risk Management oversees the processes of aggregation and Reporting of SCR Results, Data Quality Control, implements framework for risk control, it is part of internal control system, implements risk inventory process and steers the ORSA process in the Company. The RMF prepares regular internal risk reports to the Board of Directors, reports on other risk-related topics to the Board of Directors and also is engaged in the preparation of reports to the supervisory authority (QRTs, RSR and SFCR). Besides the above mentioned activities the RMF and its teams fulfil additionally regular tasks to ensure an overall well-functioning Risk Management System at VIG Re. This includes:

- screening of regulatory developments in the area of risk management;
- raising awareness in VIG Re about risk alignment of RM 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.

B.3.2 Risk Management Process Implementation

Risk Management Strategy

Based on its activity as a reinsurance company, VIG Re is exposed to a variety of risks. These include standard underwriting risks resulting from underwriting Life, Non-Life and Health reinsurance business as well as risks stemming from the investments (market risks) and also general risks such as the counterparty default risk, concentration risk, operational risk (including specific risks such as the contagion risk). Besides that, the Company can be also affected by standard risks of an undertaking, such as reputational risk.

Risk appetite expresses the readiness of the Company to take risks, i.e. the level and probability of jeopardy to its goals, under given circumstances is acceptable for the Company. The Risk tolerance expresses the level of jeopardy to its goals, incl. its probability, which is no longer acceptable to the Company under given circumstances (i.e. defines the limits for assumed risks).

Risk appetite and risk tolerance will be assessed by the Risk Committee on a regular basis in the line with the Risk Bearing Capacity of VIG Re and will be approved by the Board of Directors.

VIG Re has defined principles and goals to steer the risks it is exposed to. The implementation of these principles and the achievement of the goals are supported by a defined operational and organizational risk management organization as set out in the risk policy of VIG Re.

The basic principles of the Risk Strategy are defined in the form of Qualitative and Quantitative Risk Strategy Principles. The Qualitative Risk Strategy defines the general approach of the Company in respect of its risk profile (risks that the company is exposed to, incl. exposure quantification and mitigation). The Quantitative Risk Strategy defines the key risk indicators and limits in respect of its risk profile and the goals for its capital sustainability.

In line with the Risk Management strategy, VIG Re implemented the risk management process framework defined by VIG, which covers the following steps:

1. Risk Identification – This is the starting point of the risk management process and sets the foundation of the subsequent steps. The aim of Risk Identification is to expose, detect and document all possible sources of risks, which could affect the achievement of VIG Re's objectives, and to define the control mechanisms to be used to manage the

risks. All identified risks are classified into the defined risk categories. The outcome of this process is the Risk Inventory, which is updated regularly, at least on an annual basis. Risk identification is a responsibility of the first line of defence, i.e. the directors of the business departments.

2. Risk Measurement – Following the Risk Identification, an essential prerequisite for the risk handling and decisions of the VIG Re Board of Directors is the measurement of all risks identified. This includes also the evaluation of their materiality. On this basis, different assessment methods for each risk type in line with the proportionality principle are used.

   One method for risk measurement (and quantification) is the Solvency Capital Requirement calculation for each risk, which is based on the standard formal approach to Solvency capital requirement. Additionally, the Company uses VaR methods to measure market risks. Operational risks and reputational and strategic risks are evaluated and monitored using probability severity approach. The risk measurement is performed mostly by the risk management function (evaluation based on probability severity approach is also performed by the first line of defence as a follow up to the risk identification process).

3. Risk Analysis – After the risk is measured, either quantitatively or qualitatively, and the materiality of risk is stated, an effective risk handling has to be performed. Therefore, measures and mechanisms have to be assessed for the change of the risk situation. The main possibilities for dealing with risk as part of the risk management are: Risk Avoidance, Risk Mitigation, Risk Transfer and Risk Acceptance.

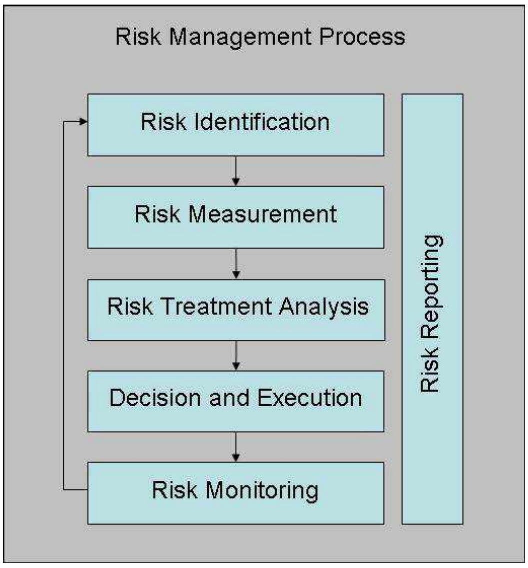
4. Risk Management Decision and Execution – In the risk management process a broad range of risk decisions need to be taken and the decision has to be executed by the responsible unit.

5. Risk Monitoring and Risk Reporting – Risk monitoring is an essential part of the risk management process and has to be divided into two different areas. On the one side, risk monitoring refers to the process of ensuring that the risk profile of VIG Re remains in line with risk preferences and the risk strategy at all times. This control information can be derived from a regular comparison of the target and actual situation using a traffic light system. On the other side risk monitoring refers also to the follow-up process during the implementation of decisions for risk-handling pointed out before. In that case, risk monitoring aims to control the effective and timely implementation of action plans that were decided on.

The risk management function prepares regular internal risk reports to the Board of Directors for both areas mentioned above, including the SCR and VaR calculations, and reports on other risk-related topics to the Board of Directors. Regular reports are results of risk management processes in the Company, such as Risk inventory process, Internal control review process or ORSA process.

Risk Management monitors risk categories development and its alignment with Company's goals by back testing of projected risk profile with reality and by comparing a 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.

The Risk Management Process and its components can be illustrated by the following diagram, which depicts the process as a control cycle, which involves feedback and feed forward loops. In addition, a parallel quality assurance and control process to all stages of the risk process are applied.



B.3.3 ORSA Process

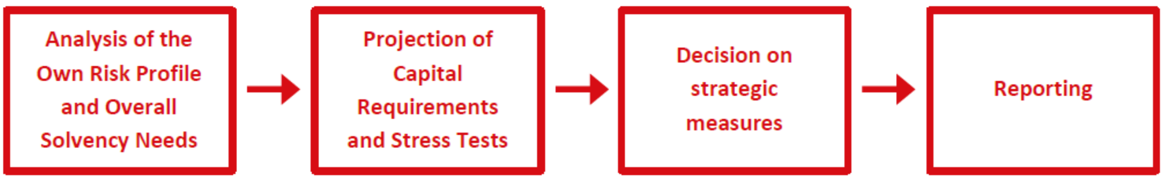
The Own Risk and Solvency Assessment ("ORSA") process is designed in a way that it is a natural completion and link of the risk management and business planning processes. The process is coordinated by the Risk management of the Company. It is organized in order to deliver a proper assessment and calculation within the applicable timelines as set by VIG and other regulatory bodies.

The ultimate owner of the ORSA process is the Board of Directors, who also gives the key input for each ORSA run – the business strategy and business plans against which the solvency position is assessed. The Board of Directors also sets the overall solvency needs of VIG Re, corresponding to the targeted solvency ratio. Most of the departments then take part in the ORSA, as they provide data, calculations and other support needed for the risk assessment (as defined in previous chapter). Risk management coordinates the whole process and carries out the solvency needs projections and assessment of the risk profile. The process culminates by compiling the ORSA report summarizing the main results of each step and before the report is released, it is discussed, reviewed and approved by the Board of Directors.

The input for the ORSA process is based on business planning for the next three years. This process is coordinated by Risk Manager.

Process Overview

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



B.4 Internal Control System

The ICS is a continually operating process that provides an appropriate control environment with effective controls, and is not only relevant for compliance with national and European law, but also serves as important tool for sustainable business management. The control environment must be well-based on the organisational and operational structure, with clear communication and monitoring procedures. An effective 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 efficient internal controls for managing the risks in the day-to-day activities of all employees. Therefore, the ICS is developed in close connection to the risks identified in the Risk Inventory – the control mechanisms are commensurate to the nature, scale and complexity of the risks. Every department and their directors are responsible for developing the internal controls in their area of responsibility, carrying out the defined controls and report the findings. The development of ICS is coordinated by the risk manager who also oversees the execution of internal controls and their results and may recommend changes to the system or its particular parts.

The effectiveness of the ICS is regularly evaluated. 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.

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, have the responsibility for managing their own Compliance Risks and avoidance of non-compliance in the areas they are responsible for. The Compliance Function then monitors the activities of the first line of defence units in the area of compliance, coordinates the compliance risk management throughout the Company and carries out independent compliance checks and reports the findings to the Board of Directors.

The Compliance Function has the following duties and responsibilities:

- Providing Advice – The Compliance Function advises the Board of Directors and the Supervisory Board in compliance relevant areas;
- Compliance Risk Management
    - Compliance Risk Identification and Assessment - The Compliance Function identifies and assesses Compliance Risks, monitors and tests business activities to evaluate adequacy and effectiveness of control processes from Compliance point of view (following a risk-based approach). This includes monitoring of the foreseen legislative changes and pointing out the main risks to the Company that stem from these changes;
    - 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;
    - Reporting Current and potential Compliance Risks identified as well as mitigating actions connected herewith shall be included into the Compliance Report of a Compliance Function accordingly.

B.6 Internal Audit Function

The Internal Audit Function is part of the third line of defence in the Company.

B.6.1 Implementation of the Internal Audit

Internal audit and its activities in the Company are implemented through the following principles:

- the audit plan is based on risk-oriented considerations and is created on the annual basis to ensure sufficient evidence to evaluate the effectiveness of the risk management and control process across the company. The plan includes review of the major risk the whole Company faces and a selection of the key risks identified from those processes. The audit plan also gives special considerations to the departments deemed essential are claims, underwriting, asset allocation, reinsurance, accounting and the IT. Moreover the internal audit is to inspect any anomalies or irregularities arising out of the analysis of corporate data;
- the audit plan is approved by the Audit Committee on annual basis.

B.6.2 Independence of the Internal Audit Function

The Internal audit is jointly in the responsibility of the Board of the Directors which provides support to internal auditor during auditing process, and the Internal Audit Function holder is a member of the Board of Directors.

The Company outsources the performance of the internal audit activity to the VIENNA INSURANCE GROUP AG, therefore the people that carry out the reviews and report the findings are independent from the people that work in the areas under review. In addition, the Company is subject to group internal audits carried out in accordance with group internal audit plan.

This approach to carry out the internal audit has advantage of utilising the know-how of VIG insurance and reinsurance business and its specialists.

B.7 Actuarial Function

The Actuarial Function Holder in VIG Re is the representative towards the Czech National Bank and the VIG Group and holds the ultimate responsibility for the AF. It reports to the Board of Directors.

The AF tasks are covered by various entities with a clear split of responsibilities and processes to meet the requirements under Solvency II regime. The purpose of this is to ensure that all of the key tasks are covered with sufficient expertise and capacity.

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

The activities of the AF are made of the following three areas, where the AF:

- Technical Provisions
  - coordinates the calculation of technical provisions;
  - ensures the appropriateness of the methodologies and underlying models used as well as the assumptions made in the calculation of technical provisions;
  - assesses the sufficiency and quality of the data used in the calculation of technical provisions;
  - compares best estimates against experience;
  - oversees 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
  - informs the Board of Directors of VIG Re about the reliability and adequacy of the calculation of technical provisions;
  - expresses an opinion on the overall underwriting policy;
  - expresses an opinion on the adequacy of retrocession arrangements.
- Risk Management
  - contributes 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;

- contributes to the design of (partial) internal model.

Actuarial Function holder is member of the Technical provisions committee. Actuarial Function holder summarises its opinions in the Actuarial Function report which is written annually.

The holder of the Actuarial Function is represented by the Head of the Actuarial Department. The same person also oversees the development of the methodologies for technical underwriting and closely monitors how those methodologies are applied further. He is also in charge of development of the Company´s partial internal model, contributes to the retrocession optimisation and monitors the possible accumulation of claims caused by natural perils.

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

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

- Internal Audit,
- Treasury and Assets Risk Management,
- IT,
- General Accounting and Tax service.

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

B.9 Any other Information

The Company is not aware of any other information that should be provided in this Chapter.

C Risk Profile

A risk profile is an overview of the Company's threats to which it is exposed. A risk profile is important for determining proper underwriting, investment and risk mitigation processes.

Details in respect of the risk profile of the Company are provided within the Risk inventory report issued on an annual basis. Risks are assessed both with use of quantitative (see chapter E.2 Solvency Capital Requirement and Minimum Capital Requirement) and qualitative methods (Severity and Probability Assessment), the later mainly for operational risk.

The top five risks based on the year end 2017 SCR calculation are: diversified risk volumes of underwriting, market, counterparty default risk are shown below. It shows that most of the risk results are from the Non-Life underwriting risk.

Risk Sub-Module	SCR (in EUR '000)
Non-life premium and reserve risk	91 095
Non-life catastrophe risk	10 752
NSLT Health premium and reserve risk	15 458
Counterparty default risk (Type 1 exposures)	12 933
Non-Life lapse risk	12 970

Due to the activity of the Company, underwriting risks are identified as the most important risk class for VIG Re, and Non-life underwriting risk is the most significant risk within the underwriting risk class. Accordingly, these risks are a main focus of the VIG Re risk management system.

The Company has not provided, sold nor re-pledged any collaterals.

The Company does not sell variable annuities, and thus there are no information on guarantee riders and hedging of the guarantees included in this report.

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

C.1 Underwriting Risks

Due to the main activity of the Company, underwriting risks are identified as the most important risk class for VIG Re. Accordingly, these risks are a main focus of the VIG Re risk management system. The Company is exposed to Non-Life, Health (non-similar to Life techniques) and Life underwriting risks.

Generally, the underwriting risk comprises the underwriting process including the collection of data, technical assessment of the underlying portfolios, modelling and pricing of the reinsurance contracts and the conclusion of reinsurance contracts. The Underwriting Function is responsible for the compliance with the underwriting policy and underwriting guidelines of the Company and the governance of quantitative limits, including accumulation control.

The Company assumes reinsurance on proportional and non-proportional, obligatory and facultative basis. It offers services for defined lines of business within the Property and Casualty, Personal Accident and Health and Life segment. Main underwriting territories are Austria and CEE countries, Russia /CIS, Germany, Switzerland, Italy and Turkey. The Company is also in limited way active in France and Japan markets. Underwriting policy, standards and limits are defined in detail in VIG reinsurance underwriting guidelines and underwriting signing standards[1].

Over the past years, the Company has invested significant resources and continuously improved its underwriting capabilities, by enhancing the expertise and knowledge base of its underwriting staff, upscaling its risk modelling and tool landscape and by improving the process flow and data quality management.

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

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

Premium Risk

The risk that premium will not cover all future liabilities arising from primary contracts is defined as the premium risk. This risk is mitigated by:

- application of underwriting policy including defined risk classes and limits per class of business;
- largely standardized underwriting process through an IT based workflow system;
- formalized process of underwriting;
- a strict application of the 4 eyes principle;
- a comprehensive underwriting referral system; a continuous accumulation control (for natural catastrophe events and defined man made risks);
- separation of technical underwriting from business origination function.

Reserve Risk

The Company is exposed to reserving risk (the risk that claim provisions are not sufficient to meet primary reinsurance liabilities) which is linked to underwriting risks. This risk is mitigated by:

- rules and procedures with regard to the assessment of the sufficiency and quality of the data used in the calculation of technical provisions, as set out in the internal guidelines of claims management, reinsurance accounting and life and non-life reserving policies;

[1] VIG Re UW Guidelines, Signing Standards - Active Reinsurance and Reinsurance VIG Group Guidelines.

- creation of additional case reserves within the Claims Management function, as appropriate;
- quarterly review of claims reserve, particular large losses to ensure their appropriateness within the Technical Reserving Committee;
- prudent approach to the statutory reserving (IFRS);
- validation of technical provisions (Solvency II) by independent person;
- application of Internal control system on risk related to the process of the reserving;
- ensuring the appropriateness of the methodologies and underlying models used as well as the assumptions made in the calculation of technical provisions.

Lapse Risk

Lapse risk is the risk that the profit which is assumed to be included within the technical provision future premiums does not materialise due to policy lapses and discontinuance. This risk is partially mitigated by application of minimum deposits in non-proportional contracts.

Concentration/Catastrophic Risk

The Non-Life catastrophe risk sub-module is essentially split into three separate and independent sub-sub-modules that cover catastrophe risk related to natural perils, risk related to man-made events and other catastrophe events.

The highest exposition the Company faces stemming from European windstorm risk scenario (at mean value), followed with European flood scenarios at 99.5 % quantile, naturally arising from its exposure to the CEE and DACH region.

The Health catastrophe risk is based on standardized scenarios as a method for the estimation of the catastrophe risk charge to apply across all countries for medical expense plus accident and sickness products. Health catastrophic exposition arises mainly from the VIG Group Personal Accident programme.

The Company faces underwriting concentration risk in case of natural perils (natural catastrophic risk) and single risk accumulation from various assumed portfolios. The Company applies the following activities, processes and tools to mitigate the risk:

- strict underwriting policy,
- underwriting limits on single exposures,
- accumulation control (for natural catastrophe events and defined man made risks);
- comprehensive reinsurance programme,
  - the level of retrocession is significant, VIG Re retroceded 41% of its portfolio in the 2017;
  - particular retrocession treaties cover single active treaties or portfolios of active treaties. The portfolios may contain treaties from several reserving segments, several Solvency II LoBs and both proportional and non-proportional business;
  - half of the retrocession relates to Natural catastrophe reserving segments, which are almost fully retroceded.

Key Mitigation Techniques

Retrocession is a key mitigation technique utilized by the Company. The Company Retrocession programme can be divided into 2 groups: programmes covering VIG Group business only and programmes covering VIG Re's own retention, including Third Party business.

The VIG Group Nat Cat programme provides cover against catastrophic events in respect of business assumed by VIG Companies. The programme consists of a cover working on an event basis and in addition an aggregate cover providing protection against a frequency of events during a given year.

VIG Group MTPL programme provides a protection on an Excess of Loss basis against losses from severe traffic accidents, both material damages and bodily injuries.

In addition VIG Re places a VIG Group Personal Accident and a VIG Group Marine & Aviation protection programme, both on an Excess of loss basis, where participation is voluntary for VIG Group companies.

Through the above programmes VIG Re bundles the respective exposure of VIG Companies and retrocedes it to the reinsurance market. VIG Re retains no or very limited part of the risk.

In respect of other business assumed from VIG Companies or assumed from Third Party Insurers, VIG Re buys additional reinsurance cover to protect its capital basis and to mitigate its underwriting volatility. This includes Property, Motor Own Damage and Marine Catastrophic Events as well as Motor Third Party Liability cover, all on an Excess of Loss Basis, providing protection against single large losses and catastrophic events.

VIG Re buys additional protection against frequency of events for Property business and other selected Lines of Business.

C.1.2 Life Underwriting Risks and Risk Mitigation Techniques

Life underwriting risk of the Company is not as severe as Non-Life underwriting risks. The key underwriting risks which the Company is exposed are set out below.

Lapse Risk

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

In respect of proportional Life reinsurance contracts not based on risk based premium, the risk from higher lapses is at early duration when the policy has lapsed before acquisition costs have been recouped.

The risk of lower than expected lapses is at later policy durations. Lower than expected lapses at late duration means more policies are in force and therefore the claims costs are higher.

The risk of mass lapse arises on business where future profit is expected to emerge. A mass lapse event would mean that the profit can not emerge on policies that have lapsed.

Lapse risk can arise due to mis-estimation, trends, economic shocks, competitor activity (lapse and re-entry), changes in policyholder behaviour and reputational damage.

Mortality Risk

Mortality risk is associated with reinsurance obligations where a reinsurance undertaking guarantees to make a single or recurring series of payments in the event of the death of the policyholder during the policy term. The impact is that claims outgo is higher than expected. Higher mortality experienced can arise as a result of mis-estimation and/or changes in the level, trend and volatility of mortality rates and captures the risk that more policyholders than anticipated die during the policy term. The Company is also exposed to the risk of some kind of catastrophe, for example a pandemic.

Morbidity Risk

The Company is exposed to the risk of morbidity being higher than expected. The disability-morbidity risk reflect the risk that more policyholders than anticipated become disabled or sick during the policy term (inception risk), and that disabled people recover less than expected (recovery risk). Higher morbidity experience can arise through mis-estimation, adverse trends, selective withdrawals and risk concentrations (geographic and occupational).

Expense Risk

The Company is exposed to the risk that acquisition expenses and future maintenance expenses are higher than expected. Expense risk can arise through mis-estimation, higher than expected inflation, lower volumes of business than expected, expense overruns, regulatory change and changes in mix of business.

Revision Risk

Revision risk is intended to capture the risk of adverse variation of an annuity's amount, as a result of an unanticipated revision of the claim process. This stemming from Non-Life annuities is covered in the calculation of Non-Life underwriting risks.

Risk Mitigation Techniques

Similar to Non – Life UW a retrocession is key mitigation technique utilized by the Company, the other one are: risk reduction and risk prevention.

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

Company has achieved a significant degree of diversification by operating internationally in CEE, covering range of different lines of business. Diversification over time is also an important factor for risk mitigation. The next step to achieve even stronger diversification has been writing a business outside of the VIG Group.

Company's underlying 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 medial UW procedure.

C.1.3 Risk Sensitivity for Underwriting Risks

The Company carries out sensitivity analysis and stress testing for the material underwriting risks as a part of the ORSA process. The performed sensitivity analyses focused on effect of small change (5 %) of written premium (no material impact) and volume of ultimate paid claims on the solvency position (no material impact). In stress testing, severe negative developments are assumed, in particular adverse development of combined ratio in property insurance as part of the Non-Life underwriting risk. The developed adverse scenarios were well mitigated by reinsurance programme and losses similar to the amount calculated under standard formula were quantified well above 200 year event.

In case of Life underwriting risks, the largest impact was observed in case of increased lapse rates. None of the stress tests results led to non-compliance with the Solvency capital requirement and with the Company's risk appetite.

C.1.4 Correlations between Risks

The Company gradually investigates all standard formula assumptions in its ORSA process. So far, the Company has not identified deviation of the Company's risk correlations from those used in the standard formula.

C.2 Market Risks

Market risk arises from the level or volatility of market prices of financial instruments. Exposure to market risk is measured by the impact of movements in the level of financial variables such as stock prices, interest rates, property prices and exchange rates. Main risk drivers are financial assets where risks come evenly from equity, interest rate, spread and foreign exchange risk.

C.2.1 Key Risks and Risk Mitigation Techniques

Equity Risk

The Company is exposed to equity risk, which can arise from a fall in the level of equity prices. The exposure arises from investment of the Company in investment funds portfolio.

Spread Risk

Spread risk is the sensitivity of the values of investments, primarily bonds and secured loans in respect of the Company, to changes in the level or in the volatility of credit spreads. As credit spreads will typically be narrower for well rated securities than for poorly rated securities (and for short duration rather than long duration securities).

Interest Rate Risk

Interest rate risk arises as a result of the impact of interest yield curves on future payments to be made in respect of claims and receipts from the Company's investments. The interest yield curves in the Europe have decreased in the reporting period, which reflects the decreases in base rates applied by Central Banks.

The Company's exposure to interest rates arises primarily from the Company's bond portfolio (as bond values are susceptible to changes in interest rates), and the settlement of future claims (as the discount rates applied to claims settlement projections are impacted by interest yield curves).

Currency Risk
The Company's reporting and main transactional currency is the Euro and which consist of more than 85 % of assets and liabilities. Other material currencies are Czech koruna and Zloty. The currency gap is actively monitored and managed within the Asset-Liability management.

Concentration Risk
The scope of the concentration risk includes assets considered in the equity, interest rate, spread and property risk sub-modules within the market risk module, but excludes assets covered by the counterparty default risk module in order to avoid any overlap between both elements of the standard calculation of the SCR. Given the well diversified portfolio (e.g. investment funds) of the Company, the concentration risk is considered to be low.

There is no exposure to property risk.

C.2.2 Prudent Person Principle in Managing the Market Risks

The Company issues an Investment and Risk Strategy policy on annual basis, which is approved by the Supervisory Board. The strategy consists of the following parts:

Investment and risk policy - the main goal of the investment policy is to achieve a proper balance between invested assets and technical liabilities while keeping a balanced risk/return-profile.

Strategic and tactical asset allocation - the strategic asset allocation is made by setting minimum and maximum limits for each defined asset class, giving 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 fulfilment of these limits is monitored by ERM and reported monthly to the Board of Directors. It is also reported quarterly to the Supervisory Board.

Risk management - the goal of the investment strategy is to optimize the portfolio's risk-return profile while taking into account various risk parameters.

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.

C.2.3 Risk Sensitivity for Market Risks

The Company carries out stress and scenario testing as a part of the ORSA process, which includes stress testing for the market risks, with emphasis on interest risk. Large increase of interest rates would have material impact on the SCR ratio as the value of investments and thus own funds would proportionally decrease (increase of interest rate by 100 basis points would decrease the solvency ratio by 3.8 percent). The Company is not very sensitive to long-term low interest environment.

Equity risk is among top largest quantitatively assessed risks. Drop of equity prices by 20 % will proportionally affect the own funds and capital requirement leading to decrease of the SCR ratio by 3 %.

C.3 Credit Risk

The Company is exposed to counterparty default risk, spread risk and concentration market risk, which were discussed above.

C.3.1 Key Risks and Risk Mitigation Techniques

Counterparty Default Risk

Counterparty default risk is the risk of loss, or adverse change in the value of assets and financial instruments related to the unexpected default of counterparties and debtors over the forthcoming twelve months. Furthermore, this risk is split into two groups according its characteristics.

Type 1 counterparty default risk is the risk arising from exposures that may not be diversified and where the counterparty is likely to be rated. The class of type 1 exposures consists of exposures in relation to risk-mitigation contracts, cash at bank and deposits, and other financial commitments.

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

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

In some reinsurance treaties, the vast majority in Life reinsurance, parts of the reserve are deposited with the ceding company. Depending on the treaty wording, a counterparty default risk may arise from these arrangements. This is taken into account in the counterparty risk calculation.

The counterparty risk arising from financial instruments including cash and term deposits is governed by the investment and risk policy. Limits per tenor and bank are defined. Any new counterparty financial institution needs to be approved by VIG ERM.

Risk arising from underwriting includes management account payables, largely towards Group companies.

C.3.2 Prudent Person Principle

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.

C.3.3 Risk Sensitivity for Credit Risks

The Company carries out stress and scenario testing as a part of the ORSA process, which includes stress test for the credit risks. This includes credit downgrade sensitivity, which covered both counterparty default risk and spread risk. Downgrading of all counterparties by one credit notch would lead to material increase of the Solvency capital requirement and decreasing the solvency ratio by 3 percent. Default of highly rated counterparties could lead to significant loss and the Company focus on managing this risk.

C.4 Liquidity Risk

Liquidity risk means the risk that VIG Re would be unable to realize investments and other assets in order to settle their financial obligations when they fall due. It depends on how good the fit is between the financial investment portfolio and reinsurance commitments.

C.4.1 Key Risks and Risk Mitigation Techniques

The Company performs regularly estimate of its liquidity position, it process short-term and mid-term overviews of expected inflow and outflow. In addition, long-term Asset Liability Management is performed. This enables the Treasury department properly manage funds of the Company, so the Company has at any point in time sufficient cash to fulfil its liabilities.

The risk is governed by the Investment and Risk Policy. The policy also defines Liquidity buffer, which consists of highly liquid securities and cash. At least EUR 10 million shall be held in highly liquid investment assets as liquidity cushion (cash, deposits, T-bills, money market funds, floating rate or short term fixed rate bonds) with other assets ready to cover possible cash-flow needs and deliver needed return.

C.4.2 Prudent Person Principle

The investment assets are prudently invested taking into account the liquidity requirements of the business and the nature and timing of the insurance liabilities. The investment funds are “liquidity” funds with high credit quality holdings. High credit quality holdings exhibit greater liquidity.

C.4.3 Expected Profit Included in Future Premiums (“EPIFP”)

Expected profit included in the future premiums as at 2017 year end was EUR 67 044 thousand (as at 2016 year end EUR 64 289 thousand) for Non-Life and Health portfolio.

The EPIFP is equal to zero for Life portfolio.

C.4.4 Risk Sensitivity for Liquidity Risk

As this risk is not deemed as material given the investment strategy of the Company, no stress tests were performed.

C.5 Operational Risks

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

C.5.1 Key Risks and Risk Mitigation Techniques

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

Top five operational risks categories were identified as follows:

- model and data quality risk,
- project risk,
- process and organizational risk,
- human error risk,
- business disruption risk,
- know-how concentration risk.

A key tool to managing the operational risks is the Internal Controls System, carrying out regular internal controls and monitoring their effectiveness.

C.5.2 Prudent Person Principle

Not applicable.

C.6 Other Material Risks

C.6.1 Other Risks

Among other risks we identified strategic risk, which is a function of the incompatibility between two or more of the following components: a company's strategic goals, the business strategies developed, and the resources deployed to achieve these goals, the quality of implementation and the economic and legal situation of the markets the undertaking operates in.

The Company has new strategy which includes revise underwriting territory and product offering. Number of specific risk mitigation instruments are to be implemented which effectiveness needs to be continually monitored. Nevertheless risk was assed as high.

In the view of extended underwriting territory, we do no enjoy same level of market intelligence, local market standards and regulations as in our core markets. This increases the Company's reputational risk to medium.

The risk connected to a Standard & Poor's rating downgrade was assessed as large (although most unlikely) and hence categorized as a strategic risk. On 18 August 2017, Standard & Poor's Global Ratings confirmed its long-term public issuer credit rating of "A+" and financial strength rating of "A+" with a stable outlook for VIG Re, affirming the same rating VIG Re has enjoyed since its foundation.

C.7 Any other Information

The Company is not aware of any other information that should be provided in this Chapter.

D Valuation for Solvency Purposes

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

D.1 Assets

As at 31 December 2017 the Company held the following assets (in EUR '000):

	Solvency II Value		**IFRS Value**	
Assets (in EUR '000)	**YE 2016**	**YE 2017**	**YE 2016**	**YE 2017**
Deferred acquisition costs	0	0	4 390	5 370
Intangible assets	0	0	1 765	2 111
Deferred tax assets	0	0	53	172
Property, plant & equipment held for own use	252	442	252	442
Investments, thereof:	322 321	386 436	308 252	376 684
Holdings in related undertakings, including participations	*5 003*	*5 185*	*11 726*	*11 762*
Bonds	*272 713*	*308 464*	*251 923*	*292 135*
Government Bonds	*229 204*	*256 006*	*210 396*	*246 241*
Corporate Bonds	*43 509*	*52 458*	*41 527*	*45 894*
Collective Investments Undertakings (=Investment funds)	*44 604*	*72 787*	*44 604*	*72 787*
Assets held for index-linked and unit-linked contracts	0	1 580	0	1 290
Loans & mortgages	423	177	423	177
Reinsurance recoverables	142 010	155 186	210 687	244 085
Non-Life and Health similar to Non-Life	148 616	170 278	208 911	242 135
Non-Life excluding Health	*134 626*	*155 868*	*197 065*	*230 014*
Health similar to Non-Life	*13 991*	*14 410*	*11 845*	*12 121*
Life and Health similar to Life, excluding Health and index-linked and unit-linked	-6 524	-15 042	1 777	1 925
Health similar to Life	*0*	*0*	*0*	*0*
Life excluding Health and index-linked and unit-linked	*-6 524*	*-15 042*	*1 777*	*1 925*

Life index-linked and unit-linked	-83	-50	0	24
Deposits to cedants	141 069	127 906	141 069	101 661
Insurance & intermediaries receivables	33 482	51 591	33 482	51 591
Reinsurance receivables	22 788	26 980	22 788	26 980
Receivables (trade, not insurance)	1 414	3 373	1 414	3 373
Cash and cash equivalents	7 300	9 812	7 300	9 812
Any other assets, not elsewhere shown	249	259	249	259
Total assets	**671 307**	**763 742**	**732 124**	**824 007**

VIG Re does not have any further information on methods and procedures used in valuation of assets, with the exception of reinsurance recoverables, where more details are given below.

D.1.1 Deferred Acquisition Costs

Immaterial class of assets. 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. Deferred acquisition costs are a cash outflow that took place in the past. The (future) premiums may indeed include an expense charge to cover these acquisition costs; this is then reflected in the determination of the technical provisions.

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

D.1.2 Intangible Assets

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

D.1.3 Deferred Tax Assets

Immaterial class of assets. Similarly to IFRS, deferred taxes are calculated in case of temporary differences between the Solvency II and Tax Balance Sheets (according to the national tax laws). IFRS value is taken as a basis for Solvency II valuation and then adjusted for the differences between Solvency II and tax balance sheets.

Solvency II allows an entity to recognise deferred tax assets only where there are proven future taxable income. Deferred taxes are not discounted under Solvency II. Deferred taxes are shown in net value, ie. assets are off-set against the liabilities.

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

Immaterial class of assets. IFRS value, measured at cost less accumulated depreciation and impairment losses, is taken for Solvency II valuation as well.

D.1.5 Investments

- Holdings in related undertakings, including participations

VIG Re owns 99% in Wiener Re Serbia and a 3.11% stake in VIG Fund, a.s. For the financial statements, participations are valued at acquisition cost less impairment.

As Wiener Re is for its immateriality out of scope of the group supervision, its value for Solvency II purposes is stated at zero. Therefore a difference arises between the IFRS and Solvency II value.

- Financial Assets

Financial assets include government and corporate bonds and collective investment undertakings (investment funds). Financial assets are measured at fair value for Solvency II purposes even when they are measured at amortised cost in the IFRS balance sheet. Fair value is based on market quotations of the individual instruments – government and corporate bonds and collective investments – on liquid markets. As at the end of 2017, VIG Re held only two bonds representing only 1.5% of total investments, where no market quotation was available.

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

D.1.6 Reinsurance Recoverables

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

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

Best Estimate Retrocession Recoverable

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

The implemented methodology uses a simplified approach, described in Guidelines on technical provisions, guideline 79 and 80, published by EIOPA. The calculation of retrocession recoverable uses ratios of expected retrocession share of the cash flows to gross cash flows.

Counterparty Default Adjustment

The reinsurers of VIG Re have high ratings, generally rating of reinsurers should be A or higher. In reality, approximately half of the retrocession counterparties have rating A and half have rating AA. Exceptions are not significant in the portfolio. The counterparty default adjustment is therefore negligible in VIG Re. Still, it has to be calculated due to reporting requirements of VIG group. The calculation methodology is based on the simplification described in Delegated act, article 61.

D.1.7 Deposits to Cedants

Deposits relating to reinsurance accepted. The IFRS value is considered as a good proxy for Solvency II valuation of deposits stemming from Non-life and HNSLT.

For deposits stemming from Life business, the Company changed its approach in 2017 and applies on deposits valuation methods similar to the approach to Life Best estimates calculation.

D.1.8 Insurance & Intermediaries Receivables

Amounts overdue for payment by ceding insurance undertakings and/or reinsurance brokers, which are linked to reinsurance business, but that are not included in cash-in flows of technical provisions. Overdue means when the due date of payment has passed (premiums which are due for payment by the valuation date). According to Solvency II rules the amounts due are already considered in the calculation of the best estimate of technical provisions.

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

D.1.9 Reinsurance Receivables

Amounts overdue from reinsurers and linked to ceded reinsurance that are not included in reinsurance recoverables. It might include e.g. overdue amounts from receivables from reinsurers that relate to settled claims of ceding undertakings or commissions.

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

D.1.10 Receivables (Trade, Not Insurance)

Immaterial class of assets. Overdue 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

Value of cash at hand or on current accounts at banks or financial institutions that is immediately available to VIG Re under all circumstances.

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

D.1.12 Any other Assets, not Elsewhere Shown

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

D.2 Technical Provisions

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

The table below shows the technical provisions gross of reinsurance at 31 December 2017 and 2016 by SII line of business for Non-Life and Health non-similar to Life techniques. The Solvency II technical provisions are calculated as a sum of Best Estimate (BEL) and Risk Margin (RM).

In EUR 000		As at 31 December 2016			As at 31 December 2017		
SII Line of Business (LoB)	SII LoB code	Best estimate	RM	Technical provision	Best estimate	RM	Technical provision
Medical expense proportional	H1	-8 544	172	-8 371	794	46	840
Income protection proportional	H2	20 127	968	21 095	17 608	302	17 910
Health non-proportional	H4	13 559	364	13 923	13 731	247	13 978
Motor vehicle liability proportional	NL1	10 497	511	11 008	28 193	1 083	29 276
Other motor proportional	NL2	5 769	1 527	7 296	-234	773	539
Marine, aviation and transport proportional	NL3	2 266	383	2 649	3 024	208	3 232
Fire and other property proportional	NL4	60 161	3 927	64 088	57 605	2 219	59 824
General liability proportional	NL5	8 673	991	9 664	12 633	523	13 156
Credit and suretyship proportional	NL6	-56	282	226	213	132	345
Legal expenses proportional	NL7	0	0	0	19	0	19

Casualty non-proportional	NL10	123 052	13 107	136 159	157 948	12 777	170 725
Marine, aviation and transport non-proportional	NL11	4 494	373	4 866	2 263	380	2 643
Property non-proportional	NL12	16 602	2 346	18 948	39 813	3 161	42 974
	Total	**256 600**	**24 952**	**281 551**	**333 610**	**21 851**	**355 461**

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

The level of the claim provision increased compared to 4Q2016. This development is generally consistent with the development of VIG Re's portfolio. The portfolio, measured by earned premium, significantly increased (approx. 10% increase in comparison with previous year). Further, an increase in Motor vehicle liability proportional was driven by acceptance of a new sizable treaty into the portfolio, increase in Casualty non-proportional by revision of RBNS of one single large claim and Property non-proportional by an increased amount of claims stemming from natural catastrophes compared to 2016. The increases in Casualty non-proportional and Property non-proportional have been to a large extend mitigated by the Company´s retrocession programme.

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 and are based on the following bases:

- **Occurrence year basis**. These treaties cover claims which occur between the starting and ending dates of the treaties concerned. The cash flows originating from covered claims extend beyond the treaties' ending dates as the company keeps the claim portfolio until its full run off;
- **Underwriting year basis**. These treaties cover claims arising from underlying insurance contracts underwritten between the starting and ending dates of the treaties to be covered. Both the occurrence of the claims and cash flows originating from the covered claims extend beyond the treaties' ending date. The claims originating from covered underlying insurance contracts, i.e. underwritten between the starting and ending dates of the treaties, may occur after the ending dates of the reinsurance treaties. The company keeps the claim portfolio until it's full run off;
- **Clean cut basis**. Under these treaties, the claims have to occur before the ending date of the treaties to be covered. The cash flows originating from covered claims do not extend beyond the end of the treaty as the company settles all claims with the cedent at the ending date of the treaties. The settlement is based on the amount of unexpired premium and outstanding claim provisions at the ending date of the treaties.

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

These treaties comprise 93.4% (2016 figure: 95.9%) of portfolio measured by earned premium in the past. The company cannot arbitrarily terminate the treaties before the ending date or change the reinsurance rates.

This means that the recognition date for most of the treaties is during Q4 of the year preceding the start of the coverage period and contract boundary is the ending date of the contract.

Due to the treaties on the underwriting year basis as well as the treaties with coverage starting in one calendar year and ending in the following calendar year, the premium for some of the treaties is earned in two consecutive calendar years. Therefore the liability coming from these treaties is often split between the claim and premium provisions at the end of all quarters.

The following treaties are either not for one year or are not on a calendar year basis:

- Facultative reinsurance. The facultative contracts are often multiyear. They do not create separate segments due to their low volume;
- Special treaties that are formally multiyear, but can be terminated every year. Therefore, they practically behave as one-year treaties.

D.2.1.1.1 Annual Calculation of Gross Best Estimate

The basic split of the gross Best estimate calculation is to claim and premium provisions. However, as VIG Re's data are collected on an underwriting year basis, which combines claim and premium provisions, there are the split to previous underwriting years and the next underwriting year. The analysis for previous underwriting years is further split into two tasks – 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.

Ultimate Volumes of the Future Cash Flows

The higher volatility of the development triangles implies a need for more stable reserving methods to be used to estimate ultimate volumes of the 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),
- 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.

Generally, the development triangle of claims paid can be used if it is sufficiently stable and long enough to capture late claims paid in the segment (tail). The development triangle of claims incurred can be used if it is sufficiently stable and there is no indication of significant changes in the RBNS reserving approach of the cedents.

Time Distribution of Future Cash Flows – Patterns

The following cash flow patterns are used in VIG Re's Best estimate calculation:

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

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

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

The underwriting year patterns capture what proportion of the ultimate cash flows for an individual underwriting year is realised with a particular delay from this underwriting year. The delay is measured in years and is based on calendar/accounting years. The first element of the pattern corresponds to the cash flows realised in the same calendar year as the underwriting year. The cash flows originating in one underwriting year may contribute to cash flows originating in more than one accident year. The same is true also for underwriting year patterns and accident year patterns. Although 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.

As premium is analysed on an earned basis the split of its pattern to accident years is straightforward. The premium is always earned for the accident year corresponding to the calendar year underlying the development year.

Next Underwriting Year

The next underwriting year, for the calculation as at the end of year X, is the underwriting year X+1. No cash flows are realized for the underwriting year X+1 as at the end of year X, they fully belong to the premium provision.

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. The treaty list may contain also treaties with underwriting year (year of start of coverage) after the next underwriting year. The amount of this portfolio is currently low, it can be added to the projections for the next underwriting year. If the amount of this portfolio will be high in the future, the calculations must be appropriately adjusted;
    - 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 a separate reserving segment. The claims pattern is based on claims incurred for this segment. The reason is that the claim provisions of reported annuity claims are calculated using Life actuarial techniques by cedents. The future expected claims are projected, taking into account biometric parameters, and discounted. The application of claims incurred pattern as claims pattern in TP calculation in VIG Re respects that the reported annuity claim provisions are already discounted.

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. Provision are discounted using the relevant risk-free rates for the currencies of the country of the cedents, as declared by EIOPA. The Company does not apply matching adjustments, volatility adjustments or transitional risk-free term structure or transitional deduction.

D.2.1.1.2 Additional assumptions used in the annual calculation of Best estimates

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. The reinsurance treaties cannot lapse as the insurance policies. At the same time the company does not have information about number or volume of lapsed policies covered by the reinsurance treaties. It would be also impracticable to collect or estimate lapse rate of underlying policies per reinsurance treaty and section. Moreover the volume of future business is based on expected premium income (EPI), which is an estimate itself and should reflect the expectation including all potential effects. So the lapse rate of underlying policies is practically already taken into account in the expectation of the company.

The lapse rate can be understood also in another, more general way. It can be understood as the difference between expected portfolio volume based on the expected premium income (EPI) and real volume based on actual experienced premium income. This difference and its volatility is the basis for the uncertainty regarding expected future business volume. However its role is not significant enough to play a role in the portfolio segmentation.

Data Quality

The key inputs to TP 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. The data quality can be split to the quality of internal VIG Re's data handling and quality of external data provided by cedents or VIG Re's estimates of those data.

The consistency of the data to the data available for the previous TP calculation is always checked and the main differences are explained. The consistency with the accounting data is implicitly assumed as the accounting data serve directly as a source for TP calculations and for this purpose are retrieved from the data warehouse.

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

- Frequency of reporting with cedents

 - the accounted values for approximately 80% of portfolio are reported quarterly;
 - the accounted values for the rest of the portfolio are reported semi annually;
- Extent of cash flow estimation
 - the accounted values from all external business are based on internal VIG Re estimates. The final values are usually provided by the counterparties in the following half year after the end of the period;
 - the accounted values from most of the group business are based on estimates of cedents. The rest are final values. In case of estimates the final values are usually provided in the following quarter.

D.2.1.2 Calculation of the Risk Margin

The risk margin should ensure 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.
The calculation formula, defined in article 37 of the Commission Regulation 2015/35, contains the following inputs:

- Risk free interest rate,
- Cost of capital rate,
- Future levels of the Solvency Capital Requirement for the reference undertaking.

Both the cost of capital rate and the risk free interest rate are known fixed inputs given by the Solvency II. The unknown quantity, to be estimated, is the level of the future SCRs. The methodologies described in the Framework Directive and Delegated Regulation can be approached in various ways. EIOPA guidelines on valuation of technical provisions describe four simplified methods.

VIG Re uses the method based on projected elements of the SCR per risk sub-module and LoB based on the selected drivers – calculation of SCR for each future year based on standard formula rules for individual risk modules and sub-modules and aggregation using relevant correlation matrices.

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

D.2.1.3 Solvency II and IFRS Valuation Differences of Technical Provisions

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

In EUR '000 (YE2017) – gross of retrocession	IFRS		Solvency II		
Lines of business	Outstanding claims provisions	Unearned premiums provision	Claim BELs	Premium BELs	Risk margin
Non-Life	392 712	13 156	358 273	-56 797	21 256
HNSLT	33 855	127	34 475	-2 341	595
Total	426 567	13 283	392 748	-59 138	21 851

- IFRS technical provisions consist of unearned premiums provision and provision for outstanding claims.
- The provision for unearned premiums comprises that part of gross premiums written attributable to the following financial year or to subsequent financial years, computed separately for each reinsurance contract using the pro rata temporis method.
- The provision for outstanding claims represents the total estimated ultimate cost of settling all claims arising from events that occurred up to the end of the financial year and are covered by reinsurance contracts, whether reported or not, less amounts already paid in respect of such claims, including the related internal and external claims settlement expenses.

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

- Provisions for claims outstanding relate to the cashflows in respect of claims events occurring before or at the valuation date, whether the claims arising from those events have been reported or not. The cashflows projected comprise all future claims payments, often described as:
  - Claims Outstanding (case reserves),
  - Incurred But Not Reported claims (“IBNR”),
  - Incurred But Not Enough Reported claims (“IBNER”).

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

- Premium provisions relate to claims events occurring after the valuation date and during the remaining in-force coverage period of policies. The cashflow projections should comprise all future claims payments and claims management expenses arising from those events, cashflows arising from ongoing administration of the in-force policies and expected future premiums stemming from existing policies. As with claim provisions, the valuation should take account of the time value of money and the best estimates must not include margins.

- Risk margin has been considered to ensure that the value of the technical provisions is equivalent to the amount that would be expected to be paid to a third party reinsurance company in order to take over and meet the insurance obligations of the Company. The risk margin has been calculated based on the estimated capital requirements to run off the Company's obligations, and applying a cost of capital of 6%.

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

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

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

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

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

Gross technical provisions as at 31.12.2017 (in EUR '000).

	IFRS	Solvency II	
Lines of business	**Life technical provisions**	**BELs**	**Risk margin**
Life excluding Unit-/Index-linked	97 878	96 548	6 423
Unit-/Index-linked*	1 290	837	53
Total	99 168	97 385	6 476

* Not shown in IFRS statement

Gross technical provisions as at 31.12.2016 (in EUR '000).

	IFRS	Solvency II	
Lines of business	**Life technical provisions**	**BELs**	**Risk margin**
Life excluding Unit-/Index-linked	138 725	103 034	9 409
Unit-/Index-linked*	0	-287	23
Total	138 725	102 748	9 432

Although the gross BE and Risk Margin changed from 2016 to 2017, the net Solvency II Technical Provisions stayed at the same level because changes in gross BEL are balanced by retrocession.

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

All reinsurance treaties are divided into the relevant Solvency II LoBs. The vast majority of Life technical provisions are considered in the Other Life LoB.

VIG Re doesn't apply any contract boundaries because the cancellation of a treaty is not at the free will of the cedent or VIG Re.

The contracts are unbundled to main coverage and accidental riders. These two parts are modelled separately.

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

Methodology

Technical provisions are calculated as the sum of a best estimate and a risk margin. The projection is realized on two levels.

The first level comprises policy-per-policy calculation, allowing for reinsurance premium, claims, change in statutory reserve and interest on statutory reserve, lapses, and commissions. Retrocession-related projections needed for calculation of reinrsurnace (=retrocession) recoverables are also calculated on this level.

At the second level, the cash flow from the first level is aggregated per the reinsurance treaty. Furthermore, on this aggregated level, the total cash flow (allowing for expenses) and profit/loss (and respective present values) are calculated.

Based on the requirement of the Czech regulator the present value of cash flows generated by the reserves deposited by primary insurers (change in the reserve, investment income on the reserve) are excluded from the value of best estimate liabilities. This was applied for the first time in the 2016 best estimate liabilities calculation.

Risk margin is calculated in line with VIG Guidelines on the Calculation of the Risk Margin under SII. A simplified method is used for the calculation of the risk margin. The SCR is projected based on relevant risk driver for projection of individual sub-modules of the SCR and multiplied with a rate of 6% (cost of capital); finally, the cash flows are discounted and aggregated.

Assumptions

The primary insurers' portfolio data, accounting data and economic assumptions are updated on annual basis.

The 2nd order assumptions and parameters used for model are reviewed on annual basis. The long-term principle is applied. It means the best estimate assumption is set with longer period in mind. If there is no significant reason to change the assumption, the assumption is not changed from year to year. During the model adjustment a set of analyses was done with a view to justify assumptions setting, including the sensitivities testing in order to quantify the impact of possible volatility in assumptions.

Compared to the last year calculation both mortality and morbidity experience ratios were decreased based on reality of the previous years.

Key Options and Guarantees

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

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

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

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

Lapse Rates

There were no changes in assumptions about lapse rates in comparison with previous period.

Data Quality

Controls for data quality process in data gathering were established. The data delivered by primary insurers were checked and data quality issues identified were documented. For some insurers the data were corrected in cooperation with primary insurer, for other material issues the necessary steps to correct data by VIG Re has been discussed with the Life actuary. As outcome of data quality controls there is a list of issues to be taken into account for next communication to the primary insurer as well as the need to gather data for back testing and comparison with experience.

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

The methods and models used for technical provisions calculations are compliant with the SII requirements. The technical provisions as such are considered to be adequate and reliable. There are some limitations and uncertainties mainly caused by still relatively short market presence of VIG Re and overall data quality.

The biggest uncertainty is arising from missing detailed data. The estimated impact on results was assessed in an independent validation. Due to immateriality of the Life business and proved profitability there is no significant risk for VIG Re.

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 differences in valuation between Solvency II and IFRS are discussed below.

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.

D.3 Other Liabilities

As at 31 December the Company held the following liabilities (in EUR '000):

	Solvency II Value		IFRS Value	
	YE 2016	YE 2017	YE 2016	YE 2017
Technical provisions – Non-Life	281 551	355 461	382 413	439 850
Technical provisions – Life (excluding index-linked and unit-linked)	112 443	102 970	138 725	97 877
Technical provisions – index-linked and unit-linked	-263	890	0	1 290
Deposits from reinsurers	4 219	5 401	4 219	5 401
Deferred tax liabilities	13 887	4 802	0	0
Debts owed to credit institutions	4	14	4	14
Financial liabilities other than debts owed to credit institutions	2 555	1 597	2 555	1 597
Insurance & intermediaries payables	52 574	90 637	52 574	90 637
Reinsurance payables	9 682	15 253	9 682	15 253
Payables (trade, not insurance)	3 156	2 463	3 156	2 463
Any other liabilities, not elsewhere shown	0	11	0	11
Total Liabilities	**479 809**	**579 499**	**593 330**	**654 393**
Excess of Assets over Liabilities	**191 498**	**184 243**	**138 795**	**169 614**

D.3.1 Deposits from Reinsurers

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

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

D.3.2 Deferred tax Liabilities

Similarly to IFRS, deferred taxes are calculated in case of temporary differences between the Solvency II and Tax Balance Sheets (according to the national tax laws). IFRS value is taken as a basis for Solvency II valuation and then adjusted for the differences between Solvency II and tax balance sheets. Deferred taxes are not discounted under Solvency II. Deferred taxes are shown in net value, i.e. assets are offset against the liabilities.

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

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

D.3.4 Insurance & Intermediaries Payables

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

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

D.3.5 Reinsurance Payables

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

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

D.3.6 Payables (Trade, Not Insurance)

Immaterial class of liabilities. Includes payables to employees, business partners other than insurance or reinsurance undertakings for their services, or other persons.

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

D.3.7 Excess of Assets over Liabilities

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

D.4 Alternative Methods for Valuation

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

D.5 Any other Information

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

E Capital Management

E.1 Own Funds

The Company's own available funds reflect the ability of the Company to absorb any adverse impact stemming from a change in economic balance sheet (assets and liabilities valuation) or resulting from a change in its own capital. Solvency II also puts its own standards on capital available. It sorts the capital according its quality to so-called tiers (capital quality groups) where tier 1 is the best form of capital for the purpose of absorbing losses.

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

The Company's objectives with respect to capital management are to ensure the continued existence of the Company as a going concern in order to continue providing shareholders with earnings and other stakeholders with the payments to which they are entitled. Furthermore, the objective is to maintain an optimal capital structure in order to reduce the cost of capital, ensure recognition of capital instruments under current national solvency regime and to meet the Solvency II requirements.

The objective of own funds management is to maintain, at all times, sufficient own funds to cover the SCR and MCR with an appropriate buffer. These should be of sufficient quality to meet the eligibility requirements in Article 82 of the Delegated Regulation. The Company applies Risk bearing capacity concepts, in which the ratio of eligible own funds over SCR and MCR, and risk bearing buffer are reviewed. As part of own funds management, the Company produce Own Risk and Solvency Assessment report at least annually, or when the risk profile significantly changes. The ORSA exercise incorporates the business planning which is typically considered over a three-year horizon.

The ORSA report 2017 specified key assumptions for capital planning, namely, reconciliation reserve ratio of Non-Life claim technical provisions net of reinsurance and HTM portfolio rebuilding assumptions. The ORSA report 2017 presented sensitivities of these assumptions. Monitoring of these indicators allows the Company react accordingly if deviation from the assumption occurs. The monitoring is performed on the quarterly basis.

E.1.2 Own Funds Classified by Tiers

Apart of ordinary shares which can be changed by the General Meeting through a capital increase or decrease, other parts depend on the Company's economic decisions and on the market environment. The reconciliation reserve from the Economic Balance Sheet is a major source of capital. The source reconciliation reserve is mainly difference in the valuation of investments and technical provisions under IFRS and Solvency II approach.

The Company's own funds also take into account any foreseeable dividend payments from profit. Dividends are based on the dividend policy, which has not changed (85% of after tax profit). This dividend policy is applied to projected results.

Based on a VIG Re Board of Directors proposal, the VIG Re Supervisory Board took a resolution to propose to the General Meeting a share capital increase of EUR 25 million. The General meeting approved the proposed capital increase and the additional capital was paid up during September 2017.

Company's Equity as of 31 December 2017 (in EUR '000).

IFRS equity		Solvency II own funds	
		Excess of assets over liabilities, thereof:	184 243
Ordinary share capital	126 850	Ordinary share capital	126 850
Share premium	50	Share premium	50
Retained earnings	37 394	Reconciliation reserve	40 005
Other components	5 320	Foreseeable dividends	-17 338
Total shareholders equity	169 614	SII Own funds	166 905

Company's Equity as of 31 December 2016 (in EUR '000).

IFRS equity		Solvency II own funds	
		Excess of assets over liabilities, thereof:	191 498
Ordinary share capital	101 958	Ordinary share capital	101 958
Share premium	0	Share premium	0
Retained earnings	31 471	Reconciliation reserve	74 019
Other components	5 367	Foreseeable dividends	-15 522
Total shareholders equity	138 795	SII Own funds	175 976

With the exception of the foreseeable dividends (which are subject to final approval by the General Meeting), the Company's own funds are all tier 1 unrestricted and available to cover both the SCR and the MCR.

Apart of capital increase of ordinary share, reconciliation reserve decrease is mainly caused by decrease of reconciliation reserve of technical provisions.

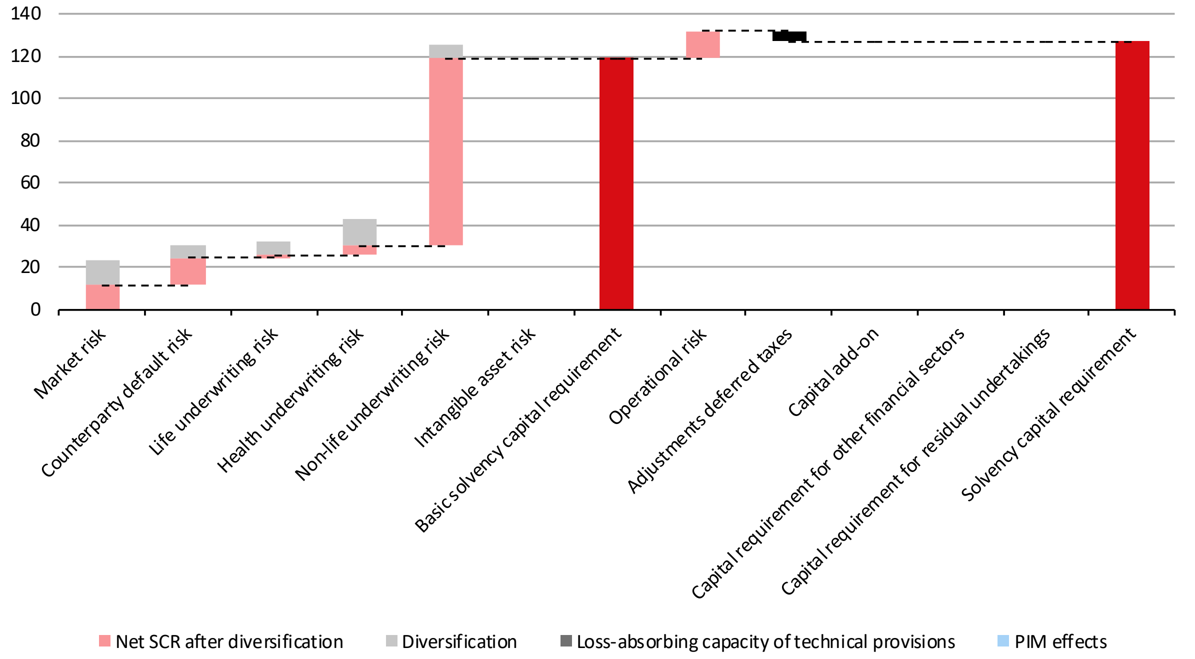
E.2 Solvency Capital Requirement and Minimum Capital Requirement

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

The SCR of the Company as at 31 December 2017 is EUR 126.96 million (2016: EUR 122 million). The MCR of the Company as at 31 December 2017 is EUR 53.7 million (2016: EUR 44.1 million).

COMPOSITION OF THE SOLVENCY CAPITAL REQUIREMENT 2017

in EUR million



E.2.2 Solvency Capital Requirement Split by Risk Module

The Company is exposed to market risk derived predominantly from the assets held by the Company to meet its reinsurance liabilities. The exposure to shocks in interest rates and currency also consider the exposure from underwriting risks including reinsurance recoveries.

Following the increase of equity investments, equity risk increased accordingly.

In EUR '000 - Net SCR	YE 2016	YE 2017
Market risk	19 521	23 288
Interest rate risk	7 296	8 657
Equity risk	7 840	12 833
Property risk	0	0
Spread risk	7 346	5 585
Market risk concentrations	1 720	1 959
Currency risk	6 816	7 583
Diversification within market risk module	-11 497	-13 329

The Company is exposed to counterparty risks in the form of cash deposits, deposits reinsurance and recoveries from reinsurers (type 1) and from receivables from assume reinsurance business and other debtors (type 2).

The decrease of Counterparty risk is mainly due to decrease of volume of deposits from cedants.

In EUR '000 - Net SCR	YE 2016	YE 2017
Counterparty default risk	22 241	19 303
Type 1 exposures	17 048	12 933
Type 2 exposures	6 384	7 604
Diversification within counterparty default risk module	-1 191	-1 234

The Company is exposed to Life underwriting business as a result of assumed reinsurance.

The decrease of Life underwriting risk across all its sub-modules is due to updates of data from primary insurers (see detail in chapter D.2.2)

In EUR '000 - Net SCR	YE 2016	YE 2017
Life underwriting risk	13 099	8 136
Mortality risk	5 295	2 327
Longevity risk	3	7
Disability-morbidity risk	4 019	2 072
Life expense risk	1 275	1 392
Revision risk	0	0
Lapse risk	8 194	4 803
Life catastrophe risk	2 451	2 340
Diversification within Life underwriting risk module	-8 138	-4 805

The Company is exposed to Non-Life underwriting risk as a result of assumed reinsurance. The risks are based on volatility around earned premiums and claim reserves, and to catastrophe events to which the Company may be exposed.

The decrease of Non-Life underwriting risk follows the drop in Non-Life catastrophe risk of the Non-Life portfolio due to implementation of additional retrocession.

In EUR '000 - Net SCR	YE 2016	YE 2017
Non-Life underwriting risk	98 602	95 246
Non-Life premium and reserve risk	83 020	91 095
Non-Life lapse risk	10 218	12 970
Non-Life catastrophe risk	35 427	10 752
Diversification within Non-Life underwriting risk module	-30 063	-19 571

The Company is exposed to Health non-similar to Life underwriting techniques risks as a result of assumed reinsurance. The risks are based on volatility around earned premiums and claim reserves, and to catastrophe events to which the Company may be exposed. The Company is not exposed to Health similar to Life underwriting techniques risks.

The decrease of the Health non-similar to Life underwriting risk is due to decrease of planned premium for 2018 and actual premiums of 2017 in comparison to planned premium of 2017.

In EUR '000 - Net SCR	YE 2016	YE 2017

Health underwriting risk	21 690	17 069
NSLT Health underwriting risk	21 116	15 463
NSLT Health premium and reserve risk	20 774	15 458
NSLT Health lapse risk	3 783	420
Diversification within NSLT Health underwriting risk	-3 441	-415
Health catastrophe risk	1 962	4 331
Diversification within Health underwriting risk module	-1 388	-2 725

The Company is not exposed to Intangible asset risk as all intangible assets are valued at zero for Solvency II purposes.

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

The cap to the loss-absorbing capacity of deferred taxes is the deferred tax liability in the Economic Balance Sheet which has decreased.

In EUR '000 - Net SCR	YE 2016	YE 2017
Market risk	19 521	23 288
Counterparty default risk	22 241	19 303
Life underwriting risk	13 099	8 136
Non-Life underwriting risk	98 602	95 246
Health underwriting risk	21 690	17 069
Intangible asset risk	0	0
Diversification	-50 729	-44 203
Basic solvency capital requirement	124 423	118 839
Operational risk	11 527	12 916
Loss-absorbing capacity of technical provisions	0	0
Loss-absorbing capacity of deferred taxes	-13 887	-4 800
Solvency capital requirement	122 063	126 955

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

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

E.2.4 Inputs Used to Calculate the Minimum Capital Requirement

The input used to calculate the MCR of the Company are as follows. The underlying input data (net best estimates and net written premium) are included in the respective QRTs.

The increase of the MCR is due to the Non-Life component which is driven by increase of the portfolio (Best estimates and premium written in the last 12 months) – both net of retrocession).

In EUR '000 - Input	YE 2016	YE 2017
Linear MCR	44 134	53 685
SCR	122 063	126 955
MCR cap	54 928	57 130
MCR floor	30 516	31 739
Combined MCR	44 134	53 685
Absolute floor of the MCR	3 600	3 600
Minimum Capital Requirement	44 134	53 685

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

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

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

The Company has calculated SCR with standard formula only.

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

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

E.6 Any other Information

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

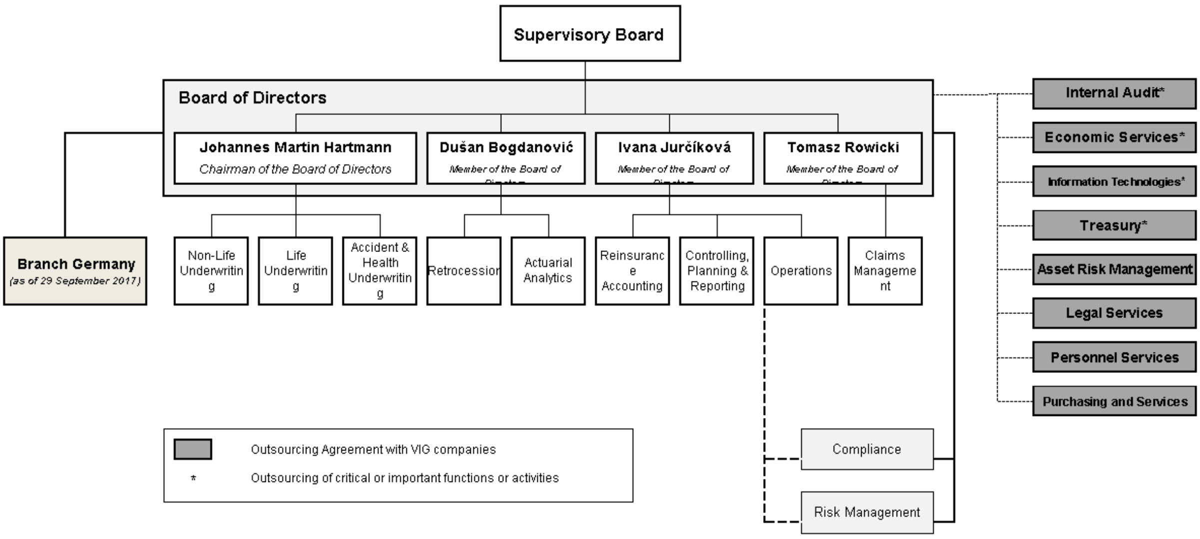
Abbreviations

Abbreviation	Detail
AF	Actuarial Function
A&H	Health and Accident
BELs	Best estimates of liabilities
BoD	Board of Directors
BF	Bornhuetter Fergusson Method
CAT	Catastrophic
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
EU	the European Union
EUR	Euro
FDB	Future Discretionary Benefits
GDPR	General Data Protection Regulation Regulation (EU) 2016/679 of the European Parliament (General Data Protection Regulation
Health SLT	Similar to Life Techniques
Health NSLT	Non-similar to Life Techniques
IASB	the International Accounting Standards Board
IBNER	Incurred but not enough reported
IBNR	Incurred but not reported
ICS	Internal control system
IDD	Insurance Distribution Directive (Directive (EU) 2016/97 (the Insurance Distribution Directive or “IDD”)
IFRS	International Financial Reporting Standards
IMF	International Monetary Fund
LoBs	Line of Business
MCR	Minimum capital requirement
ORSA	Own Risk and Solvency Assessment
P&C	Property & Casualty
QRT	Quantitative Reporting Templates
QS (treaty)	Quota Share
RBNS	Reported but not Settled
RCM	Risk Control Matrix
ResQ	Loss Reserving System for Insurance and Reinsurance
RM	Risk margin
RMF	Risk Management Function

RSR	the Regular supervisory report
SCR	Solvency capital requirement
SFCR	the Solvency and financial condition report
SII	Solvency II
Solvency II	refers to Directive 2009/138/EC of the European Parliament and of the Council and related regulation
TP	Technical provision
VaR	Value at Risk
WIIW	Wiener Institut fur Internationale Wirtschaftsvergleiche

Annexes

Annex I – Organisational structure



Annex II – Quantitative Information

List of reports:

S.02.01.02 Balance sheet

S.05.01.02 Premiums, claims and expenses by line of business

S.05.02.01 Premiums, claims and expenses by country

S.12.01.02 Life and Health SLT Technical Provisions

S.17.01.02 Non-Life Technical Provisions

S.19.01.21 Non-Life Insurance Claims Information

S.23.01.01 Own funds

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

S.28.01.01 Minimum Capital Requirement - Only Life or only Non-Life insurance or reinsurance activity

All figures are in thousands EUR

Annex I
S.02.01.02
Balance sheet

		Solvency II value
Assets		**C0010**
Intangible assets	**R0030**	0
Deferred tax assets	**R0040**	0
Pension benefit surplus	**R0050**	0
Property, plant & equipment held for own use	**R0060**	442
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	386,436
Property (other than for own use)	**R0080**	0
Holdings in related undertakings, including participations	**R0090**	5,185
Equities	**R0100**	0
Equities - listed	**R0110**	0
Equities - unlisted	**R0120**	0
Bonds	**R0130**	308,464
Government Bonds	**R0140**	256,006
Corporate Bonds	**R0150**	52,459
Structured notes	**R0160**	0
Collateralised securities	**R0170**	0
Collective Investments Undertakings	**R0180**	72,787
Derivatives	**R0190**	0
Deposits other than cash equivalents	**R0200**	0
Other investments	**R0210**	0
Assets held for index-linked and unit-linked contracts	**R0220**	1,580
Loans and mortgages	**R0230**	177
Loans on policies	**R0240**	0
Loans and mortgages to individuals	**R0250**	0
Other loans and mortgages	**R0260**	177
Reinsurance recoverables from:	**R0270**	155,186
Non-life and health similar to non-life	**R0280**	170,278
Non-life excluding health	**R0290**	155,868
Health similar to non-life	**R0300**	14,410
Life and health similar to life, excluding health and index-linked and unit-linked	**R0310**	-15,042
Health similar to life	**R0320**	0
Life excluding health and index-linked and unit-linked	**R0330**	-15,042
Life index-linked and unit-linked	**R0340**	-50
Deposits to cedants	**R0350**	127,906
Insurance and intermediaries receivables	**R0360**	51,591
Reinsurance receivables	**R0370**	26,980
Receivables (trade, not insurance)	**R0380**	3,373
Own shares (held directly)	**R0390**	0
Amounts due in respect of own fund items or initial fund called up but not yet paid in	**R0400**	0
Cash and cash equivalents	**R0410**	9,812
Any other assets, not elsewhere shown	**R0420**	259
Total assets	**R0500**	763,742

Annex I
S.02.01.02
Balance sheet

		Solvency II value
Liabilities		**C0010**
Technical provisions – non-life	**R0510**	355,461
Technical provisions – non-life (excluding health)	**R0520**	322,732
TP calculated as a whole	**R0530**	0
Best Estimate	**R0540**	301,476
Risk margin	**R0550**	21,256
Technical provisions - health (similar to non-life)	**R0560**	32,728
TP calculated as a whole	**R0570**	0
Best Estimate	**R0580**	32,134
Risk margin	**R0590**	595
Technical provisions - life (excluding index-linked and unit-linked)	**R0600**	102,970
Technical provisions - health (similar to life)	**R0610**	0
TP calculated as a whole	**R0620**	0
Best Estimate	**R0630**	0
Risk margin	**R0640**	0
Technical provisions – life (excluding health and index-linked and unit-linked)	**R0650**	102,970
TP calculated as a whole	**R0660**	0
Best Estimate	**R0670**	96,548
Risk margin	**R0680**	6,422
Technical provisions – index-linked and unit-linked	**R0690**	890
TP calculated as a whole	**R0700**	0
Best Estimate	**R0710**	837
Risk margin	**R0720**	53
Contingent liabilities	**R0740**	0
Provisions other than technical provisions	**R0750**	0
Pension benefit obligations	**R0760**	0
Deposits from reinsurers	**R0770**	5,401
Deferred tax liabilities	**R0780**	4,803
Derivatives	**R0790**	0
Debts owed to credit institutions	**R0800**	14
Financial liabilities other than debts owed to credit institutions	**R0810**	1,597
Insurance & intermediaries payables	**R0820**	90,637
Reinsurance payables	**R0830**	15,253
Payables (trade, not insurance)	**R0840**	2,463
Subordinated liabilities	**R0850**	0
Subordinated liabilities not in BOF	**R0860**	0
Subordinated liabilities in BOF	**R0870**	0
Any other liabilities, not elsewhere shown	**R0880**	11
Total liabilities	**R0900**	579,499
Excess of assets over liabilities	**R1000**	184,243

Annex I
S.05.01.02
Premiums, claims and expenses by line of business

		Line of Business for: **non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)**								
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance
		C0010	**C0020**	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**
Premiums written										
Gross - Direct Business	**R0110**	0	0	0	0	0	0	0	0	0
Gross - Proportional reinsurance accepted	**R0120**	5,295	1,048	0	22,853	22,751	4,879	147,490	7,863	902
Gross - Non-proportional reinsurance accepted	**R0130**									
Reinsurers' share	**R0140**	58	421	0	6,112	327	2,858	53,783	625	851
Net	**R0200**	5,237	626	0	16,741	22,424	2,021	93,708	7,238	50
Premiums earned										
Gross - Direct Business	**R0210**	0	0	0	0	0	0	0	0	0
Gross - Proportional reinsurance accepted	**R0220**	5,168	1,027	0	23,430	24,008	4,795	146,964	8,180	802
Gross - Non-proportional reinsurance accepted	**R0230**									
Reinsurers' share	**R0240**	58	421	0	6,723	327	2,792	52,167	609	752
Net	**R0300**	5,110	606	0	16,707	23,682	2,003	94,797	7,571	50
Claims incurred										
Gross - Direct Business	**R0310**	0	0	0	0	0	0	0	0	0
Gross - Proportional reinsurance accepted	**R0320**	2,227	-3,355	0	21,816	11,287	2,769	104,490	3,174	333
Gross - Non-proportional reinsurance accepted	**R0330**									
Reinsurers' share	**R0340**	4	14	0	7,206	240	1,915	35,734	338	320
Net	**R0400**	2,223	-3,369	0	14,610	11,047	854	68,755	2,837	13
Changes in other technical provisions										
Gross - Direct Business	**R0410**	0	0	0	0	0	0	0	0	0
Gross - Proportional reinsurance accepted	**R0420**	-21	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**	-21	0	0	0	0	0	0	0	0
Expenses incurred	**R0550**	2,335	280	0	2,423	8,148	717	26,776	2,604	80
Other expenses	**R1200**									
Total expenses	**R1300**									

Annex I
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,	Property	
		C0100	**C0110**	**C0120**	**C0130**	**C0140**	**C0150**	**C0160**	**C0200**
Premiums written									
Gross - Direct Business	**R0110**	0	0	0					0
Gross - Proportional reinsurance accepted	**R0120**	25	0	0					213,105
Gross - Non-proportional reinsurance accepted	**R0130**				22,330	34,574	4,777	132,303	193,984
Reinsurers' share	**R0140**	0	0	0	4,525	15,724	3,211	79,387	167,881
Net	**R0200**	25	0	0	17,805	18,851	1,566	52,916	239,209
Premiums earned									
Gross - Direct Business	**R0210**	0	0	0					0
Gross - Proportional reinsurance accepted	**R0220**	25	0	0					214,399
Gross - Non-proportional reinsurance accepted	**R0230**				22,494	34,589	4,775	132,691	194,550
Reinsurers' share	**R0240**	0	0	0	4,510	15,483	3,175	79,488	166,506
Net	**R0300**	25	0	0	17,983	19,106	1,600	53,203	242,443
Claims incurred									
Gross - Direct Business	**R0310**	0	0	0					0
Gross - Proportional reinsurance accepted	**R0320**	18	0	0					142,759
Gross - Non-proportional reinsurance accepted	**R0330**				1,289	41,786	362	100,120	143,556
Reinsurers' share	**R0340**	0	0	0	1,440	28,332	-608	31,550	106,486
Net	**R0400**	18	0	0	-151	13,453	969	68,570	179,829
Changes in other technical provisions									
Gross - Direct Business	**R0410**	0	0	0					0
Gross - Proportional reinsurance accepted	**R0420**	0	0	0					-21
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	-21
Expenses incurred	**R0550**	17	0	0	1,215	1,282	150	3,875	49,901
Other expenses	**R1200**								0
Total expenses	**R1300**								49,901

Annex I
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**	0	0	0	0	0	0	0	16,560	16,560
Reinsurers' share	**R1420**	0	0	0	0	0	0	0	3,284	3,284
Net	**R1500**	0	0	0	0	0	0	0	13,275	13,275
Premiums earned										
Gross	**R1510**	0	0	0	0	0	0	0	16,776	16,776
Reinsurers' share	**R1520**	0	0	0	0	0	0	0	3,258	3,258
Net	**R1600**	0	0	0	0	0	0	0	13,518	13,518
Claims incurred										
Gross	**R1610**	0	0	0	0	0	0	0	11,573	11,573
Reinsurers' share	**R1620**	0	0	0	0	0	0	0	231	231
Net	**R1700**	0	0	0	0	0	0	0	11,342	11,342
Changes in other technical provisions										
Gross	**R1710**	0	0	0	0	0	0	0	-713	-713
Reinsurers' share	**R1720**	0	0	0	0	0	0	0	99	99
Net	**R1800**	0	0	0	0	0	0	0	-812	-812
Expenses incurred	**R1900**	0	0	0	0	0	0	0	4,310	4,310
Other expenses	**R2500**									
Total expenses	**R2600**									4,310

Annex I
S.05.02.01
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	PL	IT	TR	
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
Premiums written								
Gross - Direct Business	R0110	0	0	0	0	0	0	0
Gross - Proportional reinsurance accepted	R0120	11,985	74,787	20,615	11,290	20,410	15,836	154,923
Gross - Non-proportional reinsurance accepted	R0130	33,937	89,507	10,182	11,659	2,043	4,979	152,307
Reinsurers' share	R0140	28,273	60,821	6,638	11,853	186	9,773	117,543
Net	R0200	17,648	103,473	24,159	11,096	22,267	11,043	189,687
Premiums earned								
Gross - Direct Business	R0210	0	0	0	0	0	0	0
Gross - Proportional reinsurance accepted	R0220	11,787	73,173	20,626	11,250	20,508	16,366	153,711
Gross - Non-proportional reinsurance accepted	R0230	33,786	89,359	10,216	11,599	2,377	4,912	152,250
Reinsurers' share	R0240	27,865	60,220	6,888	11,832	191	10,407	117,403
Net	R0300	17,708	102,312	23,955	11,016	22,695	10,871	188,557
Claims incurred								
Gross - Direct Business	R0310	0	0	0	0	0	0	0
Gross - Proportional reinsurance accepted	R0320	6,516	60,163	11,169	8,799	13,844	12,923	113,413
Gross - Non-proportional reinsurance accepted	R0330	9,499	77,175	-3,456	16,801	3,234	1,998	105,250
Reinsurers' share	R0340	4,117	45,757	1,765	15,539	228	9,605	77,011
Net	R0400	11,897	91,580	5,947	10,061	16,850	5,316	141,652
Changes in other technical provisions								
Gross - Direct Business	R0410	0	0	0	0	0	0	0
Gross - Proportional reinsurance accepted	R0420	0	0	-21	0	0	0	-21
Gross - Non- proportional reinsurance accepted	R0430	0	0	0	0	0	0	0
Reinsurers'share	R0440	0	0	0	0	0	0	0
Net	R0500	0	0	-21	0	0	0	-21
Expenses incurred	R0550	3,116	11,376	8,356	6,815	1,567	3,148	34,378
Other expenses	R1200							
Total expenses	R1300							34,378

Annex I
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	PL	RS	SK	
		C0220	C0230	C0240	C0250	C0260	C0270	C0280
Premiums written								
Gross	R1410	61	9,870	2,345	562	699	1,507	15,043
Reinsurers' share	R1420	8	690	2,227	50	62	106	3,143
Net	R1500	53	9,180	118	512	637	1,401	11,900
Premiums earned								
Gross	R1510	59	10,138	2,345	562	699	1,507	15,309
Reinsurers' share	R1520	7	690	2,227	50	62	106	3,142
Net	R1600	52	9,448	118	512	637	1,401	12,167
Claims incurred								
Gross	R1610	0	11,124	151	117	1	206	11,599
Reinsurers' share	R1620	0	87	144	0	0	0	231
Net	R1700	0	11,037	8	117	1	206	11,369
Changes in other technical provisions								
Gross	R1710	0	2,348	-104	0	2	-1,290	955
Reinsurers' share	R1720	0	0	99	0	0	0	99
Net	R1800	0	2,348	-204	0	2	-1,290	856
Expenses incurred	R1900	69	1,697	240	1,159	225	459	3,849
Other expenses	R2500							0
Total expenses	R2600							3,849

Annex I
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	Accepted reinsurance
				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**
Technical provisions calculated as a whole	**R0010**	0	0			0			0	0
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**	0	0			0			0	0
Technical provisions calculated as a sum of BE and RM										
Best Estimate										
Gross Best Estimate	**R0030**			0	0		0	0	0	97,385
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0080**	0		0	0		0	0	0	-15,092
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	**R0090**	0		0	0		0	0	0	112,477
Risk Margin	**R0100**	0	0			0			0	6,476
Amount of the transitional on Technical Provisions										
Technical Provisions calculated as a whole	**R0110**	0	0			0			0	0
Best estimate	**R0120**	0		0	0				0	0
Risk margin	**R0130**	0	0			0			0	0
Technical provisions - total	**R0200**	0	0			0			0	103,860

Annex I
S.12.01.02
Life and Health SLT Technical Provisions

		Total (Life other than health insurance, incl. Unit-Linked)
		C0150
Technical provisions calculated as a whole	R0010	0
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	0
Technical provisions calculated as a sum of BE and RM		
Best Estimate		
Gross Best Estimate	R0030	97,385
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0080	-15,092
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	R0090	112,477
Risk Margin	R0100	6,476
Amount of the transitional on Technical Provisions		
Technical Provisions calculated as a whole	R0110	0
Best estimate	R0120	0
Risk margin	R0130	0
Technical provisions - total	R0200	103,860

Annex I
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**	0			0	0	0
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**	0			0	0	0
Technical provisions calculated as a sum of BE and RM							
Best Estimate							
Gross Best Estimate	**R0030**		0	0	0	0	0
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0080**		0	0	0	0	0
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	**R0090**		0	0	0	0	0
Risk Margin	**R0100**	0			0	0	0
Amount of the transitional on Technical Provisions							
Technical Provisions calculated as a whole	**R0110**	0			0	0	0
Best estimate	**R0120**		0	0	0	0	0
Risk margin	**R0130**	0			0	0	0
Technical provisions - total	**R0200**	0			0	0	0

Annex I
S.17.01.02
Non-life Technical Provisions

		Direct business and accepted proportional reinsurance								
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance
		C0020	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**	**C0100**
Technical provisions calculated as a whole	**R0010**									
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	**R0050**	0	0	0	0	0	0	0	0	0
Technical provisions calculated as a sum of BE and RM										
Best estimate										
Premium provisions										
Gross	**R0060**	-758	-11	0	-4,236	-8,614	-263	3,195	365	-152
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0140**	-24	62	0	86	-11	-275	-3,903	-35	-319
Net Best Estimate of Premium Provisions	**R0150**	-734	-73	0	-4,322	-8,604	12	7,098	400	168
Claims provisions										
Gross	**R0160**	1,553	17,619	0	32,429	8,380	3,286	54,408	12,268	365
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0240**	-60	2,303	0	6,426	-82	1,741	27,850	1,140	273
Net Best Estimate of Claims Provisions	**R0250**	1,613	15,317	0	26,003	8,463	1,545	26,559	11,128	92
Total Best estimate - gross	**R0260**	794	17,608	0	28,193	-234	3,023	57,604	12,634	213
Total Best estimate - net	**R0270**	879	15,244	0	21,681	-141	1,557	33,657	11,529	259
Risk margin	**R0280**	46	302	0	1,083	773	208	2,219	523	132
Amount of the transitional on Technical Provisions										
Technical Provisions calculated as a whole	**R0290**	0	0	0	0	0	0	0	0	0
Best estimate	**R0300**	0	0	0	0	0	0	0	0	0
Risk margin	**R0310**	0	0	0	0	0	0	0	0	0

Annex I
S.17.01.02
Non-life Technical Provisions

		Direct business and accepted proportional reinsurance								
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance
		C0020	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**	**C0100**
Technical provisions - total										
Technical provisions - total	**R0320**	840	17,910	0	29,276	538	3,232	59,823	13,156	345
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	**R0330**	-84	2,365	0	6,511	-93	1,466	23,947	1,105	-46
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	**R0340**	925	15,545	0	22,765	632	1,765	35,876	12,052	391

Annex I
S.17.01.02
Non-life Technical Provisions

		Direct business and accepted proportional reinsurance			Accepted non-proportional reinsurance				
		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	Total Non-Life obligation
		C0110	**C0120**	**C0130**	**C0140**	**C0150**	**C0160**	**C0170**	**C0180**
Technical provisions calculated as a whole	**R0010**	0	0	0	0	0	0	0	0
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**	0	0	0	0	0	0	0	0
Technical provisions calculated as a sum of BE and RM									
Best estimate									
Premium provisions									
Gross	**R0060**	5	0	0	-1,571	-8,035	-2,183	-36,880	-59,138
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0140**	0	0	0	-572	-4,356	-1,792	-27,095	-38,235
Net Best Estimate of Premium Provisions	**R0150**	5	0	0	-999	-3,679	-390	-9,785	-20,903
Claims provisions									
Gross	**R0160**	14	0	0	15,302	165,983	4,446	76,694	392,748
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0240**	0	0	0	12,702	101,376	2,640	52,205	208,513
Net Best Estimate of Claims Provisions	**R0250**	14	0	0	2,601	64,607	1,806	24,489	184,235
Total Best estimate - gross	**R0260**	19	0	0	13,731	157,948	2,263	39,813	333,610
Total Best estimate - net	**R0270**	19	0	0	1,602	60,928	1,415	14,704	163,332
Risk margin	**R0280**	0	0	0	247	12,777	380	3,161	21,851
Amount of the transitional on Technical Provisions									
Technical Provisions calculated as a whole	**R0290**	0	0	0	0	0	0	0	0
Best estimate	**R0300**	0	0	0	0	0	0	0	0
Risk margin	**R0310**	0	0	0	0	0	0	0	0

Annex I
S.17.01.02
Non-life Technical Provisions

		Direct business and accepted proportional reinsurance			Accepted non-proportional reinsurance				
		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	Total Non-Life obligation
		C0110	**C0120**	**C0130**	**C0140**	**C0150**	**C0160**	**C0170**	**C0180**
Technical provisions - total									
Technical provisions - total	**R0320**	19	0	0	13,978	170,725	2,643	42,974	355,461
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	**R0330**	0	0	0	12,129	97,020	848	25,109	170,278
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	**R0340**	19	0	0	1,849	73,705	1,795	17,865	185,183

Annex I
S.19.01.21
Non-life Insurance Claims Information

Total Non-Life Business

Accident year / Underwriting year	Z0010	Underwriting year

Gross Claims Paid (non-cumulative)
(absolute amount)

		Development year												In Current year	Sum of years (cumulative)
	Year	0	1	2	3	4	5	6	7	8	9	10 & +			
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110		C0170	C0180
Prior	R0100											0	R0100	0	0
N-9	R0160	0	0	0	0	0	0	0	0	0	0		R0160	0	0
N-8	R0170	96,241	37,216	14,228	6,742	2,838	2,395	322	1,166	-1,221			R0170	-1,221	159,928
N-7	R0180	95,693	45,215	11,552	4,592	4,230	2,718	1,769	1,803				R0180	1,803	167,571
N-6	R0190	51,130	38,499	10,203	2,452	3,176	2,803	4,018					R0190	4,018	112,279
N-5	R0200	45,463	26,110	9,894	3,552	2,095	3,163						R0200	3,163	90,276
N-4	R0210	127,182	63,330	20,545	9,181	3,424							R0210	3,424	223,661
N-3	R0220	101,922	51,322	31,168	17,053								R0220	17,053	201,464
N-2	R0230	91,042	57,072	28,775									R0230	28,775	176,888
N-1	R0240	77,712	48,501										R0240	48,501	126,213
N	R0250	119,007											R0250	119,007	119,007
												Total	R0260	224,522	1,377,288

Annex I
S.19.01.21
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**											0		**R0100**	0
N-9	**R0160**	0	0	0	0	0	0	0	0	0	0			**R0160**	0
N-8	**R0170**	0	0	0	0	0	0	0	16,029	14,353				**R0170**	12,965
N-7	**R0180**	0	0	0	0	0	0	29,709	27,741					**R0180**	26,476
N-6	**R0190**	0	0	0	0	0	18,838	12,362						**R0190**	10,992
N-5	**R0200**	0	0	0	0	20,619	17,726							**R0200**	16,096
N-4	**R0210**	0	0	0	24,950	23,984								**R0210**	21,852
N-3	**R0220**	0	0	53,214	61,413									**R0220**	54,430
N-2	**R0230**	0	82,735	67,489										**R0230**	59,889
N-1	**R0240**	87,993	61,459											**R0240**	54,978
N	**R0250**	142,139												**R0250**	135,030
													Total	**R0260**	392,708

Annex I
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	0	0	0	0	0
Basic own funds	R0020	0	0	0	0	0
Eligible own funds to meet Solvency Capital Requirement	R0050	0	0	0	0	0
Solvency Capital Requirement	R0090	0	0	0	0	0
Eligible own funds to meet Minimum Capital Requirement	R0100	0	0	0	0	0
Minimum Capital Requirement	R0110	0	0	0	0	0

Annex I
S.23.01.01
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		0	
Share premium account related to ordinary share capital	**R0030**	50	50		0	
Iinitial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertak	**R0040**	0	0		0	
Subordinated mutual member accounts	**R0050**	0		0	0	0
Surplus funds	**R0070**	0	0			
Preference shares	**R0090**	0		0	0	0
Share premium account related to preference shares	**R0110**	0		0	0	0
Reconciliation reserve	**R0130**	40,005	40,005			
Subordinated liabilities	**R0140**	0		0	0	0
An amount equal to the value of net deferred tax assets	**R0160**	0				0
Other own fund items approved by the supervisory authority as basic own funds not specified above	**R0180**	0	0	0	0	0
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**	0				
Deductions						
Deductions for participations in financial and credit institutions	**R0230**	0	0	0	0	
Total basic own funds after deductions	**R0290**	166,905	166,905	0	0	
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**	0			0	
Unpaid and uncalled preference shares callable on demand	**R0320**	0			0	0
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	**R0330**	0			0	0
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	**R0340**	0			0	
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	**R0350**	0			0	
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	**R0360**	0			0	
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	**R0370**	0			0	0
Other ancillary own funds	**R0390**	0			0	0
Total ancillary own funds	**R0400**	0			0	0

Annex I
S.23.01.01
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**	166,905	166,905	0	0	0
Total available own funds to meet the MCR	**R0510**	166,905	166,905	0	0	
Total eligible own funds to meet the SCR	**R0540**	166,905	166,905	0	0	0
Total eligible own funds to meet the MCR	**R0550**	166,905	166,905	0	0	
SCR	**R0580**	126,955				
MCR	**R0600**	53,685				
Ratio of Eligible own funds to SCR	**R0620**	131.5%				
Ratio of Eligible own funds to MCR	**R0640**	310.9%				

		C0060	
Reconciliation reserve			
Excess of assets over liabilities	**R0700**	184,243	
Own shares (held directly and indirectly)	**R0710**	0	
Foreseeable dividends, distributions and charges	**R0720**	17,338	
Other basic own fund items	**R0730**	126,900	
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	**R0740**	0	
Reconciliation reserve	**R0760**	40,005	
Expected profits			
Expected profits included in future premiums (EPIFP) - Life business	**R0770**	0	
Expected profits included in future premiums (EPIFP) - Non- life business	**R0780**	67,044	
Total Expected profits included in future premiums (EPIFP)	**R0790**	67,044	

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

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0100
Market risk	R0010	23,288		0
Counterparty default risk	R0020	19,303		
Life underwriting risk	R0030	8,136	0	0
Health underwriting risk	R0040	17,069	0	0
Non-life underwriting risk	R0050	95,246	0	0
Diversification	R0060	-44,203		
Intangible asset risk	R0070	0		
Basic Solvency Capital Requirement	R0100	118,839		

Calculation of Solvency Capital Requirement		C0100
Operational risk	R0130	12,916
Loss-absorbing capacity of technical provisions	R0140	0
Loss-absorbing capacity of deferred taxes	R0150	-4,800
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	126,955
Capital add-on already set	R0210	0
Solvency capital requirement	R0220	126,955
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	R0400	0
Total amount of Notional Solvency Capital Requirement for remaining part	R0410	0
Total amount of Notional Solvency Capital Requirements for ring fenced funds	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

Annex I
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	C0080	C0090
0	0	0	0	0	0

Calculation of Solvency Capital Requirement		**C0100**
Total undiversified components	**R0110**	0
Diversification	**R0060**	0
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**	0
Capital add-ons already set	**R0210**	0
Solvency capital requirement	**R0220**	0
Other information on SCR		
Amount/estimate of the overall loss-absorbing capacity of technical provisions	**R0300**	0
Amount/estimate of the overall loss-absorbing capacity ot deferred taxes	**R0310**	0
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

Annex I
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
MCR_{NL} Result	**R0010**	49,382

		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**	879	5,237
Income protection insurance and proportional reinsurance	**R0030**	15,244	626
Workers' compensation insurance and proportional reinsurance	**R0040**	0	0
Motor vehicle liability insurance and proportional reinsurance	**R0050**	21,681	16,741
Other motor insurance and proportional reinsurance	**R0060**	0	22,424
Marine, aviation and transport insurance and proportional reinsurance	**R0070**	1,557	2,021
Fire and other damage to property insurance and proportional reinsurance	**R0080**	33,657	93,708
General liability insurance and proportional reinsurance	**R0090**	11,529	7,238
Credit and suretyship insurance and proportional reinsurance	**R0100**	259	50
Legal expenses insurance and proportional reinsurance	**R0110**	19	25
Assistance and proportional reinsurance	**R0120**	0	0
Miscellaneous financial loss insurance and proportional reinsurance	**R0130**	0	0
Non-proportional health reinsurance	**R0140**	1,602	17,805
Non-proportional casualty reinsurance	**R0150**	60,928	18,851
Non-proportional marine, aviation and transport reinsurance	**R0160**	1,415	1,566
Non-proportional property reinsurance	**R0170**	14,704	52,916

Annex I
S.28.01.01
Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

Linear formula component for life insurance and reinsurance obligations

		C0040
MCR_L Result	**R0200**	4,303

		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**	8,269	
Obligations with profit participation - future discretionary benefits	**R0220**	0	
Index-linked and unit-linked insurance obligations	**R0230**	887	
Other life (re)insurance and health (re)insurance obligations	**R0240**	103,321	
Total capital at risk for all life (re)insurance obligations	**R0250**		2,601,942

Overall MCR calculation

		C0070
Linear MCR	**R0300**	53,685
SCR	**R0310**	126,955
MCR cap	**R0320**	57,130
MCR floor	**R0330**	31,739
Combined MCR	**R0340**	53,685
Absolute floor of the MCR	**R0350**	3,600
		C0070
Minimum Capital Requirement	**R0400**	53,685

Annex I
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**	0	0

		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**	0	0	0	0
Income protection insurance and proportional reinsurance	**R0030**	0	0	0	0
Workers' compensation insurance and proportional reinsurance	**R0040**	0	0	0	0
Motor vehicle liability insurance and proportional reinsurance	**R0050**	0	0	0	0
Other motor insurance and proportional reinsurance	**R0060**	0	0	0	0
Marine, aviation and transport insurance and proportional reinsurance	**R0070**	0	0	0	0
Fire and other damage to property insurance and proportional reinsurance	**R0080**	0	0	0	0
General liability insurance and proportional reinsurance	**R0090**	0	0	0	0
Credit and suretyship insurance and proportional reinsurance	**R0100**	0	0	0	0
Legal expenses insurance and proportional reinsurance	**R0110**	0	0	0	0
Assistance and proportional reinsurance	**R0120**	0	0	0	0
Miscellaneous financial loss insurance and proportional reinsurance	**R0130**	0	0	0	0
Non-proportional health reinsurance	**R0140**	0	0	0	0
Non-proportional casualty reinsurance	**R0150**	0	0	0	0
Non-proportional marine, aviation and transport reinsurance	**R0160**	0	0	0	0
Non-proportional property reinsurance	**R0170**	0	0	0	0

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

		Non-life activities	Life activities
		$MCR_{(L,NL)}$ Result	$MCR_{(L,L)}$ Result
		C0070	**C0080**
Linear formula component for life insurance and reinsurance obligations	**R0200**	0	0

		Non-life activities		Life activities	
		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk	Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
		C0090	**C0100**	**C0110**	**C0120**
Obligations with profit participation - guaranteed benefits	**R0210**	0		0	
Obligations with profit participation - future discretionary benefits	**R0220**	0		0	
Index-linked and unit-linked insurance obligations	**R0230**	0		0	
Other life (re)insurance and health (re)insurance obligations	**R0240**	0		0	
Total capital at risk for all life (re)insurance obligations	**R0250**		0		0

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

Overall MCR calculation

		C0130
Linear MCR	**R0300**	0
SCR	**R0310**	0
MCR cap	**R0320**	0
MCR floor	**R0330**	0
Combined MCR	**R0340**	0
Absolute floor of the MCR	**R0350**	0
		C0130
Minimum Capital Requirement	**R0400**	0

Notional non-life and life MCR calculation		**Non-life activities**	**Life activities**
		C0140	**C0150**
Notional linear MCR	**R0500**	0	0
Notional SCR excluding add-on (annual or latest calculation)	**R0510**	0	0
Notional MCR cap	**R0520**	0	0
Notional MCR floor	**R0530**	0	0
Notional Combined MCR	**R0540**	0	0
Absolute floor of the notional MCR	**R0550**	0	0
Notional MCR	**R0560**	0	0