SOLVENCY AND FINANCIAL CONDITION REPORT 2020

OF VIENNA INSURANCE GROUP AG

WIENER VERSICHERUNG GRUPPE

(VIG HOLDING - SOLO COMPANY)

Contents

SUMMARY

This solvency and financial condition report (SFCR) has been prepared based on the EU Directive 2009/138/EC and Delegated Regulation (EU) 2015/35. The structure of the report follows these statutory and regulatory requirements and deals with the financial year 2020. All monetary amounts in the report are presented in thousands of euro (TEUR/EUR '000) in accordance with the Implementing Regulation 2015/2452. Calculations, however, are done using exact amounts, including digits not shown, which may lead to rounding differences.

VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe (VIG Holding) is together with its individual companies the leading insurance group in Austria and the CEE region. This SFCR reports on the solvency and financial condition of VIG Holding as a solo company in accordance with the legal requirements. The regulatory solvency and financial situation report for VIG Insurance Group is also available on the VIG Holding website (www.vig.com).

Wiener Städtische Wechselseitiger Versicherungsverein – Vermögensverwaltung – Vienna Insurance Group (WSTW) is the main shareholder of Vienna Insurance Group AG Wiener Versicherung Gruppe with a share of 70%. WSTW was excluded from the group supervision following a decision of the Austrian Financial Market Authority (FMA) as the responsible authority so that the group supervision arises on the level of VIG Holding.

The structure of this report follows the requirements laid down in Delegated Acts on Solvency II (EU) 2015/35 and is divided into Chapters A to E with the prescribed subchapters.

Chapter A presents the business activities and performance of VIG Holding. VIG Holding's main activity is managing its insurance companies. VIG Holding also operates as an insurer and reinsurer, dealing with the international corporate and large customer business and mainly acting as an international reinsurance company for its subsidiaries.

In 2020, VIG Holding's activities as an insurer and reinsurer generated a premium volume after reinsurance of TEUR 1,073,201 (2019: TEUR 1,042,813). The underwriting result in accordance with UGB/VAG was TEUR 25,054 (2019: TEUR 34,031). VIG Holding's combined ratio net of reinsurance was 98.5% in 2020 (2019: 98.8%).

One of the most significant developments during the financial year was the signing of a purchase agreement with the Dutch company Aegon on 29 November 2020 to acquire its companies in Hungary, Poland, Romania and Turkey for a purchase price of EUR 830 million. The deal includes insurance companies, pension funds, asset management and service companies with an insurance premium volume of around EUR 600 million and pension funds with around EUR 5 billion in assets under management and adds 4.5 million new customers to the customer base. VIG Insurance Group will move up from 6th place to market leader in Hungary once the acquisition is successfully concluded.

Financial year 2020 was also dominated by an exceptional economic and health situation caused by the global spread of the new SARS-COV-2 virus. Although VIG insurance companies were affected by the COVID-19 pandemic, due to the Group's successful business development in previous years, very solid capital resources, and its digitalisation efforts, which were intensified under its Agenda 2020 management programme, VIG Insurance Group was able to achieve very stable overall performance in its business operations during the financial year. In general, the Group's business model, with its broad diversity across countries, brands, distribution channels and products, showed that it can be successful even in difficult phases.

Based on the Group's capital planning and the current interest rate situation, the Managing Board decided to issue a senior sustainability bond. The focus is on expanding investments in socially and environmentally sustainable projects. The senior sustainability bond was successfully placed on 18/03/2021 with a volume of TEUR 500,000. Given its existing debt capacity and the current favourable environment, a subordinated bond with a volume of TEUR 300,000 was also placed as a restricted Tier 1 instrument with the principal shareholder of Vienna Insurance Group, Wiener Städtische Versicherungsverein.

Chapter B describes the governance system of VIG Holding, and presents the Supervisory Board members and their duties, the responsibilities of the Managing Board members, the committees that have been established and the governance and other key functions.

After presenting the remuneration policy and fit and proper requirements, the risk management system (including the risk management function), own risk and solvency assessment (ORSA), internal control system (including the compliance function) and internal audit and actuarial functions are described. Finally, the measures implemented by the company in the area of outsourcing and the critical and important functions and activities outsourced by VIG Holding are described and listed.

The VIG Holding governance system includes all the processes needed to effectively and efficiently manage and supervise the company and is appropriate with respect to the nature, size and complexity of the company. There were no significant changes to the governance system during the reporting period.

Chapter C describes the VIG Holding risk profile. As the parent company of the international VIG Insurance Group, its risk profile is dominated by investment and currency risks. These risks are of a strategic nature and are consciously accepted. Due to its activities as an insurer and reinsurer, VIG Holding is also exposed to a minor amount of underwriting risk, which is handled using effective risk management. The table below provides an overview of VIG Holding's material risks based on the partial internal model (PIM), which is also used for risk measurement to determine the regulatory solvency position.

Risks based on the PIM	31/12/2020	31/12/2019
in EUR '000		
Market risk	2,055,582	1,826,814
Counterparty default risk	65,646	57,168
Life underwriting risk	2,315	2,191
Health underwriting risk	35,843	48,069
Non-life underwriting risk	236,356	213,772
Intangible asset risk	0	0
Operational risk	38,245	35,025

Other risks not included in the solvency calculation are qualitatively assessed as part of the risk management process. With respect to qualitative risk assessment, due to its primary business activity of managing the individual companies, only strategic risk is significant for VIG Holding. Liquidity risk and reputation risk are considered low for VIG Holding.

Chapter D describes the valuation for solvency purposes, which is primarily governed by the European Framework Directive (2009/138/EC) and the Delegated Regulation (EU) 2015/35. The underlying principle thereof is the evaluation of the economic situation of an undertaking on the basis of current market prices. The items of the economic balance sheet are described, along with their quantitative and qualitative valuation differences (between market valuation and the values presented in the annual financial statements prepared in accordance with UGB/VAG). There were no significant changes in the valuation used for the economic balance sheet in the reporting year.

Chapter E discusses VIG Holding's capital management. As of 31 December 2020, VIG Holding had a solvency capital requirement (SCR) of TEUR 2,121,096 and a minimum capital requirement (MCR) of TEUR 530,274 based on the partial internal model. The value of eligible own funds covering the SCR is of TEUR 8,426,978 while the value of eligible own funds covering the MCR is equal to TEUR 7,472,485. As a result, VIG Holding has recorded a solvency ratio of 397.3% and an MCR coverage ratio of 1,409.2%.

Solvency capital requirement and its coverage for VIG Holding based on PIM	31/12/2020	31/12/2019
in EUR '000		
Solvency II own funds to meet the SCR	**8,426,978**	**7,369,339**
Tier 1	7,366,430	6,427,776
Tier 2	1,060,548	941,563
Tier 3	0	0
Solvency capital requirement (SCR)	**2,121,096**	**1,883,125**
Solvency ratio	**397.3%**	**391.3%**

Minimum capital requirement and its coverage for VIG Holding based on PIM	31/12/2020	31/12/2019
in EUR '000		
Solvency II own funds to meet the MCR	**7,472,485**	**6,521,932**
Tier 1	7,366,430	6,427,776
Tier 2	106,055	94,156
Tier 3	0	0
Minimum capital requirement (MCR)	**530,274**	**470,781**
MCR coverage ratio	**1,409.2%**	**1,385.3%**

No voluntary transitional measures were used when determining the solvency position. VIG Holding's solvency ratio rose slightly in the financial year 2020. The increase was due to the performance of Austrian participations. A corresponding increase also occurred in the MCR coverage ratio.

DECLARATION BY THE MANAGING BOARD

We confirm to the best of our knowledge that the Solvency and Financial Condition Report of VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe, which has been prepared in accordance with the provisions of the Austrian Insurance Supervision Act and corresponding directly applicable rules at the European level, gives a true picture of the solvency and financial condition of the company and that it describes the business development, governance system, risk profile and assets, liabilities, and own funds of the solvency balance sheet.

Vienna, 26 March 2021

The Managing Board:

Elisabeth Stadler
General Manager (CEO)
Chairwoman of the Managing Board

Liane Hirner
Member of the Managing Board (CFO)

Peter Höfinger
Member of the Managing Board

Gerhard Lahner
Member of the Managing Board

Gabor Lehel
Member of the Managing Board

Hartwig Löger
Member of the Managing Board

Harald Riener
Member of the Managing Board

Peter Thirring
Member of the Managing Board

A Business and Performance

This report contains all information required by law regarding the solvency and financial condition of VIG Holding:

VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe

Stock corporation with its registered office at Schottenring 30, 1010 Vienna, registered with the Vienna Commercial Court under FN 75687 f

Tel: +43 (0) 50 390-22000

www.vig.com

Important information regarding the solvency and financial condition of VIG Holding is communicated to the public to ensure transparency.

The competent supervisory authority for the company and VIG Insurance Group is the

Austrian Financial Market Authority (FMA)

Otto-Wagner-Platz 5, 1090 Vienna

Tel: +43 (1) 249 59-0

www.fma.gv.at

The audit of the accuracy of this report and the information contained therein was performed by

KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Porzellangasse 51, 1090 Vienna

Tel: +43 (0) 1 31332-0

www.kpmg.at

A.1 BUSINESS

VIG Insurance Group is an international insurance group headquartered in Vienna. It stands for stability and expertise in providing financial protection against risks. The roots of VIG Insurance Group reach back to the year 1824. An experience of almost 200 years and a focus on the core competence of providing insurance represent a solid and secure foundation for more than 22 million customers of VIG Insurance Group.

As early as 1990, the former Wiener Städtische Versicherung AG created the foundations for a successful expansion into Central and Eastern Europe (CEE). The reorganisation in 2010 of the holding company VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe, headquartered in Vienna, was the result of the expansion actively pursued by VIG Insurance Group over the past two decades. Around 300 VIG Holding employees were assisting the Managing Board with managing and steering the participations in insurance companies[1] at the end of 2020. VIG Holding also operates directly in the corporate and large customer business and in reinsurance.

The individual companies are primarily managed and monitored by their respective Supervisory Boards, in which members of the Managing Board of VIG Holding are always represented. Group-wide guidelines and policies are defined in the management areas of VIG Holding to assist with the management of participations in insurance companies and are also used in VIG Holding as a separate company. The management areas include planning and controlling, Group development and strategy, asset management, reinsurance, compliance, risk management, internal audit, actuarial department, IT, accounting, data management and processes and human resources.

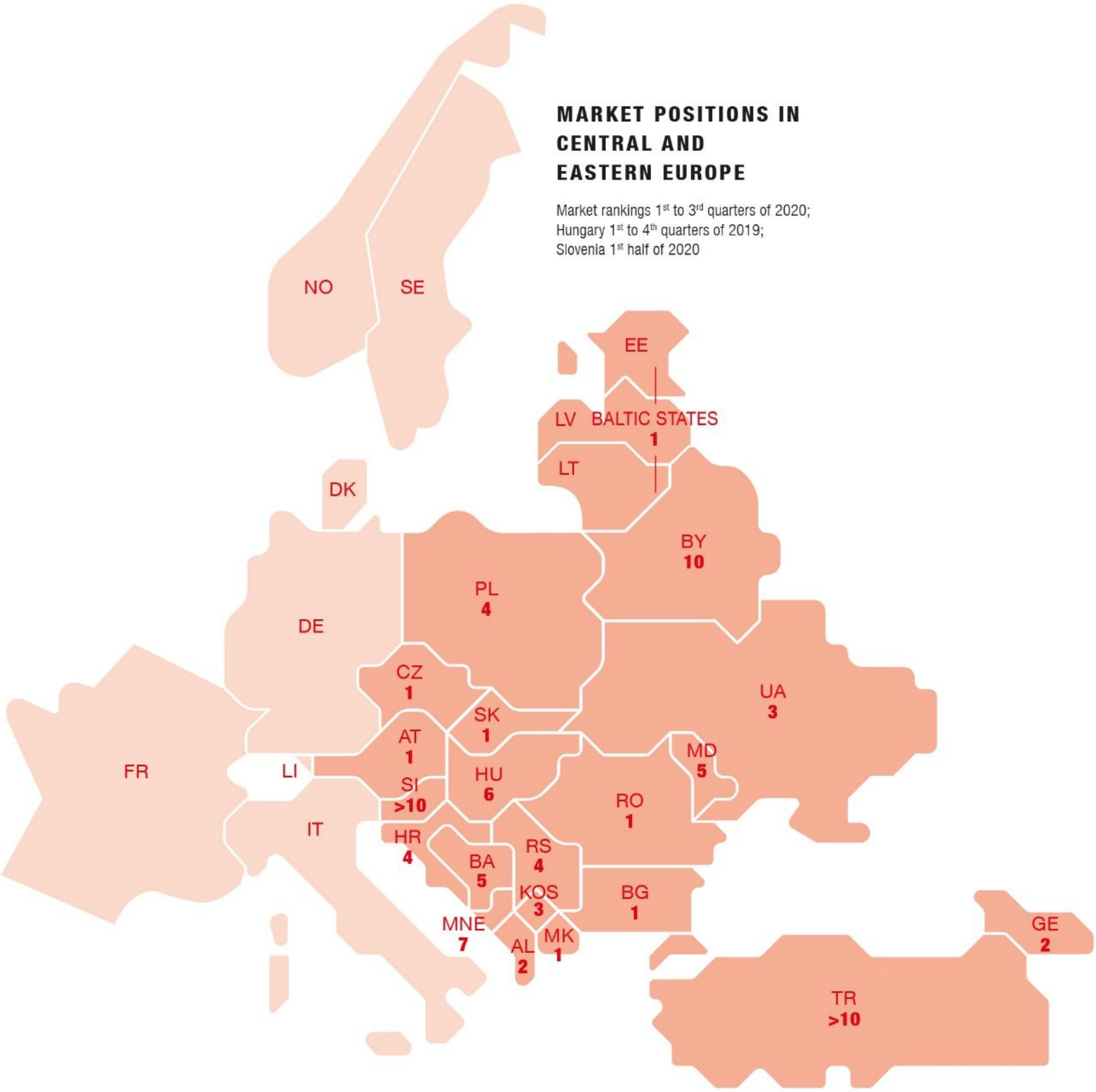
In addition to the responsibility for managing its participations in insurance companies, VIG Holding's area of activities also includes cross-border corporate and international reinsurance business.

In the area of reinsurance, VIG Holding manages and assists its subsidiaries with all the reinsurance matters. Pooling different risks ensures an effective balancing of risks at the VIG Insurance Group level that in turn ensures optimal external reinsurance protection for VIG Insurance Group as a whole. The primary goal is to create a safety net. This is intended to provide continuous protection for all of the companies in VIG Insurance Group against the negative effects of large losses and negative changes in the insurance portfolios.

VIG Holding also bundles together and coordinates large customer business that extends outside the borders of Austria. Custom-tailored professional insurance solutions are particularly important for international corporate customers. For this reason, VIG Holding established a separate insurance platform, Vienna International Underwriters (VIU), especially for business customers. Its extensive network offers professional tailor-made international customer support in this area by experts in Austria and the entire CEE region.

[1] A list of all affiliated companies and participations of VIG Holding, including names and shareholdings can be found in the Annex to this report.

The following charts show a simplified Group structure of the insurance companies.



OWNERSHIP STRUCTURE

The main shareholder of VIG Holding is Wiener Städtische Wechselseitiger Versicherungsverein - Vermögensverwaltung - Vienna Insurance Group (a mutual insurance company headquartered at Schottenring 30, 1010 Vienna), which holds around 72% of the shares (directly and indirectly). The remaining shares of approximately 28% are in free float.

SIGNIFICANT BUSINESS EVENTS

In February 2020, VIG Holding acquired an interest of around 20% in the German start-up ViveLaCar GmbH, which is headquartered in Stuttgart, thereby helping with ViveLaCar’s planned expansion into Austria and Switzerland in the spring of 2020.

VIG Holding invested in APEIRON Biologics AG in June 2020. This Vienna biotechnology company was founded by the Austrian geneticist Josef Penninger and is developing a drug against the COVID-19 disease caused by the coronavirus. It also performs research on cancer therapies. VIG Insurance Group was the largest investor in the financing round and now holds slightly more than 3% of Apeiron’s shares. The Group primarily views this as a social investment aimed at helping in the fight against COVID-19.

C-Quadrat Investment AG (C-Quadrat) and the Polish VIG insurance companies formed “VIG C-Quadrat”, a joint venture located in Warsaw in August 2020. They plan to offer securities services and investment funds in Poland. C-Quadrat Investment AG holds 60% of the joint venture and the five Polish VIG insurance companies, Compensa Non-Life and Life, InterRisk, Vienna Life and Wiener, hold 40%. A request for a licence for the joint venture has already been submitted to the Polish financial supervisory authority. Subject to its approval, the start of operations is planned for the first half of 2021.

VIG Holding founded the Beesafe start-up together with the Polish company Compensa in the autumn of 2020. A pilot project was used to introduce an innovative motor insurance product allowing sales and claims settlement to be performed in large part digitally. After slightly less than a year of setup work, Beesafe began operations in the Polish market in November. If successful, expansion to other VIG countries is planned. Poland is the most highly developed online insurance market in Central and Eastern Europe.

VIG Insurance Group is following a strategy of creating added value by offering more of its own assistance services to customers. In November 2020, it founded its own assistance company Global Assistance Baltic in Riga, which provides services to the customers of all the Baltic state companies. The Group now has its own assistance companies in ten countries. The expansion is also part of the digitalisation strategy. Many services are being offered digitally based on a software system that was developed in-house, one of the most modern on the market.

On 29 November 2020, VIG Holding signed a purchase agreement with the Dutch company Aegon to acquire its companies in Hungary, Poland, Romania and Turkey for a purchase price of EUR 830 million. The deal includes insurance companies, pension funds, asset management and service companies with an insurance premium volume of around EUR 600 million and pension funds with around EUR 5 billion in assets under management and adds 4.5 million new customers to the customer base. VIG Insurance Group will move up from 6th place to market leader in Hungary once the acquisition is successfully concluded.

Financial year 2020 was dominated by an exceptional economic and health situation caused by the global spread of the new SARS-COV-2 virus. Although VIG insurance companies were also affected by the COVID-19 pandemic, due to the Group's successful business development in previous years, very solid capital resources, and its digitalisation efforts, which were intensified under its Agenda 2020 management programme, VIG Insurance Group was able to achieve very stable overall performance in its business operations during the financial year. In general, the Group's business model, with its broad diversity across countries, brands, distribution channels and products, showed that it can be successful even in difficult phases.

Right from the start, VIG Insurance Group implemented many measures to provide the best possible protection for its employees, while maintaining insurance operations at the same time. The Group also closely monitored developments in the individual countries and financial market movements in order to ensure broad, adequate risk management even during a pandemic and to cushion negative effects.

Due to the current situation, however, which has led to various degrees of lockdown and stricter COVID-19 measures, estimating the medium- and long-term effects of the pandemic on economies and, consequently, the insurance business remains difficult. The CEE region did better, on average, than Austria and Western Europe in the first COVID-19 wave. This changed during the second wave, with many VIG markets recording very high infection rates. Current revised economic forecasts for the region expect a recession in the fourth quarter of 2020 and a weaker economic recovery than just a few weeks ago.

Based on the Group's capital planning and the current interest rate situation, the Managing Board decided to issue a senior sustainability bond. The focus is on expanding investments in socially and environmentally sustainable projects. The senior sustainability bond was successfully placed on 18/03/2021 with a volume of TEUR 500,000. Given its existing debt capacity and the current favourable environment, a subordinated bond with a volume of TEUR 300,000 was also placed as a restricted Tier 1 instrument with the principal shareholder of Vienna Insurance Group, Wiener Städtische Versicherungsverein.

A.2 UNDERWRITING PERFORMANCE

UNDERWRITING PERFORMANCE IN SIGNIFICANT LINES OF BUSINESS

VIG Holding generated a total premium volume before reinsurance of TEUR 1,145,138 during the financial year 2020 (2019: TEUR 1,100,026). Premiums written after reinsurance were TEUR 1,073,201 (2019: TEUR 1,042,813) and TEUR 1,058,582 after adjusting for unearned premiums (2019: TEUR 1,033,253). The predominant share of the premium volume is attributable to indirect business. The result from indirect business was TEUR 35,190 (2019: TEUR 45,951). The net earned premiums of TEUR 999,029 (2019: TEUR 989,784) from indirect business were included immediately in the income statement. The underwriting result in accordance with UGB/VAG was TEUR 25,054 (2019: TEUR 34,031). The combined ratio is a key figure used in non-life insurance and defined as the ratio of administrative expenses and claim payments to net earned premiums. VIG Holding had a net combined ratio of 98.5% in 2020 (2019: 98.8%), which is once again less than the previous year's value and less than 100%.

The following tables show the main results after reinsurance (excluding investment income) by line of business for non-life insurance as well as the premiums and expenses for the most important countries.

Underwriting performance in 2020	Income protection insurance	Motor third party liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other property lines of business	General third party liability insurance	**Total**
in EUR '000							
Premiums written	309,230	692,187	0	1,256	68,735	1,793	**1,073,201**
Net earned premiums	309,561	678,522	0	1,079	67,888	1,532	**1,058,582**
Expenses for claims and insurance benefits*	-131,439	-447,307	296	-1,029	-51,175	-663	**-631,317**
Changes to other technical provisions	0	0	0	0	-325	0	**-325**
Other costs	-189,609	-292,219	-79	-377	-17,976	-713	**-500,973**

* Excluding cost items

Underwriting performance in 2019	Income protection insurance	Motor third party liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other property lines of business	General third party liability insurance	**Total**
in EUR '000							
Premiums written	301,704	674,027	0	577	65,848	657	**1,042,813**
Net earned premiums	299,007	664,956	0	580	68,045	665	**1,033,253**
Expenses for claims and insurance benefits*	-139,787	-471,988	113	-830	-50,148	-331	**-662,971**
Changes to other technical provisions	0	0	0	0	-432	0	**-432**
Other costs	-175,442	-252,519	-8	-197	-19,938	-186	**-448,290**

* Excluding cost items

Premiums and expenses for the most important countries (2020)	Austria	Czech Republic	Germany	Poland	Romania	Slovakia
in EUR '000						
Premiums written	380,159	248,197	32,200	175,860	40,983	77,499
Net earned premiums	380,192	245,445	31,955	154,454	39,985	76,925
Expenses for claims and insurance benefits*	-253,133	-120,467	6,925	-107,810	-31,013	-44,981

* Excluding cost items

Premiums and expenses for the most important countries (2019)	Austria	Czech Republic	Lithuania	Poland	Romania	Slovakia
in EUR '000						
Premiums written	359,756	259,515	50,764	132,021	40,473	75,395
Net earned premiums	359,919	254,560	53,100	128,113	44,969	75,759
Expenses for claims and insurance benefits*	-263,398	-138,641	-46,359	-72,532	-41,888	-52,397

* Excluding cost items

A detailed review of the underwriting performance is presented in the attachment QRT S 05.01.02.

A.3 INVESTMENT PERFORMANCE

VIG Holding takes into account the overall risk position of the company when making investments in fixed-interest securities, real estate, participations, loans and shares. When determining the volumes and limiting the open transactions, the risks associated with investments have to be taken into consideration.

In 2020, VIG Holding recorded the investment income and expenses as shown in the following table.

Income and expenses for investments in 2020	Dividends	Interest	Rent	Net profit and loss	Unrealised profits and losses
in EUR '000					
Investments	317,910	24,388	13,415	6,554	-18,703
Real estate	0	0	13,415	0	16,176
Shares	315,882	0	0	0	0
Government bonds	0	805	0	4	1,269
Corporate bonds	0	20,937	0	-1	-2,550
Loans and mortgages	0	2,662	0	-6	-34,610
Collective investments undertakings	2,029	0	0	0	980
Derivatives	0	0	0	6,557	32
Cash and cash equivalents	0	-18	0	0	0

Income and expenses for investments in 2019	Dividends	Interest	Rent	Net profit and loss	Unrealised profits and losses
in EUR '000					
Investments	305,839	25,270	12,575	-2,772	91,158
Real estate	0	0	12,575	0	39,461
Shares	304,085	0	0	0	0
Government bonds	0	680	0	0	1,169
Corporate bonds	0	20,710	0	-28	40,577
Loans and mortgages	0	3,880	0	-13	2,918
Collective investments undertakings	1,754	0	0	0	7,619
Derivatives	0	0	0	-2,732	-587
Cash and cash equivalents	0	0	0	0	0

The figures in the tables above are based on valuations performed in accordance with Solvency II, which differ from the results under UGB/VAG due to market values being used for realised profits and losses. Local accounting rules, on the other hand, require book values to be used to calculate realised profits and losses.

There was an amount of TEUR 173,673 in write-downs for the financial year (2019: TEUR 145,468).

The income from deposits corresponding to indirect business was transferred to the underwriting account.

There are no securitisation exposures within the VIG Holding portfolio.

Since the UGB/VAG balance sheet does not include any gains or losses directly recognised in equity, no disclosure can be provided in this respect.

A.4 PERFORMANCE OF OTHER ACTIVITIES

There was no significant other income or expenses in the financial year 2020.

The following disclosures are provided for off-balance sheet contingent liabilities: There are letters of comfort and declarations of liability totalling TEUR 469,103 (2019: TEUR 394,103), including TEUR 119,103 in connection with borrowing by and a letter of comfort for an affiliated company. In 2019, VIG Holding gave a commitment to its largest subsidiary, WIENER STÄDTISCHE Versicherung AG, Vienna Insurance Group, to provide capital to increase its ancillary own funds by TEUR 350,000. The capital is available for drawing until 31/12/2029 at the latest. The Austrian Financial Market Authority provided its approval on 23/12/2019. VIG Holding issued a letter of comfort for TEUR 75,000 for its wholly owned subsidiary Central Point GmbH in 2020.

VIG Holding has no significant lease agreements.

A.5 ANY OTHER INFORMATION

There is no other significant information on business activities and performance to be reported in the year under review.

B SYSTEM OF GOVERNANCE

Governance refers to all the processes related to the management as well as the effective and efficient monitoring of the company. The governance system considers not only the internal organisation, structure and mechanisms within the company, but also its legal and factual integration into the external (market) environment.

The VIG Holding Managing Board is responsible for the compliance with the requirements applicable to VIG Holding and with the recognised principles of proper business operation.

VIG Holding has set up an efficient governance system tailored to the company's needs and requirements, enabling a sound and prudent management. In addition to the establishment of the governance and other key functions, all other relevant processes have also been set up to identify, measure, monitor, manage and report risks, taking their interdependencies into account.

The internal processes ensure that the analyses of the governance and other key functions and all results of the risk management processes are appropriately taken into account during the course of business activities.

VIG Holding uses a governance system with the following characteristics:

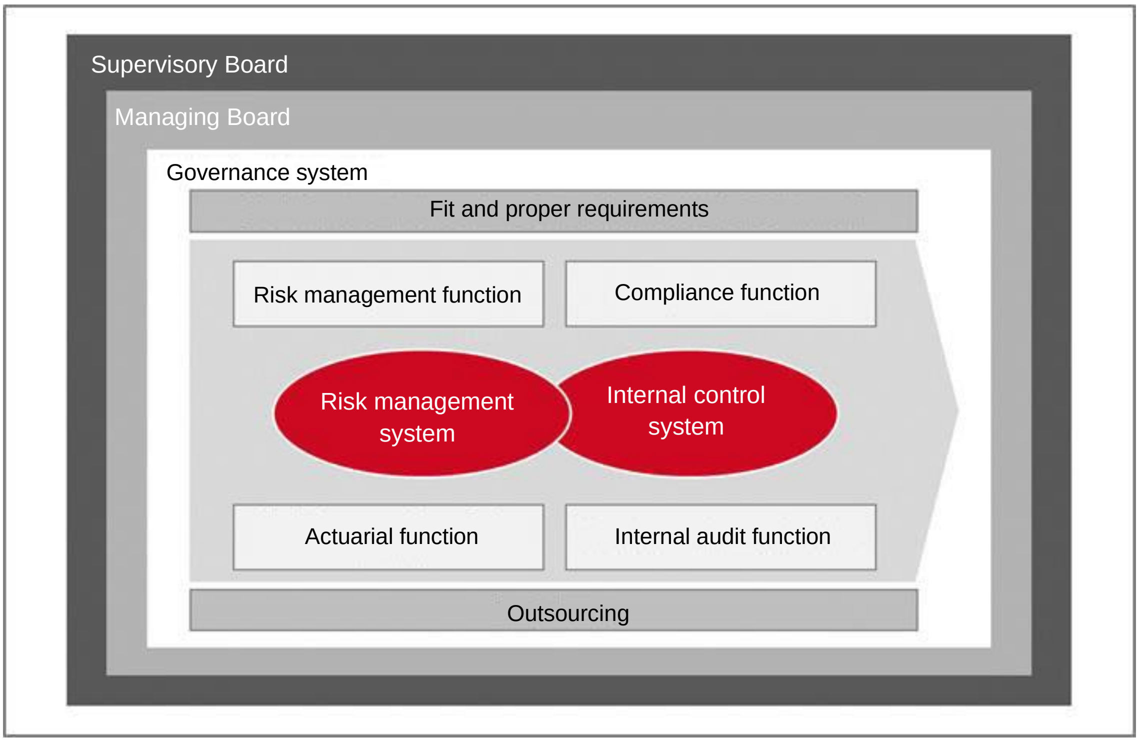
- Functional management of the company by the Managing Board
- Transparent monitoring by the Supervisory Board
- Targeted management decisions towards long-term value creation
- Goal oriented collaboration ensuring the company's management and monitoring
- Appropriate handling and management of risks
- Transparency in corporate communications and efficient reporting
- Safeguarding the policy holders', shareholders' and employees' interests

The following section describes:

- General information on the system of governance
- Fit and proper requirements
- Risk management system including the own risk and solvency assessment
- Internal control system
- Internal audit function
- Actuarial function
- Outsourcing

B.1 GENERAL INFORMATION ON THE SYSTEM OF GOVERNANCE

VIG Holding's governance system covers all areas and decision-making bodies involved in the risk management processes.



It includes the following elements:

- Fit and proper requirements for management
- Risk management system
- Internal control system
- Governance and other key functions
- Provisions on outsourcing

The elements listed above, the main duties and responsibilities of the Supervisory Board and Managing Board, which are also part of the governance system, compensation policies and practices as well as decision-making and reporting mechanisms are explained below.

B.1.1 MANAGEMENT AND SUPERVISORY BODIES

B.1.1.1 SUPERVISORY BOARD

The Supervisory Board and its committees, Chairperson and Deputy Chairpersons periodically and repeatedly monitored in detail the management of the company and the activities of the Managing Board in connection with its management and steering duties. Extensive presentations and discussions during Supervisory Board meetings and committee meetings were used for this purpose, and, in some cases, in-depth discussions took place with the members of the Managing Board, who provided detailed explanations and supporting documentation relating to the management and financial condition of VIG Holding and VIG Insurance Group. Among other things, the strategy, business development (overall and in individual regions), risk management, internal control system, internal audit, compliance function and actuarial function activities and reinsurance, both at the VIG Holding and Group level, and other important topics for VIG Holding and VIG Insurance Group were discussed during these meetings.

The VIG Holding Supervisory Board consists of ten people and had the following members as of 31 December 2020:

Name	Function	Date first appointed	End of current term of office
Günter Geyer	Chairman	2014	2024
Rudolf Ertl	1st Deputy Chairman	2014	2024
Georg Riedl	2st Deputy Chairman	2014	2024
Martina Dobringer	Member	2011	2024
Gerhard Fabisch	Member	2017	2024
Peter Mihók	Member	2019	2024
Heinz Öhler	Member	2002	2024
Gabriele Semmelrock-Werzer	Member	2017	2024
Katarína Slezáková	Member	2020	2024
Gertrude Tumpel-Gugerell	Member	2012	2024

CHANGES DURING THE FINANCIAL YEAR

Maria Kubitschek (year of birth: 1962) was a Member and 2nd Deputy Chairwoman of the Supervisory Board from 1 January 2020 to 25 September 2020. She left the Supervisory Board on 25 September 2020. Katarína Slezáková was elected to the Supervisory Board on 25 September 2020.

SUPERVISORY BOARD COMMITTEES

The Supervisory Board has set up five committees from among its members in order to best meet its obligations in accordance with statutory provisions and the VIG Holding articles of association:

- Committee for Urgent Matters (Working Committee)
- Audit Committee (Accounts Committee)
- Committee for Managing Board Matters (Personnel Committee)
- Strategy Committee
- Nomination Committee

COMMITTEE FOR URGENT MATTERS (WORKING COMMITTEE)

The Committee for Urgent Matters (Working Committee) decides on matters that require an approval of the Supervisory Board, but cannot be deferred to the next ordinary Supervisory Board meeting because of particular urgency.

Members	Substitute
Günter Geyer (Chairman)	Substitute: Gertrude Tumpel-Gugerell
Rudolf Ertl	Substitute: Martina Dobringer
Georg Riedl	Substitute: Martina Dobringer

AUDIT COMMITTEE (ACCOUNTS COMMITTEE)

The Audit Committee (Accounts Committee) performs the duties assigned to it by law and is responsible in particular for the duties assigned by § 92 (4a) no. 4 of the Austrian Stock Corporation Act (AktG), § 123 (9) of the Austrian Insurance Supervision Act (VAG) and Regulation (EU) No. 537/2014.

Audit Committee members are experienced financial experts with knowledge and practical experience in finance, accounting and reporting that satisfy the requirements of the company.

The Audit Committee (Accounts Committee) has the following members:

Members
Gertrude Tumpel-Gugerell (Chairwoman)
Martina Dobringer (Deputy Chairwoman)
Rudolf Ertl
Günter Geyer
Peter Mihók
Georg Riedl
Katarína Slezáková

COMMITTEE FOR MANAGING BOARD MATTERS (PERSONNEL COMMITTEE)

The Committee for Managing Board Matters (Personnel Committee) deals with the personnel matters of the Managing Board. The Committee for Managing Board Matters therefore decides on the terms of employment contracts with the members of the Managing Board and their compensation and examines the compensation policies at regular intervals.

The Committee for Managing Board Matters (Personnel Committee) has the following members:

Members
Günter Geyer (Chairman)
Rudolf Ertl
Georg Riedl

STRATEGY COMMITTEE

The Strategy Committee cooperates with the Managing Board and, when appropriate, with experts whom it consults to prepare fundamental decisions that must then be decided on by the Supervisory Board as a whole.

The Strategy Committee has the following members:

Members	Substitute
Günter Geyer (Chairman)	Substitute: Gertrude Tumpel-Gugerell
Rudolf Ertl	Substitute: Martina Dobringer
Georg Riedl	Substitute: Gabriele Semmelrock-Werzer
Peter Mihók	Substitute: Katarína Slezáková

NOMINATION COMMITTEE

The Nomination Committee submits proposals to the Supervisory Board for filling positions that become available on the Managing Board and handles the successor planning issues.

The Nomination Committee has the following members:

Members
Günter Geyer (Chairman)
Rudolf Ertl
Georg Riedl
Martina Dobringer

B.1.1.2 MANAGING BOARD

The Managing Board manages the business of the company under the leadership of its Chairperson and within the constraints of the law, articles of association, rules of procedure for the Managing Board and rules of procedure for the Supervisory Board. The Managing Board meets when needed (generally every two weeks) to discuss current business developments, and makes the necessary decisions and resolutions during the course of these meetings. The members of the Managing Board continuously exchange information with each other and with the heads of various areas.

The Managing Board of VIG Holding had the following seven members as of 31 December 2020:

- Elisabeth Stadler (General Manager, Chairwoman of the Managing Board)
- Liane Hirner
- Peter Höfinger
- Gerhard Lahner
- Gabor Lehel
- Harald Riener
- Peter Thirring

Changes during and after the end of the financial year:

Deputy General Manager Franz Fuchs left his position on the Managing Board at the end of his term of office on 30 June 2020.

Hartwig Löger was appointed to the VIG Holding Managing Board starting 1 January 2021.

Further information on the members of the Managing Board (as of 1 January 2021), including their employment history, is presented below.

Elisabeth Stadler
General Manager, Chairwoman of the Managing Board, born in 1961

Elisabeth Stadler studied actuarial theory at the Vienna Technical University and began her career in the Austrian insurance industry as a Managing Board Member and Chairwoman. In May 2014, she was awarded the professional title of professor by Federal Minister Gabriele Heinisch-Hosek for her services in the insurance industry. She held the position of General Manager at Donau Versicherung from September 2014 to March 2016, and has been CEO of VIG Holding since 2016.

Areas of responsibility: Management of the Group, Strategy, General Secretariat and Legal department, Corporate Social Responsibility, Subsidiaries Management, European Affairs, Group Communication & Marketing, Group Sponsoring, Bancassurance and international partnerships, Human Resources

Country responsibilities: Austria, Czech Republic

Supervisory Board positions or comparable positions in other Austrian and foreign companies outside the Group: OMV Aktiengesellschaft, voestalpine AG, Institute of Science and Technology Austria, Austrian Red Cross

Elisabeth Stadler is active in the Supervisory Boards of the following significant[1] VIG companies: Wiener Städtische (Austria), Donau Versicherung (Austria), Kooperativa (Czech Republic), ČPP (Czech Republic), Compensa Non-Life (Poland), InterRisk (Poland), VIG Re (Czech Republic)

Liane Hirner
Member of the Managing Board, CFO, born in 1968

Liane Hirner studied business administration in Graz. Before joining the Group, she worked at PwC Austria in the audit department starting in 1993, and was a partner in the insurance area when she left. In addition to her work as an auditor, Liane Hirner was also involved in many professional associations, such as the IFRS Working Group of the Austrian Insurance Association and the Insurance Working Party of Accountancy Europe in Brussels. Liane Hirner was appointed to the VIG Holding Managing Board on 1 February 2018. She took over the CFO position on 1 July 2018. In 2019, EIOPA appointed Liane Hirner as a new member of the Insurance & Reinsurance Stakeholder Group (IRSG).

Areas of responsibility: Finance and Accounting, Enterprise Risk Management, Asset-Risk Management, Data Management and Processes

Country responsibilities: Germany, Liechtenstein, Belarus

[1] All companies that contribute at least 2% of written premiums and at least 2% of profit before taxes are considered to be "significant".

Peter Höfinger
Member of the Managing Board, born in 1971

Peter Höfinger studied law at the University of Vienna and University of Louvain-la-Neuve (Belgium). Peter Höfinger has been a member of the VIG Holding Managing Board since 1 January 2009. Prior to that, he was a member of the Managing Board of Donau Versicherung responsible for sales and marketing. He joined this company in 2003. Previously, he held positions as Managing Board Chairman and Managing Board member outside the Group in Hungary, the Czech Republic and Poland.

Areas of responsibility: Corporate and Large Customer Business, Vienna International Underwriters (VIU), Group Reinsurance

Country responsibilities: Albania, Baltic states, Bulgaria, Kosovo, Montenegro, Northern Europe, Serbia

Peter Höfinger is also active in the Supervisory Boards of significant[1] Group companies: VIG Re (Czech Republic).

Gerhard Lahner
Member of the Managing Board, born in 1977

Gerhard Lahner studied business administration at the Vienna University of Economics and Business and has held a variety of positions for VIG Insurance Group since 2002. He was a member of the Managing Boards of Austrian insurance companies Donau Versicherung and Wiener Städtische and Czech companies Kooperativa and ČPP. Gerhard Lahner was also a substitute member of the VIG Holding Managing Board from 1 January 2019 to 31 December 2019.

Areas of responsibility: Asset Management, Asset Liability Management, Group Treasury

Supervisory Board positions or comparable positions in other Austrian and foreign companies outside the Group: Wien 3420 Aspern Development AG, Wiener Börse AG, msg life AG

Gerhard Lahner is active in the Supervisory Boards of the following significant[1] VIG companies: Kooperativa (Czech Republic), ČPP (Czech Republic), VIG Re (Czech Republic)

Gábor Lehel
Member of the Managing Board, born in 1977

Gábor Lehel studied business administration with a major in finance in Tatabánya and Budapest (Hungary). He joined VIG Insurance Group in 2003, where he worked in Controlling and as head of the General Secretariat before being appointed to the Managing Board of the Hungarian insurance company UNION Biztosító in 2008. He was General Manager of UNION Biztosító from mid-2011 to 31 December 2019. He was also a substitute member of the VIG Holding Managing Board from 1 January 2016 to 31 December 2019.

Areas of responsibility: Actuarial department, Personal insurance underwriting

Country responsibilities: Bosnia-Herzegovina, Croatia, North Macedonia, Hungary

Gabor Lehel is active in the Supervisory Boards of the following significant[1] VIG companies: Kooperativa (Slovakia).

[1] All companies that contribute at least 2% of written premiums and at least 2% of profit before taxes are considered to be “significant”.

Hartwig Löger
Member of the Managing Board, born in 1965

Hartwig Löger began his career in the insurance industry in the brokerage business in 1985. After completing his studies in insurance management at the Vienna University of Economics and Business, he joined Allianz as sales manager in Styria in 1989. From 1997 to 2002, he was head of sales at DONAU Versicherung. This was followed by a number of senior management positions in the UNIQA Group, most recently as CEO of UNIQA Österreich AG until the end of November 2017.
Hartwig Löger was the Minister of Finance for Austria from December 2017 to June 2019. He worked for VIG Insurance Group under an advisory agreement with Wiener Städtische Versicherungsverein, the principal shareholder of VIG Holding, from July 2019 to December 2020.

Areas of responsibility: Group Development and Strategy, Planning and Controlling

Supervisory Board positions or comparable positions in other Austrian and foreign companies outside the Group: Managing Partner of V.I.P. Consulting Löger KG (ending)

Harald Riener
Member of the Managing Board, born in 1969

Harald Riener studied commerce at the Vienna University of Economics and Business and joined VIG Insurance Group in 1998, where he worked in the marketing area for Donau Versicherung and Wiener Städtische until 2001. After working for a media publishing company, he returned in 2006 as Marketing Manager of VIG Holding. He became a member of the Managing Board in Croatia in 2010, and was appointed CEO in 2012. From 2014 to 2019, Harald Riener was a member of the Managing Board of Donau Versicherung where he was responsible for distribution and marketing.

Areas of responsibility: Private Customer and SME Distribution Initiatives, Assistance

Country responsibilities: Moldova, Poland, Romania, Ukraine

Harald Riener is active in the Supervisory Boards of the following significant[1] VIG companies: Omniasig (Romania), Compensa Non-Life (Poland), Interrisk (Poland).

Peter Thirring
Member of the Managing Board, born in 1957

Peter Thirring studied law at the University of Vienna. He used his more than 30 years of insurance experience in the Generali insurance group. He was General Manager of Donau Versicherung from March 2016 to the end of June 2018. Peter Thirring was appointed to the VIG Holding Managing Board on 1 July 2018.

Areas of responsibility: Motor and Property Insurance, Group external active reinsurance, Group IT, Business Organisation

Country responsibilities: Slovakia, Georgia, Turkey

Peter Thirring is active in the Supervisory Boards of the following significant[1] VIG companies: Kooperativa (Slovakia), Donau Versicherung (Austria), Wiener Städtische (Austria), VIG Re (Czech Republic)

Managing Board

The Managing Board as a whole is responsible for Group Compliance, Internal Audit and Investor Relations.

[1] All companies that contribute at least 2% of written premiums and at least 2% of profit before taxes are considered to be “significant”.

B.1.2 COMMITTEES

The Managing Board has set up the following committees for central coordination and effective management of VIG Insurance Group and VIG Holding that help it to best meet its obligations in accordance with the statutory provisions and the VIG Holding articles of association:

- Risk Committee
- Reinsurance Security Committee
- Asset Management meeting/workshop
- Tactical Investment Committee
- Investment meeting
- Liquidity Committee
- Asset-Liability Management meeting
- Compliance Committee

These are briefly presented below.

RISK COMMITTEE

The Risk Committee was established by the VIG Holding Managing Board to perform regular cross-functional evaluations of the current risk management topics in the organisation specific to the Group and VIG Holding and support the Managing Board in assessing the risk situation.

The members of the committee are designated by the Managing Board and include the key functions in VIG Holding and the heads of the areas indicated in section B.3.1.

Other experts can be invited to the meetings if necessary. The Risk Committee meetings take place at least quarterly and are chaired by the Managing Board member with responsibility for the area. The Enterprise Risk Management (ERM) department organises the meetings and prepares the minutes. The Risk Committee results are the basis of the regular quarterly risk report for the Managing Board.

REINSURANCE SECURITY COMMITTEE

The Reinsurance Security Committee deals with the creditworthiness of reinsurance companies and helps to ensure that a sufficient degree of diversification is available among the selected reinsurers and that the default risk within the reinsurance business remains within acceptable limits.

The Reinsurance Security Committee creates and adapts a quarterly list ("security list") of reinsurers acceptable to the Group. This list is included in the Group Reinsurance Security Information Guideline, which the VIG Managing Board sends to the members of the Managing Boards of the different individual companies responsible for reinsurance. The security list specifies the maximum reinsurance cessions to specific reinsurers (please note: cessions to reinsurers on the security list are subject to the limits set down in the "Cessions Limitation Table", which is included in the guideline above).

In the following two cases, the administrator must obtain an approval from the Reinsurance Security Committee prior to the start of the policy term:

- If the business (whether facultative or obligatory) is to be ceded to reinsurers who are not on the VIG security list, an individual review of the reinsurer and, if necessary, approval from the Reinsurance Security Committee is required.
- If the volume of the planned reinsurance cession to a reinsurer on the security list exceeds the limits stated in the "Cessions Limitations Table", an individual decision on approval must be made by the Reinsurance Security Committee.

The Reinsurance Security Committee consists of selected, professionally qualified employees from the reinsurance and functional areas of a number of VIG companies. The Reinsurance Security Committee rules are set down in the Group Security Rulebook Guideline for SC members.

ASSET MANAGEMENT MEETING/WORKSHOP

This is a platform designed to deal with current investment topics. These meetings are generally scheduled two to four times each calendar year. Additional meetings can also be organised if needed. The choice of participants depends on the topic chosen and the companies affected by the topic. Topics can be proposed by all Group companies or are specified by VIG Asset Management in consultation with the member of the VIG Managing Board responsible for the area. External experts can also be consulted for special topics. Asset management meetings address topics that have more of a general or strategic character. Asset management workshops address operational topics concerning investment.

TACTICAL INVESTMENT COMMITTEE

The Tactical Investment Committee (TIC) deals with the structure of investments and the risk and earnings situation for the investments of the Austrian insurance companies. The TIC deals with issues relating to short-term liquidity requirements, providing advice and making decisions in this context. The TIC is firmly anchored in the companies' decision-making and information process.

The members of the TIC are:

- the Managing Board members responsible for asset management
- the asset management department
- the asset-risk management department and
- the accounting department

of the Austrian insurance companies. The committee, which usually meets on a weekly basis, can react promptly to the respective risk situation.

INVESTMENT MEETING

Investment meetings deal with the structure of investments, the risk-return situation and the current and expected market environment of the VIG insurance companies outside Austria. VIG Asset Management conducts these meetings for each country with all of the insurance companies concerned. The frequency is based on the volume and level of complexity of the respective investments and can also be organised on short notice if necessary.

In addition to VIG Asset Management, the participants include the Managing Board members responsible for local asset management and the departments responsible for operational asset management, risk management and accounting.

LIQUIDITY COMMITTEE

The meetings of the VIG Holding Liquidity Committee generally take place quarterly and are prepared and coordinated by Group Treasury. Group Treasury, the Managing Board member responsible for the area and participants from Asset Management, Subsidiaries Management, Enterprise Risk Management, Finance and Accounting, and Controlling are permanent members. Due to the COVID-19 crisis, agreement was reached to change to monthly meetings for the Liquidity Committee.

In addition to the current liquidity situation, the Liquidity Committee mainly discusses plan/actual deviations and short, medium and long-term liquidity changes. Investing all of the cash and cash equivalents and potential measures, in particular with respect to investing the liquidity reserve (liquidity buffer) that is held for unplanned events, are discussed and prepared for decision-making. A particular focus is on analysing and providing advice on the current and future liquidity needs of VIG Holding.

ASSET-LIABILITY MANAGEMENT MEETING

Asset-liability management is dealt with in regular meetings and ensures that an exchange of information takes place on the risk situation and the sensitivities of individual portfolios and their cash flows and maturity structures (asset-liability matching). The main focus is on long-term cash flows, in particular from life insurance, but other lines of business (property and casualty and health insurance) will be added in the future.

Representatives from the following areas attend these meetings: Asset Management, Risk Management, Actuarial department, Treasury, ALM and, depending on the questions being handled, the responsible Managing Board members.

COMPLIANCE COMMITTEE

The VIG Holding Compliance Committee was established as an institutionalised work platform for compliance-related matters. Meetings take place four times a year. The committee members are the holders of the four VIG Holding governance functions, the heads of selected risk-relevant organisational departments (Asset Management, Asset-Risk Management, Subsidiaries Management, Data Management and Processes, European Affairs, Finance and Accounting, Corporate and large customer business, General Secretariat and Legal department, Group IT, Human Resources, Investor Relations, Group Reinsurance) and special officers (issuer compliance officer, anti-money laundering compliance officer, data protection officer and IT security officer).

During the Compliance Committee meetings, the committee members report on compliance matters in their areas of responsibility, in particular the implementation status of compliance-relevant processes, and inform each other about the current compliance matters. Cross-area discussions also take place concerning relevant statutory or regulatory amendments or changes and case law and their effects on VIG Holding. Appropriate responsibilities are assigned if the committee determines that action is needed. The meeting minutes are sent to the Managing Board for information.

B.1.3 GOVERNANCE AND OTHER KEY FUNCTIONS

In addition to the four governance functions provided for in the VAG, other key functions were identified in VIG Holding and holders appointed to these functions. All governance and other key functions are organisationally located below the Managing Board as a whole or individual members of the Managing Board and report directly to the Managing Board. The governance functions also report periodically to the Supervisory Board Audit Committee.

GOVERNANCE FUNCTIONS

The following governance functions were established in VIG Holding in 2020:

- Compliance function
- Internal audit function
- Risk management function
- Actuarial function

COMPLIANCE FUNCTION

The compliance function is organisationally assigned to the Managing Board and reports directly to it during the performance of its duties. Organisationally, the compliance function is separate from the other governance or key functions of VIG Holding, performs its activities independently and is not entrusted with any operational duties of VIG Holding in the sense of the core business activities.

The function holder performs its role at the level of VIG Holding as a solo company and the level of VIG Insurance Group. The duties of the compliance function are specified in an internal policy for VIG Holding and include, among other things, the requirements for the compliance function specified in the VAG.

The duties include, in particular:

- Early warning function: In this regard, the compliance function identifies and assesses the possible impact of any changes in the legal environment on the company's activities and organisation, evaluates and communicates necessary measures and monitors their implementation.
- Compliance risk management function: The compliance risks are identified, evaluated and monitored at the overall company level.
- Preventive function: Measures to prevent non-compliance mainly consist of the preparation of internal company policies and guidelines and work instructions, and performance of awareness-raising measures (e.g. training) on compliance-related topics.
- Advisory function: The compliance function advises the Managing Board and employees concerning applicable requirements and assists in the preparation of internal company workflows and processes for complying with these requirements.
- Appropriateness and monitoring function: The appropriateness of measures to prevent non-compliance is assessed during Compliance audits. A variety of monitoring activities are also performed to monitor compliance with legal requirements.

Appropriate arrangements have been made for substitutes for the compliance function in the case of absence. The function holder is also assisted in the performance of its duties by employees in the Group compliance department.

INTERNAL AUDIT FUNCTION

The internal audit function is organisationally assigned to the Managing Board and reports directly to it during the performance of its duties. Organisationally, the internal audit function is separated from the other governance and key functions of VIG Holding, performs its activities independently and is not entrusted with any operational duties of VIG Holding in the sense of the core business activities. The function holder performs its role for VIG Holding as a solo company and at the VIG Insurance Group level.

The duties of the internal audit function are specified in the function description. These include the requirements for the function according to the VAG, namely examination of the legality, propriety and expediency of the (re)insurance company's business, as well as the appropriateness and effectiveness of the internal control system and other elements of the governance system. This includes in particular:

- Audit planning on the basis of risk-oriented topics and ensuring comprehensive auditing activities
- Audit work, including auditing management, particularly with regard to the focus of the audit content, scope of the audit and subsequent coordination of the audit reports
- Reporting on the areas of the audit and significant audit findings to the members of the Audit Committee and Supervisory Board
- Ensuring follow-up of implementation of proposed measures

Appropriate arrangements have been made for substitutes for the VIG Holding internal audit function in the case of absence. The function holder is also assisted in the performance of its duties by the internal audit department employees.

RISK MANAGEMENT FUNCTION

The risk management function is organisationally assigned to Managing Board member Liane Hirner and reports directly to her during the performance of its duties. The function is separated from the other governance and key functions of VIG Insurance Group, performs its activities independently and is not entrusted with any risk-taking duties in the sense of the core business activities. The function holder performs its role for VIG Holding and at the level of VIG Insurance Group.

The duties of the risk management function are specified in a function description and include, in particular:

- Regular risk identification and analysis (risk inventory)
- Assessment of the risk profile, implementation of the Own Risk and Solvency Assessment (ORSA)
- Quarterly reporting on risks based on the Risk Committee
- Quarterly and annual assessment of the solvency capital requirement
- Development and maintenance of the partial internal model
- Monitoring the risk-bearing capacity
- Annual review of the effectiveness of the internal control system (ICS)
- Preparation and updating of relevant policies and guidelines
- Further development and maintenance of the central computing platform for solvency calculation

Appropriate arrangements have been made for substitutes for the risk management function in the case of absence. The resources necessary for the above-mentioned tasks are grouped departmentally.

ACTUARIAL FUNCTION

The actuarial function is organisationally assigned to Managing Board member Gabor Lehel and reports directly to him during the performance of its duties. The function holder performs its role for VIG Holding and at the level of VIG Insurance Group.

The duties of the actuarial function are specified in a function description and include, among other things, the requirements for the actuarial function stipulated in the VAG, in particular:

- Coordination of the calculation of technical provisions
- Coordination of the consolidation and plausibility checks of the individual companies' technical provisions in accordance with Solvency II
- Ensuring the appropriateness of the methods and basic models used and the assumptions made in the calculation of the technical provisions
- Assessment of the sufficiency and quality of the data used in the calculation of the technical provisions
- Comparison of best estimates with experience values (back testing)
- Reporting to the Managing Board on the reliability and appropriateness of the calculation of technical provisions
- Monitoring the calculation of technical provisions
- Providing an opinion on the general risk underwriting policy and the appropriateness of the reinsurance contracts
- Contributing to the effective implementation of the risk management system, in particular with a view to creating risk models for the calculation of the solvency and minimum capital requirements and the own risk and solvency assessment

Appropriate arrangements have been made for substitutes for the actuarial function in the case of absence. The function holder is also assisted in the performance of its duties by employees in the actuarial department.

OTHER KEY FUNCTIONS

The head of asset management was identified as one of the other key functions in VIG Holding. The responsibilities and main duties of the Asset Management area are indicated in section B.3.1.

INFORMATION AND REPORTING CHANNELS

Interactive communication is of major importance in VIG Holding. This ensures that all affected individuals have the necessary information available to adequately fulfil the duties and responsibilities assigned to them. This applies to all management levels right down to each individual employee. The information and reporting paths are based on a direct line. In particular, all governance and other key functions have set up a direct reporting channel to the Managing Board. Important decisions are prepared in the appropriate committees or by the functional departments before being adopted in regular Managing Board meetings and entered into the minutes of these meetings.

B.1.4 SIGNIFICANT CHANGES TO THE GOVERNANCE SYSTEM

Except for the changes to the Managing Board described above, there were no significant changes to the governance system during the reporting period.

B.1.5 SIGNIFICANT TRANSACTIONS

Except for the dividends and compensation, no significant transactions took place with shareholders, persons with significant influence over the company, or members of the Managing Board and Supervisory Board during the reporting period.

B.1.6 COMPENSATION POLICY AND COMPENSATION PRACTICES

COMPENSATION STANDARDS FOR EMPLOYEES

The attractiveness of VIG Insurance Group as an employer is fostered by the fact that the compensation systems are appropriate and transparent. The following principles apply to VIG Holding and VIG Insurance Group.

The compensation policy reflects the risk awareness of VIG Holding and VIG Insurance Group. In particular, the compensation practices may not promote a readiness to assume excessive risk at the expense of the company concerned and its stakeholders, or promote behaviour that would endanger the ability of VIG Insurance Group or the company to maintain an appropriate capital base.

The compensation policy promotes the focus on sustainable management at all company levels in VIG Insurance Group and the current strategy of VIG Insurance Group and the company. It aims to promote coherent action and to avoid conflicts of interest.

VIG Holding and the VIG Insurance Group companies observe all relevant statutory requirements when determining and applying the compensation policy.

The compensation takes working hours and the required qualifications, responsibilities and duties of the position concerned into account. Care is taken to ensure that the salary is not below the minimum wage applicable under the national law or existing collective bargaining agreements.

If a variable compensation component is agreed, the objectives that determine the variable compensation component must be transparent and updated once a year. If no minimum wage is required by law or collective agreement, the fixed compensation must be sufficiently high to prevent too great a dependence on variable compensation.

COMPENSATION FOR GOVERNANCE FUNCTIONS, OTHER KEY FUNCTIONS AND RISK TAKERS

The variable portion of the compensation for holders of governance and other key functions, members of the Managing Board and risk takers, is limited and emphasises the need for sustainability. Achieving the full amount of this compensation depends on an analysis of the sustainable development of the company that goes beyond a single financial year.

The solvency position is a central risk indicator which is constantly monitored as part of the risk-bearing capacity. The solvency ratio is taken into account when granting variable compensation components.

SUPPLEMENTARY PENSIONS AND EARLY RETIREMENT SCHEMES

Depending on the date an employee joined the company, individual VIG Insurance Group companies provide company pension payments for governance and key function holders that are based on individual contractual commitments.

COMPENSATION POLICY FOR MEMBERS OF THE MANAGING BOARD

Compensation for the Managing Board of the company takes into account the importance of the Group and the responsibility that goes with it, the economic situation of the company, and the appropriateness of the compensation in the market environment.

The variable portion of the compensation emphasises the need for sustainability and achieving it fully depends critically on an analysis of the sustainable performance of the company that extends beyond a single financial year.

There is a limit on the amount of performance-related compensation. This also applies to the members of the VIG Insurance Group Managing Board. The maximum performance-related compensation that the Managing Board of VIG Holding can receive by achieving the standard targets in the financial year 2020 is around 30% to around 40% of total compensation. Special bonus compensation can also be earned for overachievement of targets and special strategic objectives. In total, the members of the Managing Board can earn variable compensation equal to a maximum of around 45% to 50% of their fixed compensation in this way.

Large parts of performance-related compensation are only paid after a delay. The delay for the 2020 reporting year extends to 2024. The deferred portions are awarded based on the sustainable performance of the Group.

The Managing Board is not entitled to the performance-related component of compensation if performance fails to meet certain thresholds. Even if the targets are fully met in a financial year, because of the focus on sustainability, the full variable compensation is only awarded if the Group also achieves sustainable performance in the three following years.

The main performance criteria (targets) for variable compensation in 2020 were the combined ratio, premium growth, result before taxes and – as a non-financial objective – the promotion of social responsibility in practice; for special bonus compensation the strategic objectives were focused on dealing with the coronavirus crisis and strategic measures based on this; compensation could also be earned from overachievement of targets in certain areas.

Managing Board compensation does not include stock options or similar instruments.

Members of the Managing Board are provided a company car for both business and personal use.

PENSION PLANS

Members of the company's Managing Board who were active as of 31/12/2019 are entitled to funded defined benefit pensions – based, among other things, on the length of service in VIG Insurance Group – equal to a maximum of 40% of the measurement base if they remain in the Managing Board until age 65. The measurement base is equal to their standard fixed compensation. This pension amount can be increased in individual cases if work continues past the maximum pension age, since a pension is not drawn during this period.

Starting as of 1/1/2020, newly appointed members of the Managing Board can be granted entitlements to defined benefit pensions (alternatively entitlements to defined contribution pensions).

As a rule, entitlements require at least one reappointment, and are granted in stages, so that the maximum entitlement of 40% of fixed compensation cannot be reached until age 65 after at least 10 years of service as a member of the Managing Board. If a member of the Managing Board has previously served in other positions in the Group for at least 5 years, an entitlement can already be granted at the beginning of the term of office.

Pensions are normally received (regardless of the initial appointment date) only if a Managing Board member's position is not extended and the member is not at fault for the lack of extension, or the Managing Board Member retires due to illness or age.

SEVERANCE PAY

The provisions of the Austrian Corporate Staff and Self-Employment Provision Act apply to the Managing Board contracts.

Only the contracts for members of the Managing Board of VIG Holding who have been active in the Group for a long time provide for a severance payment structured in accordance with the provisions of the Austrian Employee Act (Angestelltengesetz), as amended in 2003, in combination with applicable industry-specific provisions. This allows these Managing Board members to receive a severance payment equal to two to twelve months' compensation, depending on the period of service, with a supplement of 50% if the member retires or leaves after a long-term illness. A Managing Board Member who leaves by their own choice before retirement, without the agreement with the company, or leaves due to their own fault, is not entitled to severance payment.

COMPENSATION POLICY FOR SUPERVISORY BOARD MEMBERS

The members of the Supervisory Board are entitled to receive compensation approved by the General Meeting in the form of a payment remitted monthly in advance. Members of the Supervisory Board who withdraw from their positions before the end of a month still receive full compensation for the month in question. In addition to this compensation, Supervisory Board members are entitled to receive an attendance allowance for participating in Supervisory Board meetings and Supervisory Board committee meetings (paid after participation in the meeting).

There are no variable salary components or pension plans for members of the Supervisory Board.

Supervisory Board compensation does not include stock options or similar instruments.

No loans or guarantees were granted to the members of the Supervisory Board during the reporting period. There were also no loans or guarantees on 31 December 2020.

B.1.7 ADEQUACY OF THE GOVERNANCE SYSTEM

The governance system of VIG Holding is well-defined and proportionate to the nature, scale and complexity of the company.

The responsibilities of the VIG Holding Managing Board are set down in the organisational plan for business areas and in the organisational charts. The duties and responsibilities in the individual departments of VIG Holding are also clearly specified. The organisational charts are available to all employees on the Group network. A well-defined process organisation ensures that all the VIG Holding employees are aware of the responsibilities and reporting lines (primarily to the higher level). Direct reporting lines from the department heads to the respective responsible members of the Managing Board ensure that relevant information is taken into account in the management of VIG Holding in an appropriate and timely manner.

As part of the governance system, all legally required governance functions have been established in VIG Holding and conflicts of interest have been ruled out. Their duties and responsibilities are described in their respective guidelines and function descriptions. Making the governance functions directly subordinated to the Managing Board as a whole or a Managing Board member responsible for the area ensures they have an appropriate position in VIG Holding. The governance functions also report periodically to the Managing Board and the Supervisory Board Audit Committee. In addition to the ongoing exchange between governance functions, an institutionalised exchange on Group-wide topics also takes place every two months. A member of the Managing Board also attends the meetings twice a year. All of the legally required policies and guidelines have also been established in VIG Holding.

The VIG Holding internal control system is based on a Group-wide ICS policy and ensures that a control environment appropriate for its organisational structure and process organisation exists at all times. The function of the ICS is regularly audited by the internal audit department both separately and as part of other audits.

The compliance function performs risk-based compliance audits of the governance processes that have been established in order to ensure compliance with legal requirements. The results of these audits are reported to the Managing Board together with any necessary measures to be taken.

The internal audit department subsequently performs periodic audits according to the audit plan and, if necessary, ad hoc independent audits of various sub-areas of the governance system and reports on these audits to the Managing Board.

B.2 FIT AND PROPER REQUIREMENTS

When appointing Managing Board members and holders of governance and other key functions, particular attention is paid to whether the candidate satisfies the fit and proper requirements.

The professional qualification (fit) requirements are defined in the respective function description for each function. In all cases, the following criteria are considered during recruitment:

1. Education (including studies)
2. Professional experience
3. Other knowledge (e.g. relevant legal knowledge or relevant technical knowledge)

Documentation relevant to the information in the CV is to be provided (certificates, diplomas etc.).

When appointing Managing Board members and holders of governance and other key functions in the company, a number of measures are used to assess whether the person is of good reputation (proper).

- At least one objective element (test procedure, standardised conversation, more than one interview partner) is used during the recruitment process.
- While completing a questionnaire, the candidate must provide information about their financial situation, any involvement in relevant (criminal) proceedings etc. and must also agree to notify the company of any future changes which occur during the employment relationship.

A fit and proper framework guideline at the VIG Insurance Group level was approved by the Managing Board to provide a uniform framework.

Managing Board members and holders of governance and other key functions are responsible for keeping up to date on all material aspects of their functions and ensuring that relevant information is made available within the company. This includes both technical, legal and regulatory aspects as well as, if necessary, internal company guidelines.

The necessary technical resources, funds and budgets are made available by the company to the members of the Managing Board and holders of governance and other key functions.

The individual companies also determine key personnel professional qualification (fit) requirements for the individuals who effectively manage the company, and the governance and other key functions in accordance with applicable local legislation.

Whether a person is of good reputation (proper) is also subject to local legal requirements in many areas.

SUPERVISORY BOARD

Supervisory Board members in insurance companies and mutual insurance associations must become familiar with their specific duties under the Solvency II regime, which were included in the VAG effective 1 January 2016. Among other things, they must have sufficient professional qualifications.

B.3 RISK MANAGEMENT SYSTEM INCLUDING THE OWN RISK AND SOLVENCY ASSESSMENT

The professional handling of risks is one of the core competences of VIG Holding. It uses a comprehensive risk management system to fully identify, assess, manage and monitor risks to which it is exposed. The own risk and solvency assessment is one of the key elements of the risk management system.

B.3.1 RISK MANAGEMENT SYSTEM

STRATEGY AND OBJECTIVES

The risk strategy of VIG Holding is based on the following Group-wide principles:

ACCEPTED RISKS

- As a rule, VIG Holding accepts and assumes risks that are directly related to its activities as an insurance holding company and the insurance and reinsurance business it operates in addition to this.

UNACCEPTABLE RISKS

- Risks are not accepted if VIG Holding lacks the expertise or resources required to manage them (e.g. insufficient capital to cover the risks).
- As for investments, risks are not accepted if adequate expertise is not available to assess the risks, e.g. weather derivatives and agricultural commodity futures, or risks where the potential loss is unlimited.

RISKS ACCEPTED WITH CONSTRAINTS

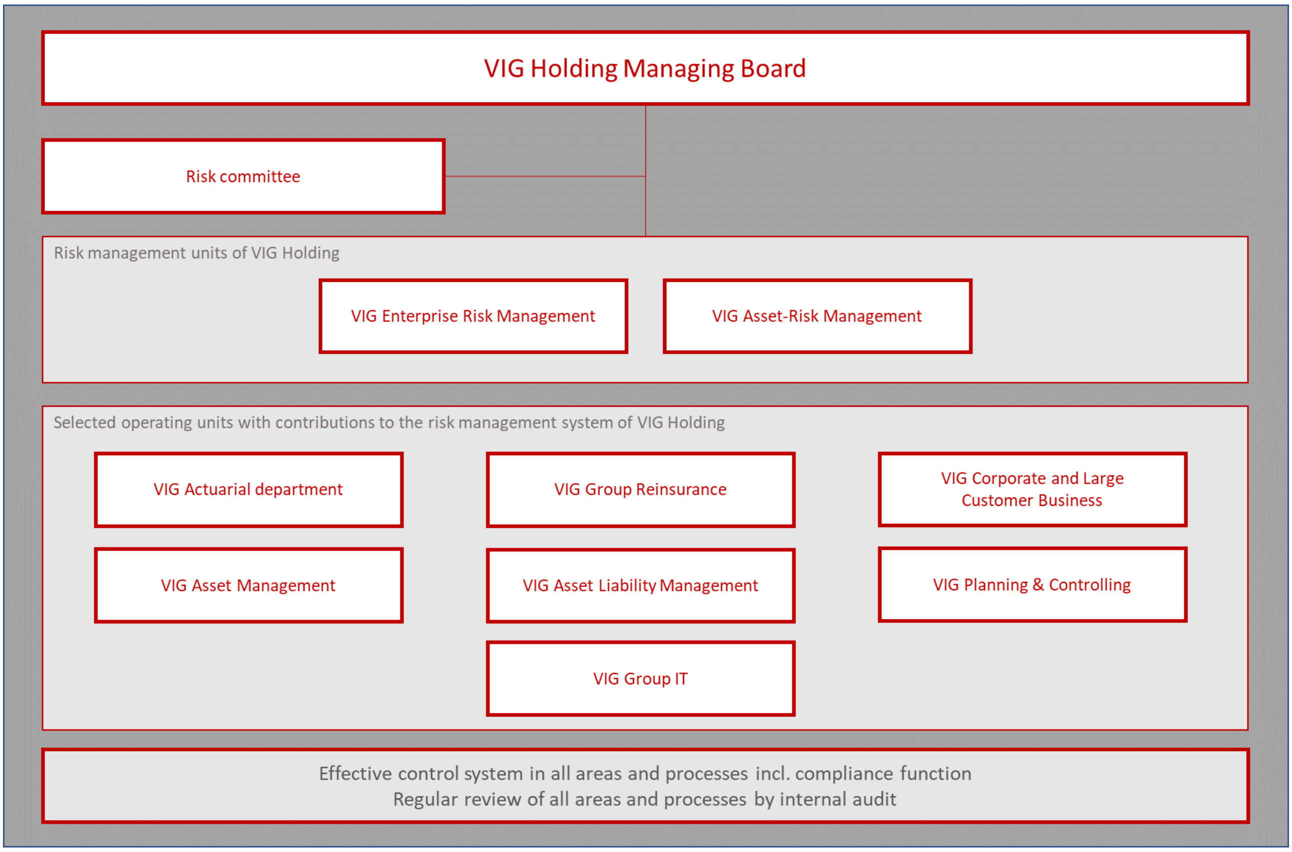
- Operational risks must be avoided as much as possible, but have to be accepted to a certain extent as they cannot be completely ruled out, or the costs of avoiding them exceed the expected losses.
- A conservative approach is used for investments.

RISK-MITIGATING MEASURES

- Establish functional risk governance by maintaining and promoting a high level of risk awareness.
- Reinsurance is a key instrument for hedging against large losses (tail risks) in the non-life area.
- Market risk is strictly limited and investments are always matched with VIG Holding’s obligations. Observe and act in accordance with the prudent person principle in connection with investments.

ORGANISATION OF THE RISK MANAGEMENT SYSTEM

The risk management system is well integrated into VIG Holding's organisational structure. The following chart shows the units that play an important role in the risk management system.



MANAGING BOARD

The Managing Board as a whole is responsible for the risk management system, in particular for the following areas:

- Set up and promote the risk management system
- Definition and communication of the risk strategy including risk tolerance and risk appetite
- Approval of central risk management guidelines
- Consideration of the risk situation in strategic decisions

Both the Enterprise Risk Management and Asset-Risk Management units have reported directly to Managing Board member Liane Hirner since the beginning of 2020.

RISK COMMITTEE

The VIG Holding Managing Board established the Risk Committee to ensure regular discussions of current matters relating to risk management across functional areas within the organisation and an exchange of information on the risk situation between the members of the committee and the Managing Board. The Risk Committee meetings take place at least quarterly and are chaired by the Managing Board member responsible for this area. The Risk Committee reports to the Managing Board after its meetings.

ENTERPRISE RISK MANAGEMENT (ERM)

The department has reported to Managing Board member Liane Hirner since the beginning of 2020. The head of the department performs the risk management function required under Solvency II at the Group and solo level.

The main responsibilities of the department include determining the Group's overall risk profile and calculating solvency. The department provides a Group-wide risk aggregation solution for this purpose with extensive reporting and partial modelling approaches for calculating solvency capital. Calculation of the solvency capital requirement during the year, analysis of risk-bearing capacity using proprietary analysis tools and reviewing the internal control system are other important activities performed by the department.

The department also assists the Managing Board with updating the Group-wide risk strategy as well as in the further development of the risk organisation and further Group-wide risk management topics.

ASSET-RISK MANAGEMENT (ARM)

The department has reported to Managing Board member Liane Hirner since the beginning of 2020. The primary role of the department is to analyse, assess and monitor the risks associated with investments, in particular with regard to the solvency and financial results of VIG Insurance Group. For this purpose, the department specifies Group-wide requirements for risk assessment and implements a central system for investment management and risk monitoring. The department is also responsible for maintaining an internal rating approach for banks.

ASSET MANAGEMENT

The department has reported to Managing Board member Gerhard Lahner since the beginning of 2020. One of the main responsibilities of the department is to define a strategic orientation for the investments of each insurance company and for VIG Insurance Group as a whole, and to specify an investment strategy and investment process aimed at ensuring that current income is as high as possible, but also as secure as possible, while simultaneously taking advantage of opportunities to increase the value of investments. Guidelines and limits are used to manage investments. Regular reports are also provided for investments, limits and income.

ACTUARIAL DEPARTMENT

The department has reported to Managing Board member Gabor Lehel since the beginning of 2020. The head of the department performs the actuarial function required under Solvency II. The department is therefore responsible, in particular, for the duties associated with the actuarial function. The Actuarial department also calculates the embedded value for the life and health insurance business and prepares profitability analyses and company valuations. The department supports actuarial collaboration and professional networking.

GROUP REINSURANCE

The department reports to the Managing Board member Peter Höfinger. The department coordinates and assists all companies in VIG Insurance Group and their reinsurance departments with reinsurance matters in the non-life business (property and casualty, third party liability and accident insurance) by preparing and applying guidelines. Moreover, the department manages all the Group-wide reinsurance programmes in the non-life lines of business. The primary objective is to create a safety net to provide sustainable protection for all VIG Insurance Group companies against the negative effects of catastrophes and large losses, and negative developments of the insurance portfolios.

PLANNING AND CONTROLLING

The department is an important part of the integrated risk management approach. It was the responsibility of Managing Board Chairwoman Elisabeth Stadler up to the end of the financial year and has been the responsibility of Managing Board member Hartwig Löger since the beginning of 2021. The department coordinates the business planning over a 3-year horizon. The standardised reports include key figure and variance analyses for planning, forecasts and ongoing performance of VIG Holding and other insurance companies. Regular monthly premium reports, quarterly reports for each company (aggregated at the country and VIG Insurance Group level) and cost reports are prepared.

GROUP IT

The department has reported to Managing Board member Peter Thirring since the beginning of 2020. The department is responsible for IT management at the VIG Insurance Group level (IT strategy, IT governance, IT security, IT Group projects, etc.), for assisting companies in VIG Insurance Group with large IT projects, and for developing Group-wide guidelines and common standards. The Austrian business organisation assists Group IT with this by providing outside IT and telephony services.

ASSET LIABILITY MANAGEMENT

The department reports to Gerhard Lahner and was established during the financial year just ended. The observation, measurement and optimisation of future cash flows on the asset and liabilities sides are the main responsibilities of the Asset Liability Management unit. It is also responsible for the exchange of knowledge and improvements in the Group in this area.

CORPORATE AND LARGE CUSTOMER BUSINESS

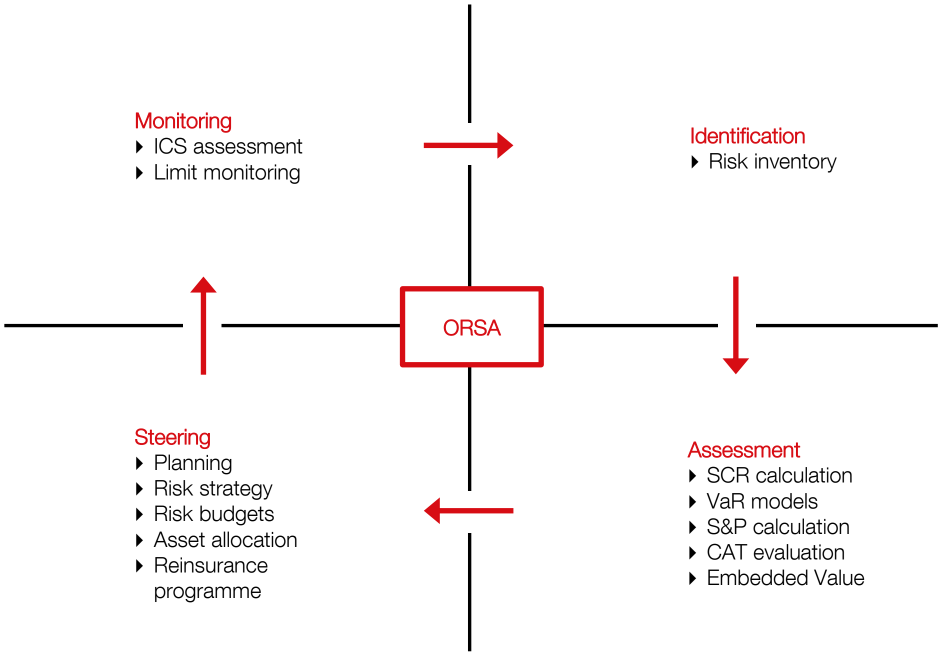
The department reports to Managing Board member Peter Höfinger and underwrites insurance contracts for large Austrian and international customers. The department also assists subsidiaries with resources and know-how. The aim is to achieve a uniform underwriting philosophy and approach in all VIG Insurance Group companies that perform such business.

INTERNAL AUDIT

The department reports to the Managing Board. Managing Board Chairwoman Elisabeth Stadler is the contact person in the Managing Board. The Internal Audit department systematically monitors operating and business processes, the internal control system of all operational business areas, including compliance with legal requirements, and the functionality and adequacy of risk management. The Internal Audit department operates continuously and reports directly to the Managing Board. The head of the department performs the Internal Audit function required under Solvency II.

RISK MANAGEMENT PROCESSES

The chart below shows the meta-process. The most important milestones from the graph are briefly described in the following section.



RISK IDENTIFICATION

Risk identification is based both on a standardised process (risk inventory) and on ad hoc analysis and comprehensive reporting processes in the event of newly identified risks or extraordinary events.

The risks are identified and analysed with the support of the first and second management levels during the risk inventory. The quantitative evaluation of risks is primarily based on the results of the internal models and the standard formula. An adequacy assessment is carried out in case risks are assessed with the standard formula. The results of the risk inventory process are summarised in a report and then approved. They also represent an essential basis of the ORSA process.

RISK ASSESSMENT

The results from the calculation of the overall solvency need and embedded value, the findings from the S&P capital model and the value-at-risk (VaR) calculations from the investment area (see section C) are used in the risk assessment.

RISK STEERING

The key risk steering processes are:

RISK STRATEGY

The risk strategy is reviewed annually by the Managing Board and modified, if necessary, based on the results of the ORSA. The Managing Board is supported in this matter by the Enterprise Risk Management department.

PLANNING

The planning horizon is three years. In the ORSA, planning data is taken into account and used as a projection basis for the expected future solvency.

RISK-BEARING CAPACITY

Risk steering activities are conducted taking into account the risk-bearing capacity. In practice, this means adherence to risk budgets, the accomplishment of key indicators and a general risk-based approach in terms of a sustainable value-oriented approach in daily business operations.

REINSURANCE PROGRAMME

The reinsurance department coordinates the Group-wide reinsurance programme and manages the annual renewal process for the natural catastrophe coverage. The Enterprise Risk Management department assists the reinsurance department in validating the external natural catastrophe models used and assessing the effectiveness of reinsurance coverage using the non-life internal model.

RISK MONITORING

The solvency corridor defined at the Group level and the Group-wide limit system applicable in the course of the risk-bearing capacity form the basis for continuous monitoring of the solvency situation of VIG Insurance Group and its subsidiaries.

Compliance with the investment guidelines, risk budgets and key figures is also continuously checked and monitored. Monitoring is performed by means of regular fair value assessments, VaR calculations and detailed sensitivity analyses and stress tests and calculating the SCR during the year.

Liquidity risk is managed and monitored by matching the investment portfolio with the insurance obligations. Operational and strategic risks which might be caused by deficiencies or errors in business processes, controls or projects, or by changes in the business environment, are also continuously monitored using the internal control system.

B.3.2 GOVERNANCE OF THE PARTIAL INTERNAL MODEL

VIG Holding uses a PIM for non-life and property risks in order to calculate the solvency capital requirement. The PIM was developed under the leadership of VIG Holding together with selected VIG Insurance Group companies and was approved by the FMA at the end of 2015.

The VIG Holding Managing Board is responsible for the establishment and functioning of the processes described below. Operational responsibility is allocated as follows:

Process	Non-life	Property
Parametrisation/calculation	Risk management function	Risk management function
Validation	Risk management function*	Asset-Risk Management
Data input/quality	Risk management function	Risk management function
Technical provisions	Actuarial function	–
Model use	Reinsurance, controlling in connection with the risk management function	Subsidiaries management in connection with the risk management function
Model changes	Risk management function	Risk management function
Documentation	Risk management function	Risk management function

* While maintaining the independence required for the parametrisation/calculation

The model results are of major importance to the management of the company. This is reflected in various areas of VIG Holding. For example, the model is regularly used as part of the planning process, for the renewal process of the reinsurance programme, for the acquisition and sale of real estate or for risk-return analyses.

Due to the significance of the model for the management of the company, the PIM is subject to particularly high governance requirements, which are reflected in specific and independently performed validation methods. In addition to the model assumptions and basic methodology, the main validation procedures also include, for example, the following:

- Assessment of the accuracy, completeness and appropriateness of the data used
- Sensitivity tests
- Stress tests and scenario analyses
- Stability test

The results of the validation tests are approved by the responsible Managing Board member and dealt with by the Managing Board. The model processes described above are subject to clearly defined rules, which are well-documented in a manner understandable to third-party experts. Validation is performed while maintaining the necessary independence. Model changes may only be performed in accordance with strict requirements. This ensures that the PIM is an inherent part of the risk management system and is subject to a well-defined process within the governance system of VIG.

During the reporting period, a segment change for life insurance riders in the Czech Republic led to a significant model change as specified in the internal Group guideline on model changes. This was reported and approved by the FMA.

B.3.3 OWN RISK AND SOLVENCY ASSESSMENT (ORSA)

The following ORSA objectives stem from the regulatory framework and additional corporate requirements:

- Assessment of the overall solvency need, including:
    - Description of the company's risk profile
    - Forward-looking assessment of own risks
    - Calculation of the capital base
    - Performance of stress tests and scenario analyses
- Description, review and, if necessary, adjustment of the company's strategic direction
- Description, review and, if necessary, adjustment of the risk management processes and procedures
- Safeguarding ongoing compliance with regulatory requirements
- Assessment of the adequacy of assumptions used to calculate the solvency capital requirements

The ORSA ensures that the Managing Board is continuously informed about the risks which VIG Holding is exposed to in the short and long term. As a result, necessary measures can be taken to manage and effectively steer these risks in a targeted way.

As shown in Section B.3 above, the ORSA is interconnected with many other processes within VIG Holding and is performed on an annual basis across the Group based on the ORSA guidelines and a supplementary ORSA manual which is adapted each year. Ad hoc reviews of the own risk and solvency assessment are also carried out if this becomes necessary due to a significant change in the risk profile or if the internal model is recalibrated.

The following table provides a brief overview of the key roles and responsibilities in the ORSA:

ROLES AND RESPONSIBILITIES IN THE ORSA

Function	Responsibilities
Managing Board	▸ Overall responsibility for the ORSA process ▸ Definition of requirements for performance of the ORSA process ▸ Determine the strategic orientation ▸ Implementation of adequate risk management processes and procedures ▸ Ensuring completeness and reliability of results ▸ Preparation of the ORSA report
Risk Management	▸ Performance of the ORSA process ▸ (Further) development of Group guidelines, methodology and templates ▸ Provision of necessary documents for the ORSA process ▸ Support of the Managing Board during the preparation of the ORSA report
Risk Committee	▸ Supporting the Managing Board in preparing requirements for the ORSA ▸ Quality assurance for the ORSA process ▸ Consideration of the ORSA findings in committee meetings
Area head	▸ Assisting the risk management function ▸ Implementation of the defined business, risk and capital strategy

On the basis of the company's own business and capital planning, the overall solvency needs are projected together with the solvency capital requirements and the available own funds over the entire planning period. The extent to which possible deviations from the planned business development would affect VIG Holding is then determined on the basis of appropriate stress tests or scenario analyses. This is to ensure that even in the event of adverse business developments the VIG Holding has access to sufficient funds in the short and long run to cover its own liabilities and that regulatory solvency capital requirements are met.

The knowledge gained from the projection and stress tests is the basis for the definition of strategic measures. In cooperation with the Managing Board, the preliminary results are discussed and the VIG Holding's business planning is adjusted if necessary. The Managing Board then sets the strategic direction of VIG Holding based on the final results. It includes the business strategy, which defines the main principles to achieve the objectives, a comprehensive risk strategy, which determines the appropriate risk management measures for major risks and the capital strategy, which ensures sufficient own funds in terms of the risk-bearing capacity.

The results and findings of the annual ORSA process are summarised in the ORSA report. After the report is approved by the Managing Board, it is sent to the Austrian Financial Market Authority (FMA) within a period of two weeks. In addition, the Supervisory Board and all relevant employees are informed about the results of the report to the extent necessary to perform their duties.

B.4 INTERNAL CONTROL SYSTEM

The internal control system (ICS) is an important risk control element and is firmly anchored in the entire VIG Insurance Group. It is based on an appropriate process organisation with clearly defined areas of decision-making and responsibility. Based on this determination of responsibility, duties and general requirements and guidelines are established for the respective departments, which set up the framework of the ICS. These include, among other things, the following measures to ensure proper operations: Four-eyes principle, technical audits, comparisons, records and interviews with experts, as well as the establishment of a compliance function which monitors compliance with legal requirements.

B.4.1 DESCRIPTION OF THE INTERNAL CONTROL SYSTEM

The standards and principles set down in the guideline are defined across the entire Group and form the basis of the ICS. This ensures that the ICS provides verifiable assurance as to the effectiveness and efficiency of the operations, appropriateness of the controls used, accuracy of information and compliance with internal and external requirements. The Group standards are as follows:

ICS GROUP STANDARDS

Standard	Contents
Standard 1	Each company must establish and promote a control culture that recognises and demonstrates the importance of controls for corporate action at all levels of the company.
Standard 2	Each company must establish and maintain an organisational structure and process organisation that is adapted to the size and complexity of the business.
Standard 3	All roles and responsibilities in the processes must be clearly defined. In addition, adequate controls need to be established to avoid conflicts of interest.
Standard 4	Each company must fully identify and assess the risks arising from its activities and processes that may adversely affect its business objectives and must apply appropriate controls.
Standard 5	Controls must be established at all levels of the company to an appropriate extent.
Standard 6	Effective communication channels and information systems must be established in all companies to ensure that each employee is aware of the guidelines and procedures applicable to his or her area of responsibility and that employees receive the information required for their work.

The ICS is integrated into the organisational structure and process organisation. The roles and responsibilities in the ICS are clearly defined and presented in the following table:

ROLES AND RESPONSIBILITIES IN THE ICS

Function	Responsibilities
Managing Board	Overall responsibility for the implementation and effectiveness of the ICS
Risk management function	Responsibility for the coordination and performance of the ICS process, including reporting to the Managing Board, as well as responsibility for the continuous development of the methodology, templates and Group requirements
Compliance function	Assistance in the identification of compliance risks and ensuring appropriate control measures within VIG Insurance Group
Internal Audit	Downstream independent review of the internal control system in accordance with the audit plan or as requested by the Managing Board/Supervisory Board
Area head	Responsibility for the identification of risks and implementation of adequate controls in the respective areas of responsibility
All employees	Risk-conscious work, identification and communication of potential control weaknesses to the supervisor, carry out controls, ensuring adequate documentation of the control activities

The documentation produced within the scope of the ICS process includes a standard summary of all material risks and controls. The actual control documentation is based on Group-wide ICS guidelines, is in the responsibility of each organisational unit and consists of, among other things: Organisational and process flow charts, policies and guidelines, records, work instructions and control reports.

Essentially, each employee must ensure an adequate control environment in his or her department to minimise operational risks. Both internal and external ICS reviews are performed to ensure that the company has an adequate internal control system.

The effectiveness of the ICS is assessed once a year by the operating units, i.e. the risk owners, during the Group-wide ICS process.

To ensure an orderly process, clear guidelines are defined and a local ICS manager is also available in each company as a contact person who independently performs the local ICS process and reports the results to the local Managing Board and the Group.

Following the receipt of the local reports, the risk management function consolidates the results of the individual companies and submits the VIG Holding report and Group-wide report to the Managing Board.

B.4.2 COMPLIANCE FUNCTION

The compliance function of VIG Holding is organisationally subordinated to the Managing Board and reports directly to it. Peter Thirring is the Managing Board contact person for the compliance function. The holder of the compliance function performs its activities independently and is not entrusted with any operational duties of VIG Holding in the sense of the core business activities.

The compliance function is active at both the VIG Holding and VIG Insurance Group level, is decentrally structured and has been established separately from the other governance and key functions of VIG Holding. It performs the duties specified in the VIG Holding compliance function guideline.

A Compliance Committee was established at the VIG Holding level, consisting of the holder of the compliance function and the compliance officers. They are the holders of the other governance functions, the heads of other risk-relevant departments, the issuer compliance officer, the anti-money laundering compliance officer, the data protection officer and the IT security officer. Meetings take place four times a year. The minutes are sent to the Managing Board for information. The holder of the compliance function coordinates the compliance activities in VIG Holding, with the compliance contact persons responsible for implementing the compliance duties assigned to them in their areas of activity. The compliance function also promotes coordinated collaboration on compliance agendas and ensures an appropriate flow of communication on compliance-relevant topics within VIG Holding. The compliance contact persons assist it in the performance of its duties, and provide support if needed.

A committee, the Group Compliance Committee, was also established at the VIG Insurance Group level, consisting of the holder of the VIG Insurance Group compliance function, the compliance officers of the VIG (re-)insurance companies and specifically defined non-(re-)insurance companies in and outside the EU. Meetings take place at least once a year. The minutes of these meetings are provided to the Managing Board for their information. The local compliance officers are responsible for implementing compliance responsibilities in their VIG insurance companies. They are managed and assisted by the holder of the compliance function in VIG Insurance Group.

COMPLIANCE POLICY

A compliance policy, the VIG Holding compliance function policy, was established to satisfy the requirements for a compliance policy. It is based on the Group Compliance Management System Policy and Group Compliance Management Implementation Guideline and specifies the work procedures, duties, responsibilities, competences and reporting requirements of the compliance function at the VIG Holding level. The compliance policy is reviewed at least once a year to ensure that it is correct and up to date and is amended, if necessary, to take account of legal, regulatory, Group and company changes.

COMPLIANCE PLAN

The VIG Holding compliance plan for the financial year 2020 was approved by the Managing Board. VIG Holding's activities during the reporting period were aimed at further developing the compliance management system. In particular, the focus was on implementing the document governance system, systematically ensuring compliance with international sanctions, the degree of integration of branches and non-(re-)insurance companies in the VIG Holding compliance management system, intensification of awareness-raising measures (especially training) and increased monitoring of compliance with legal requirements.

COMPLIANCE REPORTING

A regular report is provided to the Managing Board once a year as part of the compliance annual report. In this report, the holder of the compliance function reports on the activities performed during the calendar year, both at the VIG Holding and VIG Insurance Group level. This includes, in particular, information on whether planned activities have been implemented. When needed, ad hoc reports are provided to the Managing Board, VIG Holding and, if necessary, the Supervisory Board.

B.5 INTERNAL AUDIT FUNCTION

The VIG Insurance Group Internal Audit department directly performs the internal audit function for VIG Holding and the group internal audit function for all VIG companies. In addition, it also currently acts as the internal audit department of Wiener Städtische (Austria), Donau Versicherung (Austria), InterRisk Life and Non-Life (Germany), Vienna Life (Liechtenstein) and VIG Re (Czech Republic). Its activities as Group Internal Audit department are also based on § 119 VAG.

The Group Internal Audit department issues audit standards and performs audits, among other things, of the activities of the local internal audit departments, of the compliance with the Group-wide internal policies and of certain areas in VIG companies in cooperation with the local internal audit departments. Draft reports by the Group Internal Audit department are sent to the respective audited company for approval. After the draft has been sent to the Managing Board in German and/or English, the company has three weeks to submit an opinion. If this deadline passes without feedback, a further period of two weeks may be granted. If no opinion is issued within this period, it is assumed that the company has approved the contents of the draft report, including any proposed measures.

Both the local internal audit department and Group Internal Audit department are fully entitled to inspect and access all (written or electronic) data and verbal information without limitation. The responsibility of each company to establish and ensure the functioning of the internal audit department is not affected by the audits performed by the Group Internal Audit department.

The local internal audit department is assigned to the respective Managing Board or Supervisory Board according to the applicable statutory regulations. In the following matters, however, the Group Internal Audit department is to be involved in all cases in coordination with the local Managing Board or Supervisory Board:

- Appointment and dismissal of the head of a local internal audit department
- Serious fraud
- Audit topics that go beyond the authority of the local internal audit departments of the individual companies, such as topics that affect more than one VIG company in a country
- In the case of an internal audit topic for which no specific know-how is available in the local internal audit department

The annual audit planning of each local internal audit department is targeting the risk-oriented aspects - in addition to the respective legally mandatory audits. A multi-year plan is also created, which covers a period of three to a maximum of five years and covers all company areas. The focus must be on material areas. Whether a company area is material depends on risk-related factors. The following areas are always considered material: claims, underwriting, investments, reinsurance, accounting and the IT area. If the internal control system is not audited together with these topics, as a whole it must be considered a material company area and audited annually. This multi-year plan also flows into the annual audit plan. The local internal audit department also audits significant anomalies which cannot initially be explained during the year - independent of the planning - if such anomalies arise during the analysis of the company's data. The audit plan must also include the governance system.

The available resources, relevant national legislation and any recommendations of the financial statement auditor or the Group Internal Audit department are taken into consideration during the audit planning. The proposal for the annual audit plan prepared by the local internal audit department is agreed with the Group Internal Audit department in advance in a timely manner. Any changes are announced without delay during the year.

B.6 ACTUARIAL FUNCTION

The actuarial function performs the main duties and responsibilities described in section B.1.3. It implements these in cooperation and through communication with other areas and functions.

An internal data request as well as a data and calculation process have been established to calculate the technical provisions for VIG Holding.

Subsidiaries that cede reinsurance to VIG Holding, the reinsurance department of VIG Holding and VIG accounting are the data sources for the indirect business of VIG Holding. With respect to the direct business of VIG Holding, data is supplied by the Wiener Städtische claims & statistics department.

Additionally a wide exchange of expertise and relevant information for the assessment of technical provisions takes place. In this regard, the actuarial function actively communicates with its peer departments of the subsidiaries (actuarial, claims, reinsurance and accounting departments).

With regard to the calculation of the SCR and the MCR, the actuarial function communicates with the risk management function, as the technical provisions are an input data for the risk calculation with the PIM and the standard formula.

The policy towards risk is consistent with VIG Insurance Group strategy and does not result in additional material risk in VIG Holding. The reinsurance is consistent with the VIG Insurance Group strategy and also does not result in additional material risk in VIG Holding. In particular, a high proportion of direct business is reinsured. The observed loss history supports the assumption that the underwriting and reinsurance policies are complied with and that the reinsurance is set at an appropriate level.

In order to document their activities and to pass on information directly to the Managing Board and Supervisory Board, the actuarial function submits an annual report to the Managing Board. The report contains a summary of the results of the above-mentioned activities. It primarily provides an overview of the overall situation of VIG Insurance Group and any measures and recommendations of the actuarial function.

B.7 OUTSOURCING

A VIG Holding outsourcing policy was established for VIG Holding that implements the Group-wide minimum standards for outsourcing business activities and functions in the Group Outsourcing Policy for VIG Holding.

The VIG Holding Outsourcing guideline defines a clear process for outsourcing. The outsourcing officer who must be appointed for each outsourcing is responsible for compliance with it. It also ensures that legal and regulatory requirements are satisfied when outsourcing. This includes, in particular:

- Transfer of regulatory responsibilities only within the legally permissible scope
- Availability of appropriate organisational control structures and intervention opportunities to control the activities related to outsourcing
- Evaluation of the risk and materiality for all the existing and planned future outsourcing activities and compliance with the requirements for outsourcing agreements by the person responsible for outsourcing
- If legally required, notification of outsourcing contracts to the FMA or request of approval for outsourcing contracts from the FMA
- Compliance with the outsourcing agreement
- Continuous monitoring and documentation of outsourced activities and corresponding reporting to the Managing Board

The VIG Holding Outsourcing guideline specifies that an outsourced activity must be appropriately assessed, the service provider carefully selected and a due diligence examination performed before an outsourcing agreement is concluded. It also specifies the minimum contents of outsourcing agreements and, if relevant, the process for notification of and approval by the FMA. After an outsourcing agreement is concluded, it must be ensured that there is a systematic structured transfer of the activity or function to the service provider and that suitable risk management guidelines and process exist that are appropriate based on the scope and complexity of the agreement. Continuous monitoring of compliance with the outsourcing agreement and corresponding central documentation must also be ensured. Finally, appropriate controls and reports must be agreed with the service provider and examined using appropriate criteria.

CRITICAL OR IMPORTANT FUNCTIONS AND ACTIVITIES

For VIG Holding, it was decided to outsource IT services to internal and external IT service providers. Outsourcing agreements that had been approved by the supervisory authority existed in 2020 with IBM Austria (Internationale Büromaschinen Gesellschaft m.b.H.) and the internal Group IT system provider twinformatics GmbH, both headquartered in Austria. twinformatics GmbH has also assumed full responsibility for all IT services for the Austrian Group companies and concludes any sub-outsourcing required for this purpose while observing statutory and regulatory requirements and after consulting with the Group companies.

In addition to these outsourcing agreements, VIG Holding has not outsourced any critical or important functions or business activities.

B.8 ANY OTHER INFORMATION

No other information on VIG Holding’s governance system is to be reported in the year under review.

C RISK PROFILE

The risk management system described in Section B.3, including the own risk and solvency assessment, is aimed at determining the VIG Holding risk profile, among other things. VIG Holding uses both quantitative and qualitative methods. The quantitative evaluation using the standard formula only applies to those areas in which a previous adequacy test has confirmed the validity of the standard formula. In other areas, VIG Holding relies on an internal model, as this reflects the actual risk situation, in contrast to the standard formula. The non-life business and property investments are therefore modelled internally.

The risk profile of VIG Holding is based on its function as a holding company. As the parent company, VIG Holding holds the participations in the operating insurance companies of VIG Insurance Group and is therefore mainly exposed to strategic investment risk. This risk is part of the equity risk (a sub-risk of market risk) but is significantly less risky due to its long-term strategic nature.

The total solvency capital requirement for VIG Holding was TEUR 2,121,096 as of 31 December 2020 (31/12/2019: TEUR 1,883,125). There were no material changes in the VIG Holding risk profile compared to the previous year.

In Sections C.1 to C.6, the risk profile of the VIG Holding as a solo company is described in accordance with the main risk categories prescribed in VAG 2016, with risk exposure, risk concentration, risk mitigation and risk sensitivity also discussed where material.

The risk profile is internally divided into the following 10 main risk categories, which cover all potential VIG Holding risks (incl. sustainability risks[1]). The classification of these categories in the required SFCR risk structure specified in Article 295 of Delegated Regulation (EU) 2015/35 is shown in the following table:

VIG HOLDING RISK STRUCTURE

SFCR structure	Risk profile
C.1 Underwriting risk	Life underwriting risk Non-life underwriting risk Health underwriting risk
C.2 Market risk	Market risk
C.3 Credit risk	Counterparty default risk
C.4 Operational risk	Operational risk
C.5 Liquidity risk	Liquidity risk
C.6 Other material risks	Strategic risk Reputation risk Intangible asset risk

The total solvency capital requirement for VIG Holding was TEUR 2,121,096 as of 31 December 2020 (31/12/2019: 1,883,125). There were no material changes in the VIG Holding risk profile compared to the previous year.

[1] Sustainability risks are not handled as a separate category in the regular risk management process, but are instead assigned to the indicated risk categories based on the underlying risk.

IMPLEMENTATION OF THE PRUDENT PERSON PRINCIPLE

The VAG in general and the prudent person principle in particular require greater direct responsibility of the company to invest with caution. VIG Holding has always used a conservative approach for its investments. The supervisory requirements which are now applicable are a confirmation of the policy chosen by the company.

The assessment of investment risks in a constantly changing regulatory environment requires a correspondingly high level of expertise within the individual companies of the Group and VIG Holding as a central control unit. Trained personnel and the necessary professional infrastructure are essential to meet these requirements. VIG Insurance Group has expressly committed to meeting these requirements and has contributed to their fulfilment by, for example, implementing a standardised software to manage and assess risks associated with significant investment portfolios.

The key principles of commercial prudence are defined in the internal guidelines, which apply to all insurance companies in VIG Insurance Group.

The asset management of investments of the individual companies is embedded in a multistage process. The primary objective of managing investments is to comply with the insurance obligations on a sustainable basis. When investing, the liabilities portfolios are taken into account on a company level.

SPECIAL PURPOSE VEHICLES AND OFF-BALANCE SHEET POSITIONS

VIG Holding does not use special purpose vehicles (SPVs). Therefore there is no risk exposure resulting from risk transfers to special purpose vehicles. In addition, there are no material risk exposures resulting from off-balance sheet positions.

UNDERTAKING-SPECIFIC PARAMETERS

No undertaking-specific parameters in accordance with Article 104 (7) of Directive 2009/138/EC were used in the calculation. No undertaking-specific parameters in accordance with Article 110 of the Directive were used.

C.1 UNDERWRITING RISK

The underwriting risks are divided into the life insurance, non-life insurance and health insurance (incl. accident insurance) areas.

C.1.1 LIFE UNDERWRITING RISK

The life underwriting risk includes risks that directly stem from distribution characteristics, such as lapse risk as well as risks arising from changes to life expectancy or disability rates. Life underwriting risks are taken into account during product design, although major unforeseen changes in the statistical characteristics can result in losses.

RISK EXPOSURE

VIG Holding conducts proportional reinsurance business in the area of health insurance not similar to life techniques (NSLT). Some of this business includes riders for life insurance. These riders are allocated to the life segment due to their connection with the underlying life insurance policy. Another part of VIG Holding's life risk is due to pension obligations arising from assumed proportional reinsurance business in the motor third party liability line of business.

VIG Holding's life underwriting risk was TEUR 2,315 as of 31 December 2020 (31/12/2019: TEUR 2,191).

Life underwriting risk ("gross")	**31/12/2020**	31/12/2019
in EUR '000		
Mortality risk	0	0
Longevity risk	1,958	1,740
Disability and morbidity risk	0	578
Life expense risk	179	140
Revision risk	671	668
Lapse risk	76	83
Life catastrophe risk	0	0
Diversification	-568	-1,020
Life underwriting risk	**2,315**	2,191

Life underwriting risk is of minor importance for VIG Holding and continues to be at a very low level, as in the previous year.

RISK CONCENTRATION

VIG Holding is not exposed to any risk concentration in life insurance, as this is of minor importance.

RISK MITIGATION

Risk mitigation takes place within the network of subsidiaries. No additional specific risk mitigation is necessary at the level of VIG Holding.

RISK SENSITIVITY

Due to the minor importance of the life underwriting risk for the risk profile of VIG Holding, no separate stress tests or sensitivity analyses were required.

VIENNA INSURANCE GROUP

C.1.2 NON-LIFE UNDERWRITING RISK

The non-life underwriting risk is the risk that the insured losses and costs exceed revenues in the non-life business. It essentially consists of the following components:

- Risk of extreme loss events, particularly natural catastrophes
- Risk from unprofitable contracts due to inadequate premium pricing
- Risk from already incurred but insufficiently reserved claims
- Expense risk
- Lapse risk

RISK EXPOSURE

Quantitative risk assessment is performed using an internal model, as the requirements and assumptions of the standard formula do not adequately reflect the risk profile of VIG Holding in the non-life area.

VIG Holding's non-life underwriting risk was TEUR 236,356 as of 31 December 2020 (31/12/2019: TEUR 213,772).

Non-life underwriting risk ("gross")	**31/12/2020**	31/12/2019
in EUR '000		
Non-life underwriting risk	**236,356**	213,772

Non-life underwriting risk rose compared to the previous year (+10.6%), mainly due to strong growth in direct business in the area of fire and other property insurance.

RISK CONCENTRATION

The acceptance of proportional reinsurance for motor third party liability business from subsidiary companies results in a correspondingly high volume in this line of business for VIG Holding. However, this does not lead to a concentration risk, as the insurance portfolio is very well geographically diversified across Central and Eastern Europe. Moreover, the conducted direct insurance business, particularly in the field of fire and other property and casualty, as well as the proportional reinsurance business in the field of NSLT health insurance additionally results in a good diversification between lines of business.

RISK MITIGATION

In addition to the aforementioned risk diversification, comprehensive underwriting guidelines (criteria for the acceptance of risks) effectively contribute to risk mitigation in direct business.

Reinsurance contracts are also used to reduce the non-life underwriting risk, particularly for large losses. Subsidiaries must base the selection of reinsurers on a security list defined by the VIG Insurance Group Reinsurance Security Committee. Reinsurance may only be ceded to reinsurers that are not on this list after individual approval by the Reinsurance Security Committee.

The influence of reinsurance cessions on the SCR can be seen in the table below for the most material VIG Holding non-life lines of business.

Effect of reinsurance on non-life underwriting risk	SCR before reinsurance	SCR after reinsurance	Risk-mitigating effect
in EUR '000			
Motor third party liability insurance (indirect business)	127,681	120,231	7,450
Fire and other property insurance (direct business)	149,211	99,716	49,496

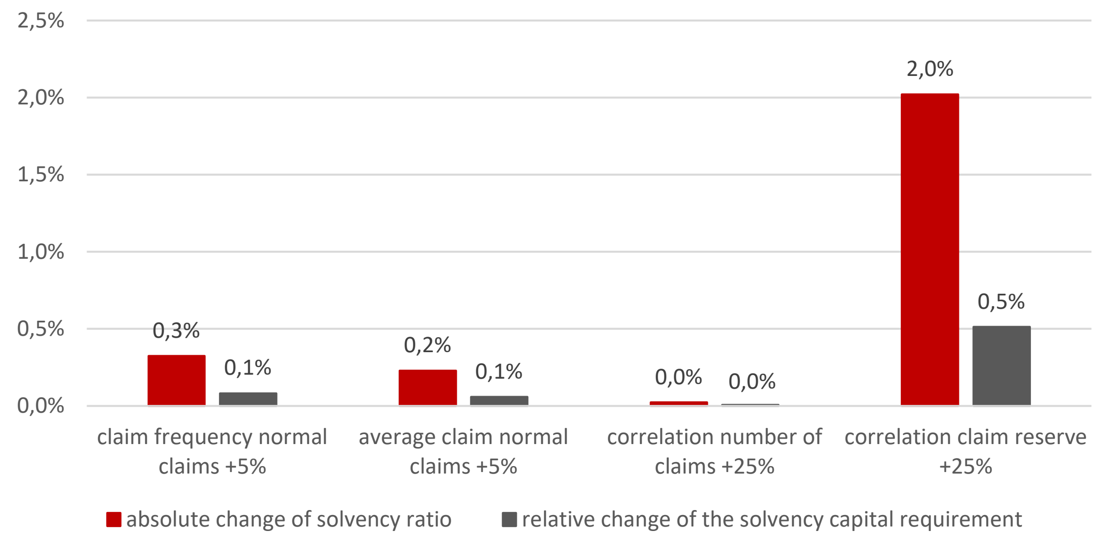
SENSITIVITY ANALYSIS FOR PARAMETERS IN NON-LIFE

The following stress tests were performed to assess the sensitivity to changes in the market environment:

- 5% increase in the claims frequency for normal claims* in all lines of business
- 5% increase in the average loss for normal claims in all lines of business
- Increased correlation of the number of claims between lines of business (+25% per correlation coefficient)
- Increased correlation of claim reserves between lines of business (+25% per correlation coefficient)

* Excluding large losses, catastrophe and annuity losses

NON-LIFE SENSITIVITIES



The analysis of sensitivities in the non-life underwriting business showed that the increase in correlation of claim reserves had the largest effect. In this case, the solvency ratio of VIG Holding decreases from 397.3% to 395.3%. Due to the good capital base and low capital requirement in the non-life area in comparison to the market risk, none of the calculated sensitivities indicate any potential danger to the solvency of VIG Holding.

C.1.3 HEALTH UNDERWRITING RISK

Health underwriting risk is divided into SLT (similar to life techniques) and NSLT health underwriting risk depending on the policy terms and conditions. VIG Holding is not exposed to SLT health underwriting risk. The NSLT health underwriting risk is calculated using the PIM, as the assumptions established in the standard formula do not adequately reflect the risk profile of VIG Holding. The catastrophe risk in health insurance is calculated in accordance with the standard formula because of immateriality.

RISK EXPOSURE

The health underwriting risk amounted to TEUR 35,843 as of 31 December 2020 (31/12/2019: TEUR 48,069).

Health underwriting risk ("gross")	31/12/2020	31/12/2019
in EUR '000		
NSLT health underwriting risk	34,345	44,972
SLT health underwriting risk	0	0
Health insurance catastrophe risk	4,787	9,117
Diversification	-3,289	-6,020
Health underwriting risk	**35,843**	**48,069**

There was an overall decrease in health underwriting risk compared to the previous year (-25.4%), primarily due to a decrease in reserve risk volatility for NSLT health insurance.

RISK CONCENTRATION

The health underwriting risk is predominantly concentrated in the Austrian companies, which is reflected by the proportional reinsurance accepted by VIG Holding. This risk is of minor importance.

RISK MITIGATION

Similar to the non-life sector, the mitigation measures mentioned above were also used here for risk mitigation. Almost all of the catastrophe risk is reinsured. As mentioned above, total health underwriting risk is of minor importance.

RISK SENSITIVITY

Due to the minor importance of health underwriting risk for the risk profile of VIG Holding, no additional stress tests or sensitivity analyses were carried out.

C.2 MARKET RISK

The market risk arises directly or indirectly from fluctuations in the level and volatility of market prices for assets, liabilities and financial instruments. The level of market risk is determined by changes in financial parameters, such as share prices and exchange rates, interest rates and real estate prices.

RISK EXPOSURE

Based on the partial internal model, the market risk for VIG Holding was TEUR 2,055,582 as of 31 December 2020 (31/12/2019: TEUR 1,826,814). The following table shows the composition of the market risk.

Market risk ("gross")	31/12/2020	31/12/2019
in EUR '000		
Interest rate risk	13,013	26,152
Equity risk	1,724,764	1,500,977
Property risk	30,537	27,206
Spread risk	64,291	67,236
Market risk concentrations	80,769	64,944
Currency risk	637,956	606,553
Diversification	-495,749	-466,255
Market risk	**2,055,582**	**1,826,814**

Equity risk and currency risk are the material risks, as would be expected for a holding company with participations outside the Euro currency area. The other risk types are only of minor importance. VIG Holding's market risk increased by TEUR 228,768 (+12.5%) compared to the previous year. The increase was due to increases in the values of the Austrian insurance participations.

INTEREST RATE RISK

The interest rate risk results from all assets and liabilities whose value depends on changes in the yield curve or the volatility of interest rates. VIG Holding's interest rate risk was TEUR 13,013 as of 31 December 2020 (31/12/2019: TEUR 26,152).

EQUITY RISK

The equity risk stems from the level or volatility of the equities market prices. The amount of equity risk depends on all of the assets and liabilities whose values are subject to changes in equity prices.

VIG Holding had equity risk of TEUR 1,724,764 as of 31 December 2020 (31/12/2019: TEUR 1,500,977) and represents by far the largest individual risk among the market risks. This reflects the importance of participations in insurance companies in the VIG Holding portfolio. In the equity risk calculation, a distinction is made within the equity portfolio between type 1 equities (those listed on regulated markets within the EEA or OECD) and type 2 equities (all other equities). The insurance participations portfolio consists exclusively of strategic participations which are assessed separately from the classification into type 1 or type 2 equities.

PROPERTY RISK

Property risk stems from all assets, liabilities and financial instruments whose value depends on the market prices of real estate or their volatility. In particular, this includes land, buildings, land rights as well as investments in real estate for own use.

In the view of VIG Holding, the assumptions of the standard formula concerning the volatility of real estate prices are not appropriate, since the geographic specifics of the real estate portfolio, in particular the Austrian real estate market, are not considered in the standard formula. For this reason, VIG Holding relies on a partial internal model to calculate property risk. In addition, a risk map is prepared during the annual risk inventory that analyses the degree of coverage of the property PIM. On the basis of the risk map, all material risks that affect the market value of property are covered by the PIM. Based on the risk map all major risks that are not taken into account in the model are immaterial or are allocated to other risk categories in which they are already identified and are subject to effective control measures.

VIG Holding's property risk was TEUR 30,537 as of 31 December 2020 based on the internal model (31/12/2019: TEUR 27,206).

SPREAD RISK

The spread risk results from all assets, liabilities and financial instruments whose value depends on changes in the level or volatility of credit spreads over the risk-free yield curve. This also takes into account the default risk of financial instruments. The main factors determining the level of the spread risk are the duration and the rating of the respective investment. Liabilities in the local currency of a central government or a central bank of an EU member state as well as liabilities of supranational institutions (ECB, EIB, EFSF, etc.) are considered to be risk-free exposures.

The spread risk of VIG Holding was TEUR 64,291 as of 31 December 2020 (31/12/2019: TEUR 67,236), making it a comparatively small part of the market risk.

CURRENCY RISK

The currency risk stems from all assets and liabilities whose value depends on changes in exchange rates. VIG Holding had a currency risk of TEUR 637,956 as of 31 December 2020 (31/12/2019: TEUR 606,553), making it VIG Holding's second-largest individual risk. The size is due to the fact that material participations are held in insurance companies outside the Eurozone, in particular in the Czech Republic and Poland.

RISK CONCENTRATION

The market risk concentrations sub-module comprises those risks that are either caused by a low level of diversification within the investments or by a high exposure to the default risk of an individual securities issuer or a group of related issuers. Concentration risk includes investments that are taken into account in equity, spread and property risks. The investments that are included in the counterparty default risk calculation scope are not taken into account in the concentration risk.

Market concentration risk was TEUR 80,769 as of 31 December 2020 (31/12/2019: TEUR 64,944).

RISK MITIGATION

As the parent company of an international insurance group, VIG Holding is naturally exposed to equity and currency risk. The equity risk essentially results from the participations in the subsidiaries. These are all strategic in nature and short-term market fluctuations are therefore of minor importance and are consciously accepted.

Derivative financial instruments are used only to hedge dividend payments from the largest insurance company participations outside the Eurozone. When using these instruments, attention is paid to the selection of contractual partners.

RISK SENSITIVITY

Since this mainly involves market risk from strategic participations, no sensitivities have been determined.

C.3 CREDIT RISK

The counterparty default risk is the risk of a loss or a disadvantageous change in the value of assets and financial instruments resulting from an unexpected default of a counterparty or debtor. A credit risk exists in both the investments, such as bonds, loans and deposits, as well as in other insurance and non-insurance receivables and cash deposits with banks.

VIG Holding uses the standard formula's risk classification. Therefore the following credit risk section deals exclusively with positions which are treated within the standard formula in counterparty default risk. The credit risk arising from investments is reflected under market risk and in particular the spread risk, which takes into account the credit risk of these positions.

RISK EXPOSURE

Counterparty default risk is the risk of a loss or a disadvantageous change in the value of assets resulting from an unexpected default of a counterparty or debtor within the next twelve months. VIG Holding's counterparty default risk was TEUR 65,646 as of 31 December 2020 (31/12/2019: TEUR 57,168).

For the determination of the risk-mitigating effect of reinsurance contracts, which is relevant for the calculation of the counterparty default risk, the simplification in accordance with Article 107 of the Delegated Regulation (EU) 2015/35 was applied.

Counterparty default risk ("gross")	**31/12/2020**	31/12/2019
in EUR '000		
Counterparty default risk on type 1 exposures	41,339	24,754
Counterparty default risk on type 2 exposures	28,676	36,207
Diversification	-4,369	-3,794
Counterparty default risk	**65,646**	57,168

Counterparty default risk rose compared to the previous year (+14.8%) due to increases in cash holdings and the reinsurers' share in technical provisions at the end of 2020.

RISK CONCENTRATION

Counterparty default risk plays a minor role for VIG Holding in terms of its amount. There is no significant concentration of receivables from a single counterparty.

RISK MITIGATION

VIG Holding has appropriate procedures and controls in place to reduce the risk arising from receivables from counterparties. In addition to the monitoring of the bank and reinsurer rating changes and the preparation of internal bank ratings, this includes measures such as a well-coordinated reinsurance programme, cooperation with renowned brokers in the large customer business, a large number of sales partners, and accounting and underwriting guidelines applicable throughout the Group. VIG Holding also uses many measures to limit the counterparty default risk with respect to policy holders. These include reminders, cooperation with collection companies and contract termination in the case of overdue payments. In addition, insurance protection is generally not applied or is reduced in the case of unpaid premiums payments.

RISK SENSITIVITY

Due to the minor importance of counterparty default risk for the risk profile of VIG Holding, no separate stress tests or sensitivity analyses were carried out.

C.4 LIQUIDITY RISK

The liquidity risk is the risk arising from the lack of marketability of investments in order to meet current short-term or long-term obligations. This includes, for example, losses arising due to asset-liability mismatches.

RISK EXPOSURE

The liquidity risk of the company is also considered low in light of the measures described below. Finance and Accounting also prepares an annual liquidity plan for VIG Holding in cooperation with Group Treasury.

RISK CONCENTRATION

There is no significant risk concentration with respect to the liquidity risk.

RISK MITIGATION

Liquidity requirements are regularly analysed as part of the asset and liability management (ALM). Together with explicit investment requirements (limit systems) and a conservative investment policy, this contributes to the appropriate management of the liquidity risk. Group Treasury performs regular monitoring of cash flows and at least quarterly reporting on liquidity changes in the liquidity committee. This solid liquidity management ensures VIG Holding's liquidity. In view of this, the liquidity risk of the company is considered low.

RISK SENSITIVITY

Due to the existing ongoing monitoring of the liquidity requirement and the associated assessment of the liquidity risk as low, no separate stress tests or sensitivity analyses were carried out.

EXPECTED PROFIT INCLUDED IN FUTURE PREMIUMS

The total amount of expected profit included in future premiums (EPIFP) calculated in accordance with Article 260 (2) of Commission Delegated Regulation (EU) 2015/35 was TEUR 36,367 as of 31 December 2020 (31/12/2019: TEUR 37,246).

C.5 OPERATIONAL RISK

Operational risk is the risk of loss resulting from the inadequacy or failure of internal processes, employees or systems, or external events. Operational risk also includes legal and compliance risks.

RISK EXPOSURE

Operational risk is assessed in VIG Holding both quantitatively using the standard formula and qualitatively on the basis of a severity/frequency analysis. Based on the standard formula, operational risk was TEUR 38,245 as of 31 December 2020 (31/12/2019: TEUR 35,025).

Operational risk	**31/12/2020**	31/12/2019
in EUR '000		
Operational risk	38,245	35,025

Operational risk according to the standard formula is mainly dependent on the amount of earned premiums or technical provisions. However, this assessment does not provide a precise explanation of the causes and associated effects of operational risk. For this reason, operational risk is divided into further sub-categories and additionally assessed qualitatively. Operational risk is assessed at the level of VIG Holding in accordance with the Group guidelines in order to obtain a more precise profile of operational risk. The twelve qualitatively-assessed operational sub-risk categories are:

BUSINESS INTERRUPTION RISK

Business interruption risk is the risk of loss due to serious business interruptions that cannot be eliminated in the day-to-day business process.

KNOWLEDGE CONCENTRATION RISK

Knowledge concentration risk is the risk that important duties are performed by a person who has exclusive knowledge or special skills.

INSUFFICIENT HUMAN RESOURCES

Insufficient human resources can have a negative impact on business processes, which can lead to a higher failure rate, a decrease in performance or financial damages.

HARDWARE AND INFRASTRUCTURE RISK

The hardware and infrastructure risk results from the use of outdated or inadequate methods and facilities as well as the insufficient maintenance and repair of the company's hardware and infrastructure.

IT SOFTWARE AND SECURITY RISK

The IT software and security risk results from the use of outdated or inadequate software, as well as the insufficient maintenance and support of the company's software and IT security systems.

MODEL AND DATA QUALITY RISK

The model and data quality risk is the risk of loss due to badly designed or improperly used models whose results are used for business decisions.

IT DEVELOPMENT RISK

The IT development risk is the risk of loss due to shortcomings, errors or mistakes in the conception and implementation of IT solutions.

PROJECT RISK

Project risk is the risk that major projects cannot deliver the desired results in time, lack in quality or exceed the budget.

COMPLIANCE RISK
Compliance risk is the risk of non-compliance with legal (statutory and regulatory) requirements.

RISK OF EXTERNAL CRIME
The risk of external crime is the risk of loss due to criminal acts by third parties. Examples include robbery, theft, break-in, and all types of fraud.

PROCESS AND ORGANISATION RISK
Process and organisation risk is the risk of loss due to inadequate or failed internal processes.

HUMAN ERROR
Human errors are unintended errors or wrong decisions of employees within the scope of their professional activities.

Operational risks are assessed based on the severity and frequency assessments. For this purpose, the residual risk is assessed, i.e. the risk that remains after taking into account the risk-mitigating effects of controls. The expected loss is assessed on a scale from insignificant to severe, depending on existing own funds, whereas a loss is considered severe if it exceeds 1% of the own funds of VIG Holding. The frequency is based on a scale from rare to frequent. Losses occurring at most once in ten years are considered rare and losses occurring more than a hundred times a year are considered frequent.

The operational risks of VIG Holding are in the low to middle range on average.

RISK CONCENTRATION
There are no material risk concentrations in VIG Holding with regard to operational risks.

RISK MITIGATION
In order to monitor operational risks, VIG Holding has an adequate internal control system (ICS) which contributes to the mitigation of existing risks. A standardised process is used to regularly check the effectiveness of the controls implemented for the individual operational risks identified arising from the business processes. Remediation measures are implemented if new operational risks or control weaknesses are identified (see section B.4). Emergency plans are in place for material operational risks that cannot be reduced by internal controls, in particular risks relating to business interruption and loss of employees. These are regularly checked and tested for their relevance.

RISK SENSITIVITY
Due to the minor importance of operational risk for the quantitative risk profile of VIG Holding and the generally qualitative nature of the operational risks, no separate stress tests or sensitivity analyses were carried out.

C.6 OTHER MATERIAL RISKS

C.6.1 STRATEGIC RISK

Strategic risk is the risk of an adverse business development as a result of poor business decisions, inadequate communication and implementation of company goals or the lack of the company's adaptability to the economic environment, as well as contradictory business objectives.

RISK EXPOSURE

Investments in participations play a major role in VIG Holding's strategic risk. The extensive exchange of information between management and the functional departments of VIG Holding will ensure that risks and opportunities are adequately analysed and well-founded decisions are taken on this basis before investments are made. VIG Insurance Group's decentralised organisation, based on its multi-brand policy and multi-channel distribution, has a risk-reducing effect in this connection (diversification).

Complete, reliable information is needed to make sound strategic decisions. VIG Insurance Group has many experts who provide the Managing Board and local companies management with in-depth analyses to help them in their decision-making. The clear communication of the company's objectives ensures that the business decisions taken are implemented across the Group. Members of the VIG Holding Managing Board also hold positions on VIG insurance company Supervisory Boards in order to ensure local implementation of Group objectives. The pursuit of the multi-branding strategy, combined with the high degree of autonomy of the local companies, ensures that strategic risk is strongly diversified.

The low interest rate environment, which will likely continue, the current coronavirus pandemic and the resulting capital market volatility are the biggest challenges for VIG Insurance Group. Particularly in life insurance business, the ongoing low interest rate environment makes it more challenging to obtain sufficient profits from investments to be able to meet the contract guarantees. A further decrease in interest rates, or even their continuation at the current level, is a risk, especially for insurance companies with a high proportion of traditional life insurance business. For this reason, measures have already been initiated to assume a better position against this risk.

VIG Insurance Group makes use of the potential in the countries of Central and Eastern Europe (CEE). While the economic catch-up process lost significant momentum during the financial crisis, the Group is still convinced of the long-term potential of these markets. The balanced position in mature and growth-oriented markets will ensure the long-term success of the company in coming years. However, the political and regulatory environment for insurance has not yet reached a level of stability in Eastern Europe that meets Western standards. Despite a generally good strategic orientation, companies in these countries may also experience adverse business development due to political tensions or changes in the law.

VIG Holding has focused and continues to focus on its strategic orientation using two key projects that affect the role of VIG Holding and the Group. The first is the "NaVIGate" project, which evaluated the role of VIG Holding and partially redefined it where necessary. In the second project, the Managing Board is working on the strategic programme for the next five years that will further define the strategic orientation of VIG Insurance Group after the end of Agenda 2020.

Taking into account the above factors and the strategic measures that were implemented, VIG Holding has a medium level of strategic risk.

RISK CONCENTRATION

There are no significant risk concentrations within VIG Holding with regard to strategic risk.

RISK MITIGATION

The clear communication of the company's objectives ensures that the business decisions taken are implemented across the Group. Giving Managing Board members and 2nd level managers of VIG Holding positions in the Supervisory Boards of the subsidiaries ensures that the Group's objectives are implemented locally. The pursuit of the multi-branding strategy, combined with the high degree of autonomy of the local companies, ensures that strategic risk is strongly diversified.

RISK SENSITIVITY

No specific stress tests or sensitivity analyses were carried out due to the existing comprehensive measures for mitigating risk.

C.6.2 REPUTATION RISK

Reputation risk is the risk of negative business development due to damage to the company's reputation. A loss of reputation can shake customer confidence and the confidence of investors and the company's own personnel and lead to financial losses. The causes include, among other things, inadequate advice when products are sold, inadequate customer service, inadequate disclosures to investors, negative media coverage, or reputation damage that spreads from one company to another. Non-financial risks also need to be included here.

RISK EXPOSURE

VIG Holding's duties primarily focus on the strategic management of VIG Insurance Group. As a result of the used multi-brand strategy and the discreet public image associated therewith, the reputation risk for VIG Holding as a solo company is classified as low.

As a result of the multi-brand strategy within VIG Insurance Group, reputation losses and associated economic losses are usually limited to a single location. The risk that reputation losses of individual companies spread to other companies is therefore classified as low. VIG Holding's reputation risk as a whole is also considered to be low in view of the risk-mitigating measures outlined below.

RISK CONCENTRATION

There are no material risk concentrations in VIG Holding with regard to reputation risk.

RISK MITIGATION

Whether employees are of good reputation and integrity (proper) is already taken into account when they are hired. In particular, special training is provided for employees in sales and employees who act as company representatives. Furthermore, the Code of Business Ethics provides clear rules of conduct that must be followed by all employees. In addition to these staff-related measures, the company's risk-mitigating measures also include investing in advertisement in order to attract new customers and to ensure the long-term loyalty of existing customers to the company, a professional complaint management system to deal with customer matters, and a strong social and cultural commitment (e.g. the Social Active Day, events, sponsorship of art and culture).

Furthermore, the investor relations and public relations departments of VIG Holding are responsible for a clear external communication in order to provide information for investors and make statements to the media coverage.

RISK SENSITIVITY

Due to the minor importance of reputation risk for the risk profile of VIG Holding, no separate stress tests or sensitivity analyses were carried out.

C.6.3 INTANGIBLE ASSET RISK

Intangible asset risk reflects the risk of a loss or adverse change in the value of intangible assets.

RISK EXPOSURE

The intangible assets had a value of TEUR 16,059 as of 31 December 2020 based on UGB/VAG accounting principles (31/12/2019: TEUR 17,438). VIG Holding follows a conservative approach by reporting intangible assets with a value of zero in the economic balance sheet. VIG Holding therefore has no solvency capital requirement for this area.

RISK CONCENTRATION

There is no risk concentration for intangible asset risk in VIG Holding.

RISK MITIGATION

Intangible assets are periodically tested for impairment. No risk mitigation measures are needed.

RISK SENSITIVITY

Due to the minor importance of intangible asset risk for the risk profile of VIG Holding, no separate stress tests or sensitivity analyses were carried out.

C.7 ANY OTHER INFORMATION

The coronavirus pandemic was the main factor affecting the risk profile of the Group during the financial year just ended. Due to continuation of the pandemic in 2021 and its direct and indirect effects, it will continue to be important, which is the reason it is discussed briefly below.

RISKS IN CONNECTION WITH THE CORONAVIRUS PANDEMIC

The ongoing coronavirus pandemic that started at the beginning of 2020 has affected business activities throughout the world. It has also exposed VIG Insurance Group to a number of risks that are being addressed and handled as part of our sustainable risk management. In addition to operational risks, mainly due to lockdowns and the possibility of employees becoming ill, it is also having a negative impact on our insurance business and associated investments.

In the financial year 2020, the high volatilities observed in all financial asset classes and the continued downside potential of the interest rate environment were particularly important for the VIG Insurance Group risk profile and therefore also for VIG Holding. The coronavirus pandemic had significantly less effect on the insurance side and the coronavirus-related losses were manageable.

Due in part to the continued appearance of new variants, it is still not possible to definitively assess the long-term effects of the coronavirus pandemic, in spite of the progress made with vaccinations. A further lengthening or worsening of the coronavirus pandemic, and the effects this could have on capital markets and the insurance business, could have a negative effect on the net assets, financial position and results of operations of VIG Insurance Group. These include, in particular, risks related to possible fluctuations in bond and capital markets that were also observed in the early phase of the coronavirus pandemic. If the coronavirus pandemic continues or worsens again, there are also risks on a smaller scale of an increase in claims and reduction of premium volume.

D VALUATION FOR SOLVENCY PURPOSES

This section deals with the valuation of assets and liabilities for the purpose of assessing the solvency position in accordance with VAG. In addition to the balance sheet complying with the Austrian Commercial Code (UGB) and Austrian Insurance Supervision Act (VAG), an economic balance sheet has to be prepared. The economic balance sheet should include a market-consistent valuation of all assets and liabilities. Market-consistent valuation should be used to determine the amount of economic capital the Group has available to cover the solvency capital requirement.

The next section presents the valuation of the most important items in the economic balance sheet, the assets on the asset side and technical provisions and other liabilities on the liabilities side.

D.1 ASSETS

Investments are an important part of the asset side of the balance sheet and represent the insurance company's capital market investments. In accordance with Solvency II, these are generally recognised at market value or fair value that can be achieved in an arm's length transaction.

The following table shows the assets of VIG Holding based on market values in comparison to the UGB/VAG values (in EUR '000):

Assets	Solvency balance sheet	UGB/VAG	Difference
in EUR '000			
Intangible assets	0	16,059	-16,059
Deferred tax assets	85,507	0	85,507
Property, plant and equipment held for own use	73,968	24,400	49,569
Investments (other than assets held for index-linked and unit-linked policies)	9,106,457	5,027,741	4,078,716
Real estate	491,911	102,569	389,342
Shares in affiliated companies, including participations	7,917,531	4,353,284	3,564,247
Shares	0	0	0
Bonds	552,931	436,507	116,424
Collective investments undertakings	133,570	125,381	8,188
Derivatives	515	0	515
Deposits other than cash equivalents	10,000	10,000	0
Assets held for unit-linked and index-linked policies	0	0	0
Loans and mortgages	68,075	60,378	7,697
Reinsurance recoverables	109,035	124,024	-14,988
Receivables from insurance companies and intermediaries	35,321	19,597	15,724
Deposit receivables	1,025,956	1,025,956	0
Other receivables, short-term bank deposits and other assets	751,288	773,187	-21,899
Total	**11,255,609**	**7,071,342**	**4,184,267**

Intangible assets are not recognised in the solvency balance sheet, as the criteria for recognition are not met.

Property, plant and equipment held for own use are recognised in the economic balance sheet at fair value, which also serves as the basis for the property PIM. The fair value is determined by certified experts on a regular basis.

Starting 01/01/2019, the requirements of IFRS 16 were taken into account when determining the fair values of the lease agreements included.

Under UGB/VAG, real properties or land (for own and third party use) is valued at cost, and buildings at cost less depreciation and any write-downs.

In accordance with Article 10 of the Delegated Regulation (EU) 2015/35, the following valuation hierarchy is applied to **investments** in calculating the Solvency II valuation:

First, the current market price or stock exchange price, if available, is used. If there is no active market, the fair value is determined by comparison with financial instruments as comparable as possible for which a market price on an active market exists. For this purpose, the following options are available:

- Mark-to-market:
  The comparable financial instrument is listed on an active market (market price). A market is considered to be an active market if an adequate volume of transactions for identical or similar assets or groups of assets take place at an adequate frequency to make price information continuously available.
- Mark-to-model:
  The investments can be valued reliably and consistently using recognised valuation models. As a rule, several present value methods are used. That is, future cash flows are discounted to the valuation day with an appropriate yield curve. The spreads depend on the type of security and its rating. Ratings are available from certified rating agencies, and the second-best rating is used. Collaterals and guarantees are taken into account when determining internal ratings for bonds. If this is not possible, the investments are classified as "not rated". The input parameters for the models used for valuing securities are generally observable on the market and are available via the applicable data providers.

If no benchmark value can be used, there is the option of carrying out the valuation on the basis of amortised cost and alternative valuation methods.

Apart from insurance or reinsurance companies, **shares in affiliated companies, including participations**, are valued using the Solvency II valuation hierarchy.

VIG Holding's participations in insurance and reinsurance companies are valued using the adjusted equity method applying the valuation hierarchy specified in Article 13 of Delegated Regulation (EU) 2015/35. Since the shares of the participations in insurance or reinsurance companies are not listed on an active market, they are recognised using the share of their Solvency II own funds (excluding subordinated liabilities). Any equity capital effects resulting from potential use of the volatility adjustment or transitional measures were taken into account for each company during valuation.

Bonds and equities are valued at fair value, which was determined on the basis of market prices. For securities that are classified under IFRS as "held to maturity", a revaluation to fair value was made. Securities which were classified in the IFRS categories "available for sale" or "trading investments" and those in which the "fair value option" was used in accordance with IFRS, were recognised in the solvency balance sheet at the corresponding IFRS value.

Under UGB/VAG, shares and other non-fixed-income securities and shares in affiliated companies are valued using the strict lower-of-cost-or-market principle (strenges Niederstwertprinzip). Bonds, other fixed-income securities and participations are valued using the less strict lower-of-cost-or-market principle (gemildertes Niederstwertprinzip).

Collective investments undertakings (investment funds) are recognised at fair value in the economic balance sheet. The fair value is determined largely based on current market prices. For unlisted fund investments, generally accepted valuation models are used for determining the fair value. These may be general present value models that are applied in accordance with the regulatory requirements of the fund or, in the case of real estate funds, valuations made by qualified and recognised real estate appraisers.

For **loans and mortgages**, the fair value is recognised in the economic balance sheet. In this case, the fair value is determined based on mark-to-model prices. Unlike the economic balance sheet, loans and mortgages are valued at the nominal amount of the outstanding receivables for the UGB/VAG balance sheet.

The valuation of the **reinsurance recoverables**, i.e. the reinsurers' share of the technical provisions, results from the best-estimate calculation.

Deposit receivables arise from assumed reinsurance business.

Receivables from insurance companies and intermediaries relate to receivables from policy holders, insurance intermediaries and insurance companies. Other receivables mainly include receivables from interest and rents, receivables from tax authorities and tax allocations. Most of the receivables have short maturities. Initial recognition is at cost and subsequent valuation is at amortised cost. Accrued interest is shown in the economic balance sheet for the market values of securities.

In accordance with UGB/VAG, specific provisions are set up for doubtful receivables and deducted from their nominal amounts.

The obligations due to **long-term leases** refer to leases for IT equipment (copiers, printers, telephone system, etc.), car leases and office buildings.

The **other receivables, short-term bank deposits and other investments** mainly consist of cash in banks and other overnight money/time deposits. Due to their short-term nature, not their present or fair value but the IFRS book value is used in the economic balance sheet.

For **derivative financial instruments**, relevant valuation models (similar to a Black-Scholes model) are used that take into account the particular design of the derivative. Where these derivatives relate to specific hedges of risks associated with individual securities, hedging relationships are recognised for these securities and derivatives in accordance with UBG/VAG.

Deferred tax assets on temporary differences between earnings under corporate law and taxable earnings are capitalised. The chosen tax rate is generally 22.5%.

Deferred tax assets on the asset side of the economic balance sheet result from temporary differences of individual balance sheet items between solvency and tax accounting in accordance with Austrian tax law. A deferred tax rate of 22.5% is applied. Most deferred tax assets have their origin in investments and in non-technical provisions.

In some cases, the valuations use estimates which VIG is aware include uncertainties that consciously are taken into account in the valuation.

No other asset classes than those in the economic balance sheet are used. No material changes were made to the recognition and valuation bases or estimates in the reporting period.

D.2 TECHNICAL PROVISIONS

D.2.1 VALUE OF THE TECHNICAL PROVISIONS

The following table shows the technical provisions under Solvency II of VIG Holding as at 31 December 2020, split into lines of business and into best estimate, risk margin and reinsurance recoverables.

SUMMARY OF TECHNICAL PROVISIONS BY LINES OF BUSINESS

in EUR '000	Best estimate	Risk margin	Technical provisions	Reinsurance recoverables*	Technical provisions after reinsurance
Life insurance (excl. SLT health insurance and index-linked and unit-linked insurance)	43,510	2,311	45,822	0	45,822
SLT health insurance	0	0	0	0	0
Index-linked and unit-linked insurance	0	0	0	0	0
Non-life insurance	1,004,276	46,173	1,050,449	104,786	945,663
Non-SLT health insurance	264,028	15,405	279,432	4,249	275,183
Total amount of life and non-life insurance	**1,311,814**	**63,889**	**1,375,703**	**109,035**	**1,266,668**

* After adjusting for counterparty credit risks

D.2.2 VALUATION OF THE TECHNICAL PROVISIONS

Details on the basis of the valuation of technical provisions, the assumptions and the methods used are provided below. In addition, other relevant information is presented in respect of the valuation and the basic data flows.

BASES

The economic balance sheet is based on market values, and liabilities are therefore also valued based on their market values. Since there is no liquid market for underwriting liabilities, the sum of a best estimate and a risk margin is used for the economic value of the liabilities.

The valuation measures satisfy the principle of proportionality, which ensures that valuations are close to market value and that an appropriate result is achieved. Simplifications are carried out in relation to the nature, scope and complexity of the risk.

The best estimate corresponds to the probability-weighted average of the discounted future cash flows. This is the present value of the random values of future obligations.

When calculating the risk margin it must be ensured that the value of the technical provisions corresponds to the amount that insurance and reinsurance companies would demand to assume and fulfil the insurance and reinsurance obligations.

The reinsurance recoverables correspond to the best estimate of the reinsurance liabilities less an adjustment for the counterparty default risk of the reinsurers.

All calculations were performed as of 31 December 2020 taking into account the claim reserves and the portfolio at that date, without including future new business.

METHODOLOGY FOR CALCULATING THE BEST ESTIMATE IN LIFE INSURANCE

The best estimate is the economic value of the underwriting liabilities. The expected present value of insurance liabilities is determined on the basis of current and credible information and realistic assumptions. For discounting purposes the official risk free rate yield curve published by EIOPA is applied.

All incoming and outgoing cash flows of the insurance liabilities are taken into account in the calculation of the best estimate. These include all payments to policy holders and beneficiaries, all expenses incurred for acquisitions, management, investment management and claims settlement and all premium payments and all cash flows resulting from premiums.

METHODOLOGY FOR CALCULATING THE BEST ESTIMATE IN NON-LIFE INSURANCE

The best estimate for non-life insurance consists of two modules, the claims reserve and the premium reserve.

For accepted reinsurance business, the best estimates are calculated separately for all VIG insurance companies by each line of business and loss year. In accordance with the Solvency II requirements, the RBNS annuities arising from motor third party liability and accident insurance policies are valued separately and reported in the life line of business. The Czech Republic is an exception. The RBNS annuities are still reported in non-life there. The IBNR annuities are reported under non-life.

To determine the best estimate claim reserve, standard chain ladder, Munich chain ladder, Cape Cod and the additive method, amongst others, are applied to both payments and incurred claims data before the decision is made for the most plausible methodology. This approach guarantees that different settlement patterns and all data are recorded and analysed. The best estimate of the premium reserve is determined by a combined ratio method.

METHODOLOGY FOR CALCULATING THE RISK MARGIN

The calculation of the risk margin is based on the assumption that the entire portfolio of insurance and reinsurance obligations is transferred to another insurance or reinsurance company, called the reference undertaking. Therefore, the risk margin corresponds to the cost of capital necessary to provide eligible own funds equal to the solvency capital requirement.

The Solvency II standard formula uses a cost of capital approach for calculating the risk margin. In this case, the solvency capital requirement is multiplied in any future time with a cost of capital of 6% and then discounted and aggregated. For discounting the risk-free basic interest rate is used.

METHOD FOR CALCULATING REINSURANCE RECOVERABLES

In the economic balance sheet, the best estimate is calculated before reinsurance receivables are deducted. Recoverable amounts from reinsurance contracts are valued separately and reported on the asset side of the economic balance sheet.

Counterparty default risk is taken into account when calculating the reinsurance recoverables. This is intended to take into account the expected loss resulting from the default of the counterparty. The calculation is performed separately for each counterparty and for each line of business. The calculation is based on an assessment of the probability of default of the counterparty and the ability of the counterparty to recover from this.

In non-life insurance, the counterparty default risk is determined separately for the premium and claim reserves.

METHODOLOGY FOR CALCULATING THE EXPECTED PROFIT INCLUDED IN FUTURE PREMIUMS (EPIFP)

The expected profit included in future premiums comes from the gains or losses included in the future expected premiums for existing insurance and reinsurance contracts. Methods similar to those used to calculate the best estimate of the premium reserve are applied.

SIMPLIFICATIONS

The UGB/VAG balance sheet reserve is only used to a small extent as the best estimate for individual lines of business and companies in the indirect business. The reasons for this are too short of a history, data limitations, too specific or non-material business so that an appropriate estimate is not available. Depending on the materiality, annuities are not always considered separately.

In the calculation of the risk margin, future SCRs are calculated in proportion to the change in the best estimate.

Recoverable amounts from reinsurance contracts in the direct business are adjusted proportionally to the booked reserves. The default risk is also taken into account. Due to the limited data available and because of the low amount of reinsurance business ceded, the reinsurance recoverables in the indirect business are not revalued.

COMPARISON TO THE PREVIOUS YEAR

Both the best estimate and risk margin have increased compared to the previous year. Technical provisions increased 7% overall after reinsurance. The current level of interest rates affected both the change in the risk margin and the change in the best estimate. The updated assumptions, growth in direct business and additional reinsurance contracts assumed also contributed to the increase in the best estimate. The risk margin increased due to the increase in the underlying solvency capital requirement.

UNCERTAINTY IN THE BEST ESTIMATE CALCULATION

Since most companies have a data and revaluation history that shows stable development, the degree of uncertainty in the best estimate calculation is satisfactory.

ADJUSTMENTS AND APPLICATION OF TRANSITIONAL MEASURES

VIG Holding does not use volatility adjustments as specified in Article 77d of Directive 2009/138/EC, and also does not use matching adjustments as specified in Article 77b of Directive 2009/138/EC. Furthermore, neither the temporary risk-free yield curve in accordance with Article 308c of Directive 2009/138/EC nor the temporary withdrawal in accordance with Article 308d of Directive 2009/138/EC are applied.

D.2.3 REVALUATION OF TECHNICAL PROVISIONS

UGB/VAG valuation of technical provisions is based on a precautionary principle, while Solvency II strives for market-consistent valuation.

REVALUATION AND ADJUSTMENT OF TECHNICAL PROVISIONS

in EUR '000	Solvency balance sheet	UGB/VAG	Difference
Technical provisions	1,375,703	1,430,530	-54,827
Other technical provisions	0	2,232	-2,232

Under UGB/VAG, claim reserves are built for individual claims (RBNS) and additional lump-sum reserves are set up for IBNR losses. Experience has shown that this leads to run-off profits. These future run-off profits can be seen when comparing the technical provisions under Solvency II and UGB/VAG.

The best estimate for the premium reserve has no direct counterparty in the UGB/VAG balance sheet. Although unearned premiums, the cancellation reserve and provision for expected losses include corresponding cash flows, all of the future portfolio cash flows are not systematically recognised. In particular, no future profits or losses are reported under UGB/VAG.

This difference in valuation approach usually causes the Solvency II best estimate to be smaller than the technical provision under UGB/VAG. In addition, the equalisation provision and terror pool are missing in the economic balance sheet.

D.3 OTHER LIABILITIES

Other liabilities are further provisions and liabilities of the company. This applies in particular to provisions for severance payments and pensions, subordinated liabilities and deferred tax liabilities. Here, too, a Solvency II valuation consistent with market value is used to prepare the solvency balance sheet. The table below shows the valuation of other liabilities for VIG Holding based on market values compared to the values calculated in accordance with UGB/VAG (in EUR '000):

Significant components of other liabilities in EUR '000	**Solvency balance sheet**	**UGB/VAG**	**Difference**
Contingent liabilities	3,174	0	3,174
Provisions other than technical provisions	85,896	110,230	-24,334
Pension payment liabilities	68,941	57,400	11,541
Deposits from reinsurers	0	0	0
Deferred tax liabilities	159,807	0	159,807
Liabilities to financial institutions	192,751	192,751	0
Financial liabilities other than liabilities to financial institutions	2,478	0	2,478
Liabilities to insurance companies and intermediaries	128,276	112,485	15,791
Liabilities to reinsurers	2,597	18,388	-15,791
Liabilities (retail, not insurance)	580,479	604,609	-24,130
Subordinated liabilities	1,190,458	1,100,000	90,458
Other liabilities not reported elsewhere	1,549	1,805	-256

The contingent liabilities concern the contingent liabilities for “ancillary own funds” for borrowing by and a letter of comfort for affiliated companies mentioned in A.4.

The **provisions other than technical provisions** mainly include the provision for anniversary bonuses, provision for unused vacation, provision for variable salary components, a provision for customer service and marketing and IT provisions. These are valued using the International Financial Reporting Standards (IAS 37), which is a reasonable approximation of the Solvency II valuation principles.

The **pension payment liabilities** (provisions for severance and provisions for pensions) were calculated in accordance with recognised actuarial rules using the Actuarial Association of Austria (AVÖ) 2018-P Pension insurance calculation principles taking into account the principles currently in effect (IAS 19).

An expected salary increase of 2.0% (previous year: 2.0%) and discount rate of 0.75% (previous year: 0.75%) are applied to the calculation of provisions for severance payments and pensions.

The percentage of assets with respect to the defined-benefit plan assets is 52.5% for severance and 4.7% for pensions.

The provisions for severance payments and pensions are calculated in the economic balance sheet in accordance with the provisions of IAS 19, while the projected unit credit method with 7-year average interest rate is used in the UGB/VAG balance sheet. A portion of the direct pension obligations are administered as an occupational group insurance plan following conclusion of an insurance contract in accordance with the provisions of §§ 93 to 97 VAG. In terms of outsourced severance obligations, the difference between provisions for severance payments formed in accordance with the requirements of corporate law and the balances at insurance companies is recognised in the balance sheet.

Deferred tax liabilities are recognised in accordance with IAS 12 for the entire economic balance sheet and thus contain the taxes payable in the future that arise from revaluations from the current date. A deferred tax rate of 22.5% is applied.

Subordinated liabilities and financial liabilities other than liabilities to banks consist of supplementary capital bonds issued in the form of securities and lease agreements for property, plant and equipment held for own use. Subordinated liabilities are recognised in the UGB/VAG balance sheet at their book value and in the economic balance sheet at their market values (dirty value, therefore including accrued interest). The requirements of IFRS 16, which apply starting 01/01/2019, are observed for the market values of lease agreements.

Liabilities to insurance companies and intermediaries are made up of liabilities to policy holders, insurance intermediaries and other insurance companies.

In addition to liabilities to affiliated companies and participations, the amounts reported in **liabilities (retail, not insurance)** include tax liabilities and social security liabilities.

Other liabilities not reported elsewhere consist of deferred income and are recognised at their IFRS value for reasons of materiality.

In some cases, the valuations use estimates that VIG Holding is aware of and include uncertainties that are consciously taken into account in the valuation.

No other classes than those in the economic balance sheet are used. No changes were made to the recognition and valuation bases or estimates in the reporting period. VIG Holding has no significant lease liabilities.

D.4 ALTERNATIVE METHODS FOR VALUATION

In the economic balance sheet, an alternative valuation method is used for the following assets and liabilities: own-use and third-party use real estate, term deposits as well as operating and office equipment.

Please refer to section D.1 with regard to the valuation methods applied to real estate and loans in the solvency balance sheet. The value of all real estate in the economic balance sheet excluding right-of-use assets in accordance with IFRS 16 is determined on the basis of expert opinion. This valuation is repeated on a regular basis. The location of the property and its occupancy rate if it is a rented property, amongst other factors, are used as assumptions for this valuation. This valuation method was chosen, since the UGB/VAG methods, i.e. valuation using amortised cost, are not appropriate for an economic balance sheet.

Term deposit accounts are recognised in the economic balance sheet at their nominal values.

For reasons of materiality and practicality, operating and office equipment is recognised using the amortised cost, i.e. the cost of acquisition, reduced by straight-line amortisation resulting from the customary useful life. The economic balance sheet thus takes the same approach as both the UGB/VAG and IFRS financial statements.

No other alternative valuation methods are used for assets or liabilities.

The alternative valuation methods are periodically checked for appropriateness.

D.5 ANY OTHER INFORMATION

There is no other significant information on the valuation of assets and liabilities for solvency purposes to be reported in the year under review.

E CAPITAL MANAGEMENT

In addition to the capital management process and guidelines for the distribution of own fund items, VIG Holding's capital management mainly consists of the classification of own funds. These are derived from the valuation of the economic balance sheet and represent the amount available to the company to cover the Solvency Capital Requirement (SCR).

E.1 OWN FUNDS

This section deals with the composition and management of VIG Holding own funds. First, the capital management process is discussed, followed by a comparison of Solvency II own funds and IFRS equity capital. Then the individual own fund items are presented for each quality class (tier) along with their eligibility for the solvency capital requirement and the minimum capital requirement.

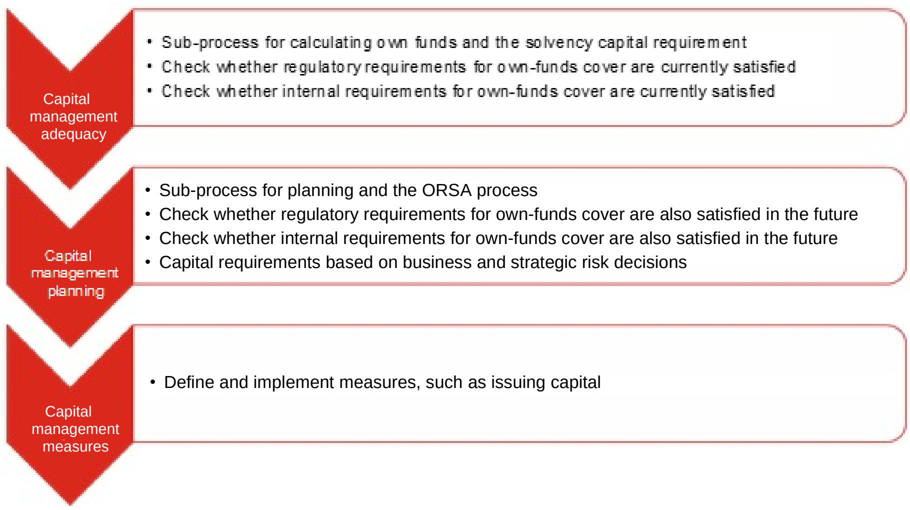
Capital management serves to ensure the compliance with legal and internal standards for quality and quantity in order to meet the solvency capital requirement and minimum capital requirement. VIG Holding's solid capitalisation ensures the ongoing presence of the insurance operations in the future.

E.1.1 CAPITAL MANAGEMENT PROCESS

Capital management serves to maintain the best possible capital structure in order to ensure the financial flexibility and independence of VIG Holding. It is based on the following guiding principles:

- Ensuring ongoing existence and an adequate capital base
- The ability to fulfil obligations to policy holders and other beneficiaries at any time
- Continuous dividend payment to shareholders
- Active management of the amount and quality of the capital base, taking into account the internal economic view, from the perspective of UGB/VAG, IFRS and Solvency II, and the rating
- Maintaining an appropriate capital structure in order to optimise the cost of capital
- Considering the minimum solvency rate decided by the Managing Board and documented in the business and risk strategy

The VIG Holding capital management process consists of three process steps:



CAPITAL MANAGEMENT ADEQUACY

The first step involves the monitoring of the current own funds situation. This step is part of the process for calculating the own funds and the solvency capital requirement and is therefore performed on a quarterly basis. The preparation of the economic balance sheet and the calculation of the own funds is done by the Finance and Accounting department, while the solvency capital requirement is determined by the Enterprise Risk Management or the risk management function.

In any case, the result is updated when the current structure of the own funds of VIG Holding has changed, such as when supplementary capital bonds are called or newly issued.

In addition, the adequacy of the quality and quantity of the current own funds is checked.

In this context, it is checked whether the eligibility limits of Article 82 of the Delegated Regulation (EU) 2015/35 are met. The compliance with the internal risk tolerance, which is a minimum solvency ratio of 125%, is also checked.

If the own funds are considered insufficient, internal company measures are implemented, depending on the scope of the situation.

CAPITAL MANAGEMENT PLANNING

While the current own funds situation is considered in the previous step of the process, this step involves monitoring the future own funds situation. This step is part of the planning and ORSA process and is thus performed annually in its regular form, and ad hoc if necessary.

The analysis of the future own funds refers to the own funds situation at the end of each year during the planning period (3 years).

The future own funds are also checked for adequacy in terms of quality and quantity. Compliance with the risk tolerance is also checked over the planning period.

The monitoring of the own funds situation in accordance with Solvency II in the ORSA process is performed by the risk management function.

The results of this review are documented in the ORSA report. If the own funds are considered insufficient, the above-mentioned measures are taken.

The future solvency ratio is determined during the annual ORSA process based on the projected own funds and capital requirements. The compliance with the risk tolerance is also checked over the planning period.

CAPITAL MANAGEMENT MEASURES

The results from the previous steps as well as the business, investment and risk strategy serve as the basis for capital management measures. In addition, the own funds must also satisfy the risk tolerance defined internally in addition to the regulatory principles. It may therefore be necessary to take capital measures even though the company is adequately covered from a regulatory perspective.

Possible measures are clearly and understandably documented in the medium-term capital management plan. Furthermore, the expected impact on the capital and risk situation are described. The responsibilities with respect to the implementation, approval and further monitoring of measures are defined.

The medium-term capital management plan is prepared annually by Group Treasury in collaboration with Enterprise Risk Management and Finance and Accounting as part of the planning and ORSA process and updated if necessary. The observation period covered by the medium-term capital management is as long as the planning process, but an extended observation period is applied in the case of supplementary capital. This is to ensure that all terminated volumes of supplementary capital bonds are taken into account in assessing the capital. This is particularly true with respect to the transitional measures applied to supplementary capital.

After a review by the responsible committees, VIG Holding may carry out the following types of capital issues, among others, in accordance with the medium-term capital management plan: a capital increase and an issue of supplementary capital bonds.

E.1.2 DISTRIBUTIONS FROM OWN FUND ITEMS

In VIG Holding, dividends on the share capital are paid as distributions from the own fund items.

In this process, all existing shares have the same dividend rights and claims. The amount of the dividend is determined by the amount of profit from the previous financial year. The profit is determined in accordance with the accounting principles of the UGB, taking into account the provisions of the VAG. The net retained profit therefore consists of the result from ordinary activities, less taxes, changes in reserves and retained profits.

The dividend payment amount for a financial year is specified in the Managing Board's dividend payment proposal and follows the specified dividend policy, which provides for a dividend distribution in the range of 30 to 50% of the Group profit after taxes and non-controlling interests. This proposal is presented to the Supervisory Board for approval. The General Meeting is bound to the approved proposal in its resolution on the appropriation of the profit.

Based on the current legal situation, the General Meeting may exclude the profit from the distribution in whole or in part. The VAG stipulates that the General Meeting may not approve the distribution if it would result in a shortfall in coverage of the solvency capital requirement (§ 170 (2) VAG).

If the coverage of the solvency capital requirement that is required under § 278 VAG is no longer permanently guaranteed, the suspension of the dividend payment is specified as a measure in the recovery plan which has to be submitted to the FMA. Until the company is adequately capitalised again and a permanent coverage of the SCR can be guaranteed again, no dividend payment can be made. The observation period is defined here as the planning period.

E.1.3 CLASSIFICATION OF OWN FUNDS

VIG Holding own funds are described and their classification is explained in detail below. VIG Holding has the following own funds:

- Share capital
- Revaluation reserves, including capital reserves, retained earnings and other reserves (equalisation reserve)
- Share premiums attributable to share capital
- Subordinated liabilities in the form of supplementary capital bonds

The own funds are divided into basic own funds and ancillary own funds and classified in three quality classes (tiers) based on their features. The classification is based primarily on the following six criteria:

1. Permanent availability
2. Subordination of the total amount
3. Sufficient maturity
4. No repayment incentives
5. No compulsory ongoing costs
6. No charges

The following categorisation results from these criteria:

- Tier 1: only basic own funds, which largely meet all six criteria.
- Tier 2: basic own funds if they are not permanently available and ancillary own funds if they meet all six criteria.
- Tier 3: all remaining basic and ancillary own funds.

Own fund items by tier	Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
in EUR '000					
Share capital	132,887	132,887	0	0	0
Share premiums attributable to share capital	1,994,216	1,994,216	0	0	0
Reconciliation reserve	5,239,326	5,239,326	0	0	0
Subordinated liabilities	1,190,458	0	0	1,190,458	0
Total own funds	**8,556,888**	**7,366,430**	**0**	**1,190,458**	**0**

VIG Holding had TEUR 8,556,888 in available own funds as of 31 December 2020 (31/12/2019: TEUR 7,615,669). Equity and supplementary capital according to the UGB/VAG was TEUR 4,540,911 on the same date (31/12/2019: TEUR 4,602,631). The most significant difference between this and own funds in the economic balance sheet is due to revaluation. This affects both the asset and the liability side of the balance sheet. The individual own fund items are described in more detail below. More than 86% of VIG Holding's own funds are classified as Tier 1.

Change in own funds broken down by tier	Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
in EUR '000					
Own funds 31/12/2020	8,556,888	7,366,430	0	1,190,458	0
Own funds 31/12/2019	7,615,669	6,427,776	0	1,187,893	0
Difference	**941,219**	**938,654**	**0**	**2,565**	**0**

Own funds increased by TEUR 941,219 during the reporting period. This was mainly the result of the increase in the reconciliation reserve, which reflects the increase in the excess of assets over liabilities in the solvency balance sheet.

The excess of assets over liabilities includes deferred tax assets and liabilities. As discussed in sections D.1 and D.3 above, deferred tax assets and liabilities in the solvency balance sheet are due to temporary measurement differences between the solvency and tax balance sheets and result in a negative tax balance of TEUR 74,300 (31/12/2019: TEUR 74,301).

BASIC OWN FUNDS

VIG Holding's basic own funds consist of share capital, the share premium account, capital reserves, the revaluation reserve incl. retained earnings and subordinated liabilities. The supplementary capital bonds are reported under subordinated liabilities.

SHARE CAPITAL

VIG Holding holds only paid-in share capital. The paid-in share capital is classified as Tier 1 capital since it satisfies the necessary characteristics for Tier 1 capital. VIG Holding has no other share capital categories such as callable share capital or treasury shares.

SHARE PREMIUM ACCOUNT

VIG Holding's share premiums are classified as Tier 1 capital since they satisfy the necessary characteristics for Tier 1 capital.

RECONCILIATION RESERVE

The reconciliation reserve is composed of the following:

Reconciliation reserve	31/12/2020	31/12/2019
in EUR '000		
Excess of assets over liabilities	7,462,430	6,574,976
Foreseeable dividends, distributions and charges	-96,000	-147,200
Other basic own fund items	-2,127,104	-2,127,104
Total	**5,239,326**	4,300,672

SUBORDINATED LIABILITIES

The supplementary capital of VIG Holding falls under subordinated liabilities. It consists of 3 supplementary capital bonds that satisfy the criteria for Tier 2.

VIG Holding has no own fund items with Tier 1 quality that are of the type "paid-in subordinated member accounts of mutual insurance associations", "paid-in preferred shares and related share premium account" or "paid-in subordinated liabilities" and there are therefore no disclosures to make regarding the capital adjustment mechanisms for these own fund items.

VIG Holding does not hold ancillary own funds.

ELIGIBILITY OF OWN FUNDS

The eligibility of VIG Holding's own fund items for covering the solvency and minimum capital requirements is checked taking into account the current solvency capital requirement and minimum capital requirement (MCR). The quantity and quality of current own funds eligible to meet the SCR and MCR is checked.

QUANTITY OF OWN FUNDS

The assessment of the quantity of own funds is performed based on the fundamental requirements in § 174 VAG for own funds covering the SCR and in § 193 (1) VAG for own funds covering the MCR. This means that the following limits must be met:

- Solvency ratio ≥ 100%
- MCR ratio ≥ 100%

The Managing Board has defined a risk tolerance with a minimum solvency ratio of 125%. An additional review is therefore conducted:

- Solvency ratio ≥ 125%

QUALITY OF OWN FUNDS

The own fund items of all quality levels (Tier 1, 2 and 3) are eligible for covering the SCR, but are subject to quantitative limits under Article 82 (1) of Delegated Regulation 2015/35:

- Tier 1 own funds ≥ 50% SCR
- Tier 3 own funds < 15% SCR
- Tier 2 + Tier 3 own funds ≤ 50% SCR

Only own fund items with quality levels of Tier 1 and Tier 2 are eligible for covering the MCR. In accordance with Article 82 (2) of Delegated Regulation 2015/35, these eligible own funds are subject to the following quantitative limits:

- Tier 1 own funds ≥ 80% MCR
- Tier 2 own funds ≤ 20% MCR

In accordance with Article 82 (3) of Delegated Regulation 2015/35, own fund items with Tier 1 quality have to satisfy additional quantitative limits. Total paid-in preferred shares, including the share premium account, with Tier 1 quality and paid-in subordinated liabilities with Tier 1 quality (due to transitional rules and without) may not represent more than 20% of the total Tier 1 own funds.

In the case of VIG Holding this means:

- Tier 1 ancillary own funds (due to transitional rules) ≤ 20% Tier 1 own funds;

Compliance with the eligibility limits in Article 98 of the Directive is also taken into account in this connection.

Eligible own funds to meet the SCR	**31/12/2020**	31/12/2019
in EUR '000		
Tier 1	7,366,430	6,427,776
Tier 2	1,060,548	941,563
Tier 3	0	0
Total	**8,426,978**	7,369,339

The eligible own funds to cover the SCR are TEUR 8,426,978. A value of TEUR 129,910 in Tier 2 own funds was deducted when the limits were checked on 31/12/2020. The eligible own funds for covering the SCR therefore increased by TEUR 1,057,640 compared to the previous year.

Eligible own funds to meet the MCR	**31/12/2020**	31/12/2019
in EUR '000		
Tier 1	7,366,430	6,427,776
Tier 2	106,055	94,156
Tier 3	0	0
Total	**7,472,485**	6,521,932

The eligible own funds to cover the MCR are TEUR 7,472,485. An amount of TEUR 1,084,404 in Tier 2 own funds was deducted when the limits were checked. This is because by definition Tier 2 own funds eligible for covering the MCR may not exceed 20% of the MCR. The eligible own funds for covering the MCR therefore increased by TEUR 950,553 compared to the previous year.

E.2 SOLVENCY CAPITAL REQUIREMENT AND MINIMUM CAPITAL REQUIREMENT

The own funds requirements of the VAG require insurance companies to periodically calculate a solvency capital requirement (SCR) and a minimum capital requirement (MCR). These determine the amount of the own funds that the company requires in order to ensure an ongoing compliance with all obligations.

The solvency capital requirement of the insurance company corresponds to a required level of capital that will put the insurance company in a position to absorb unforeseen losses. The SCR is calculated using risk-based models and represents the capital that would be needed to cover a loss occurring only once in 200 years.

Only the net tax liability in the solvency balance sheet is reported for the loss-absorbing capacity of deferred taxes. The tax assets and liabilities are with the same tax authority and can actually be offset. No other adjustments are made to the loss-absorbing capacity of deferred taxes.

The minimum capital requirement represents the minimum level of the own funds that an insurance company must maintain under all circumstances.

Both key figures (SCR and MCR) are determined either on the basis of a Europe-wide standard formula or - if approved by the supervisory authority - using a (partial) internal model. VIG Holding has an approved partial internal model for the non-life insurance and property areas. The solvency capital calculations are therefore calculated and reported using this partial internal model.

E.2.1 SOLVENCY CAPITAL REQUIREMENT

Based on the calculated solvency capital requirement and own funds, VIG Holding had the following SCR coverage ratio as of 31 December 2020:

Solvency capital requirement and its coverage for VIG Holding based on PIM	**31/12/2020**	**31/12/2019**
in EUR '000		
Solvency II own funds to meet the SCR	8,426,978	7,369,339
Solvency capital requirement (SCR)	2,121,096	1,883,125
Solvency ratio	**397.3%**	**391.3%**

The following table shows the composition of the solvency capital requirement by risk module calculated based on the partial internal model taking into account statutory transitional measures.

Description of the solvency capital requirement based on the PIM	**31/12/2020**	**31/12/2019**
in EUR '000		
Basic solvency capital requirement	2,157,151	1,922,401
Market risk	2,055,582	1,826,814
Counterparty default risk	65,646	57,168
Life underwriting risk	2,315	2,191
Health underwriting risk	35,843	48,069
Non-life underwriting risk	236,356	213,772
Intangible asset risk	0	0
Operational risk	38,245	35,025
Loss-absorbing capacity of deferred taxes	-74,300	-74,301
Solvency capital requirement	2,121,096	1,883,125

VIG Holding's solvency capital requirement was TEUR 2,121,096 as of 31 December 2020 (31/12/2019: TEUR 1,883,125). Compared to the previous year, there was an increase of TEUR 237,971 (+12.6%) in the SCR that was due to the change in risks discussed in sections C.1-C.5 above.

No undertaking-specific parameters in accordance with Article 104 (7) of Directive 2009/138/EC were used in the calculation. For the determination of the risk-mitigating effect of reinsurance contracts, which is relevant for the calculation of the counterparty default risk, the simplification in accordance with Article 107 of the Delegated Regulation (EU) 2015/35 was applied.

E.2.2 MINIMUM CAPITAL REQUIREMENT

The MCR is determined using a factor-based approach, in particular on the basis of technical provisions, written premiums and the solvency capital requirement (SCR). The technical provisions, risk capital and premiums are divided into lines of business, multiplied by factors specified by the regulator and aggregated. The MCR's lower limit is 25% of the SCR and its upper limit is 45% of the SCR. The lower limit specified by the SCR currently applies to VIG Holding, so that the MCR is one quarter of the SCR. The minimum solvency ratio is equal to the own funds eligible for covering the MCR divided by the MCR. The following MCR coverage ratio was calculated for 31 December 2020:

Minimum capital requirement and its coverage for VIG Holding based on PIM	31/12/2020	31/12/2019
in EUR '000		
Solvency II own funds to meet the MCR	7,472,485	6,521,932
Minimum capital requirement (MCR)	530,274	470,781
MCR coverage ratio	**1,409.2%**	**1,385.3%**

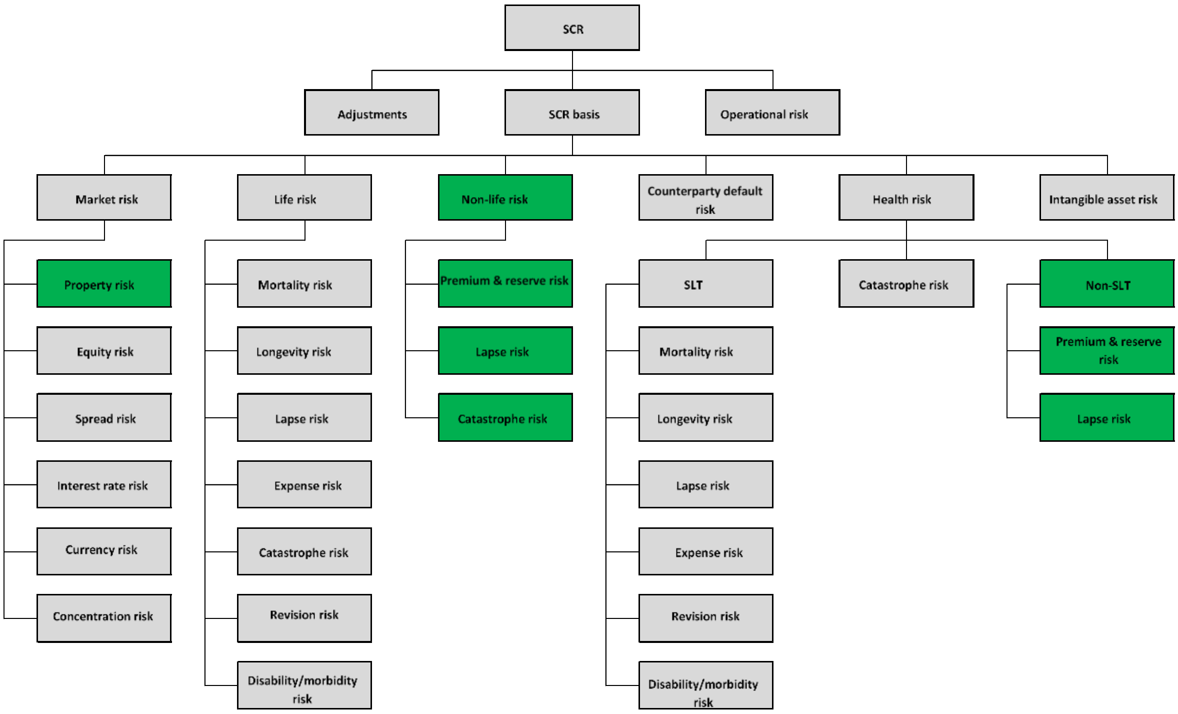
The difference between the own funds that can be used to cover the SCR and the own funds available to cover the MCR results from a regulatory limit for the eligibility of Tier 2 own fund items. Tier 2 own funds can only cover 20% of the MCR. Any amount above is not deemed eligible to cover the MCR.

E.3 USE OF THE DURATION-BASED EQUITY RISK SUB-MODULE IN THE CALCULATION OF THE SOLVENCY CAPITAL REQUIREMENT

VIG Holding does not use the duration-based equity risk sub-module specified in Article 304 of Directive 2009/138/EC when calculating the solvency capital requirement.

E.4 DIFFERENCES BETWEEN THE STANDARD FORMULA AND ANY INTERNAL MODEL USED

The following chart shows the risk modules prescribed by Solvency II ("SCR tree"). The risk categories calculated with partial internal models are highlighted in green colour:



The aggregation and diversification effects follow the specifications of the standard formula. The partial internal model is integrated by replacing the results of the risk modules concerned. The application, structure and methodology of the model are described in the sections below.

E.4.1 THE NON-LIFE MODEL

The model covers all material underwriting risks in the non-life insurance business and is used in VIG Holding for several purposes, including the following:

- To support key business decisions using scenario calculations for key performance indicators (premium growth, loss ratios, loss/expense ratio, underwriting result etc.) and their expected volatility (risk); and decision-making (e.g. the purchase of reinsurance)
- To calculate the solvency capital requirement
- To forecast the solvency capital requirement based on the planning

The calculated solvency capital requirement corresponds to the value-at-risk for a change in own funds with a confidence level of 99.5% over a period of one year. The SCR calculated based on the non-life PIM replaces the modules calculated with the standard formula.

The model allows a one-year modelling of the underwriting result in the non-life insurance business using a Monte Carlo simulation. In this simulation, a multitude of possible scenarios is generated based on a random number generator. A possible realisation of profit and loss items is estimated (premiums, losses, etc.) for each scenario on gross and net of reinsurance level. These scenarios are based on a simulated portfolio development (parametrisation of ongoing business, new business, cancellations). The model takes into account the three main categories of risk: premium, reserve and catastrophe risk. Overall, the generated scenarios allow for the identification of risk drivers and analysis of possible extreme events.

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

In comparison to the standard formula, the model allows for a more granular segmentation of individual lines of business, making premium and reserve risk modelling more differentiated, which is tailored to the in-house portfolio characteristics. Therefore, the model is also used for steering of the company including business planning and reinsurance purposes. The adequacy of the data and methods is reviewed annually as part of the comprehensive validation. If necessary, the modelling can be adapted quickly to changes in the risk profile. Detailed information on the validation process and governance system for the PIM is provided in section B.3.2.

E.4.2 THE PROPERTY MODEL

The property PIM consists of three sub-modules, with only two sub-modules currently being used due to the existing portfolio:

- Directly held real estate, holding companies and (under IFRS 16) leased property
- Real estate funds
- Non-profit housing societies (not currently used)

A uniform approach is used for modelling, with the PIM covering all property risks in the portfolios of the companies using the model. The model results are used for the following purposes, among others:

- To provide assistance for important business decisions concerning investment in real estate
- To calculate the solvency capital requirement
- To analyse the effects on the risk profile of possible real estate purchases or sales

The solvency capital requirement calculated using the partial internal model is the sum of the solvency capital requirements for the sub-modules. It corresponds to the Value-at-Risk of the total value of the real estate portfolio with a confidence level of 99.5% over the period of one year. The SCR calculated based on the property PIM replaces the property risk calculated with the standard formula. Further aggregation is performed according to the specifications of the standard formula. Diversification effects therefore arise between the individual assets within the sub-modules as well as between the property risk and other market risks within the aggregation method specified in the standard formula.

The partial internal model for property is based on a simulation of changes in the values of parameters relevant to the property portfolio. Based on the valuation methods typically used in the different markets (market value method, net asset value, discounted cash flow), the sub-modules differ in the choice of the simulated parameters.

Compared to the standard formula, which is based on an index of the real estate market of the United Kingdom, the internal model takes into account, amongst other things, the geographical specifics of the in-house property portfolio. Residential real estate was not included in the calibration of the standard formula, but makes up a significant portion of the Group-wide portfolio. Due to their many years of experience with property investments, the companies that use the PIM have their own databases, valuation knowledge and specific market knowledge.

The adequacy of the data and methods used in the PIM is reviewed annually as part of the validation. Detailed information on the validation process and governance system for the PIM is provided in section B.3.2.

E.5 NON-COMPLIANCE WITH THE MINIMUM CAPITAL REQUIREMENT AND NON-COMPLIANCE WITH THE SOLVENCY CAPITAL REQUIREMENT

VIG Holding complies with the minimum capital requirement and solvency capital requirement.

E.6 ANY OTHER INFORMATION

No other information on capital management is to be reported in the year under review.

NOTICE

This report includes forward-looking statements based on current assumptions and estimates that were made by the management of VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe to the best of its knowledge. Disclosures using the words “expected”, “target” or similar formulations are an indication of such forward-looking statements. Forecasts related to the future development of the company are estimates made on the basis of information available as of the date this report went to press. Actual results may differ from the forecasts if the assumptions underlying the forecast prove to be wrong or if unexpectedly large risks occur.

Amounts were rounded to improve readability and, where not indicated otherwise, are shown in thousands of euro (TEUR/EUR '000). Calculations, however, are done using exact amounts, including digits not shown, which may lead to rounding differences when rounded amounts and percentages are added.

The report was prepared with great care to ensure that all information was complete and accurate. The possibility of rounding, type-setting or printing errors, however, cannot be ruled out completely.

Our goal is to make the report as easy to read and as clear as possible. For this reason, formulations such as him/her, etc. have been avoided. All references in the text are to be understood as referring equally to men and women without discrimination.

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Commercial Register of Vienna
Data Processing Register code (DVR No.): 0016705

ANNEX

Documents in the annex

Affiliated companies and participations of VIG Holding
Public disclosure VIG Holding - Quantitative Reporting Templates (QRT) for the solvency and financial condition report of individual undertakings
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 SLT health 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.25.02.21 Solvency capital requirement - for companies using the standard formula and partial internal model
S.28.01.01 Minimum capital requirement - only life insurance activities, or only non-life insurance activities, or only reinsurance activities

AFFILIATED COMPANIES AND PARTICIPATIONS OF VIG HOLDING

The following material participations existed in VIG Holding on 31 December 2020 (§ 238 UGB):

Company	Direct interest in capital (%)
Affiliated companies	
ASIGURAREA ROMANEASCA - ASIROM VIENNA INSURANCE GROUP S.A., Bucharest	88.70
ATBIH GmbH, Vienna	68.97
BCR Asigurari de Viata Vienna Insurance Group S.A., Bucharest	93.98
BTA Baltic Insurance Company AAS, Riga	100.00
Beesafe Spolka z Ogranziczona Odpowiedzialnoscia, Warsaw	80.00
Compania de Asigurari “DONARIS VIENNA INSURANCE GROUP” Societate pe Actiuni, Chisinau	99.99
Compensa Life Vienna Insurance Group SE, Tallinn	100.00
Compensa Towarzystwo Ubezpieczen Na Zycie Spolka Akcyjna Vienna Insurance Group, Warsaw	84.14
Compensa Towarzystwo Ubezpieczen Spolka Akcyjna Vienna Insurance Group, Warsaw	70.67
Compensa Vienna Insurance Group, akcine draudimo bendrove, Vilnius	100.00
DONAU Versicherung AG Vienna Insurance Group, Vienna	74.24
ELVP Beteiligungen GmbH, Vienna	100.00
Foreign limited liability company “InterInvestUchastie”, Minsk	99.95
GLOBAL ASSISTANCE SERVICES SRL, Bucharest	40.00
GLOBAL ASSISTANCE SERVICES s.r.o., Prague	100.00
GLOBAL ASSISTANCE SLOVAKIA s.r.o., Bratislava	40.00
GLOBAL ASSISTANCE, a.s., Prague	60.00
Global Assistance Polska Spolka z ograniczona odpowiedzialnoscia, Warsaw	40.00
INSHIFT GmbH & Co. KG, Cologne	23.53
INSURANCE JOINT-STOCK COMPANY “BULSTRAD VIENNA INSURANCE GROUP”, Sofia	14.20
INTERSIG VIENNA INSURANCE GROUP Sh.A., Tirana	89.98
Insurance Company Vienna osiguranje d.d., Vienna Insurance Group, Sarajevo	100.00
Stock Company for Insurance and Reinsurance MAKEDONIJA Skopje Vienna Insurance Group, Skopje	94.26
InterRisk Towarzystwo Ubezpieczen Spolka Akcyjna Vienna Insurance Group, Warsaw	100.00
InterRisk Versicherungs-AG Vienna Insurance Group, Wiesbaden	100.00
Joint Stock Insurance Company WINNER LIFE - Vienna Insurance Group Skopje, Skopje	100.00
KOMUNÁLNA poistovna, a.s. Vienna Insurance Group, Bratislava	100.00
KOOPERATIVA poist'ovna, a.s. Vienna Insurance Group, Bratislava	94.37
KUPALA Belarusian-Austrian Closed Joint Stock Insurance Company, Minsk	52.34
Kooperativa, pojist'ovna, a.s. Vienna Insurance Group, Prague	95.84
LVP Holding GmbH, Vienna	100.00
OMNIASIG VIENNA INSURANCE GROUP S.A., Bucharest	99.54
Private Joint-Stock Company “Insurance company” Ukrainian insurance group”, Kiev	6.90
PRIVATE JOINT-STOCK COMPANY "UKRAINIAN INSURANCE COMPANY "KNIAZHA VIENNA INSURANCE GROUP", Kiev	90.56
Private Joint-Stock Company “INSURANCE COMPANY “KNIAZHA LIFE VIENNA INSURANCE GROUP”, Kiev	97.94
RISK CONSULT Sicherheits- und Risiko- Managementberatung Gesellschaft m.b.H., Vienna	41.00
Ray Sigorta Anonim Sirketi, Istanbul	12.67
SIA “Global Assistance Baltic”, Riga	33.33
SIGMA INTERALBANIAN VIENNA INSURANCE GROUP Sh.A., Tirana	89.05
TBI BULGARIA EAD in Liquidation, Sofia	100.00
UNION Vienna Insurance Group Biztositó Zrt., Budapest	98.64
VIG Asset Management, a.s., Prague	100.00
VIG Management Service SRL, Bucharest	52.08

Company	Direct interest in capital (%)
Affiliated companies	
VIG Properties Bulgaria AD, Sofia	99.97
VIG RE zajist'ovna, a.s., Prague	55.00
VIG Services Ukraine, LLC, Kiev	6.98
VIG-CZ Real Estate GmbH, Vienna	90.00
Vienna Insurance Group Polska Spolka z ograniczona odpowiedzialnoscia, Warsaw	51.43
Vienna International Underwriters GmbH, Vienna	100.00
Vienna Life Towarzystwo Ubezpieczen na Zycie S.A. Vienna Insurance Group, Warsaw	100.00
Vienna-Life Lebensversicherung AG Vienna Insurance Group, Bendern	100.00
WIENER STÄDTISCHE OSIGURANJE akcionarsko drustvo za osiguranje Beograd, Belgrade	100.00
WIENER STÄDTISCHE VERSICHERUNG AG Vienna Insurance Group, Vienna	90.82
Joint Stock Insurance Company WINNER-Vienna Insurance Group, Skopje	100.00
Wiener Osiguranje Vienna Insurance Group ad, Banja Luka	100.00
Akcionarsko drustvo za zivotno osiguranje Wiener Städtische Podgorica, Vienna Insurance Group, Podgorica	100.00
Wiener Towarzystwo Ubezpiezen Spolka Akcyjna Vienna Insurance Group, Warsaw	100.00
Wiener osiguranje Vienna Insurance Group dionicko drustvo za osiguranje, Zagreb	97.82
twinformatics GmbH, Vienna	20.00
Participations	
Wiener Börse AG, Vienna	8.50
Erste Asset Management GmbH, Vienna	0.76

Annex I
S.02.01.02
Balance sheet

Assets		Solvency II value
		C0010
Intangible assets	R0030	0
Deferred tax assets	R0040	85,507
Pension benefit surplus	R0050	
Property, plant & equipment held for own use	R0060	73,968
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	9,106,457
Property (other than for own use)	R0080	491,911
Holdings in related undertakings, including participations	R0090	7,917,531
Equities	R0100	0
Equities - listed	R0110	0
Equities - unlisted	R0120	0
Bonds	R0130	552,931
Government Bonds	R0140	27,729
Corporate Bonds	R0150	525,202
Structured notes	R0160	0
Collateralised securities	R0170	
Collective Investments Undertakings	R0180	133,570
Derivatives	R0190	515
Deposits other than cash equivalents	R0200	10,000
Other investments	R0210	
Assets held for index-linked and unit-linked contracts	R0220	0
Loans and mortgages	R0230	68,075
Loans on policies	R0240	0
Loans and mortgages to individuals	R0250	0
Other loans and mortgages	R0260	68,075
Reinsurance recoverables from:	R0270	109,035
Non-life and health similar to non-life	R0280	109,035
Non-life excluding health	R0290	104,786
Health similar to non-life	R0300	4,249
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	0
Health similar to life	R0320	0
Life excluding health and index-linked and unit-linked	R0330	0
Life index-linked and unit-linked	R0340	
Deposits to cedants	R0350	1,025,956
Insurance and intermediaries receivables	R0360	35,321
Reinsurance receivables	R0370	24,033
Receivables (trade, not insurance)	R0380	155,441
Own shares (held directly)	R0390	
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400	
Cash and cash equivalents	R0410	564,970
Any other assets, not elsewhere shown	R0420	6,844
Total assets	R0500	11,255,609

Annex I
S.02.01.02
Balance sheet

Liabilities		Solvency II value
		C0010
Technical provisions – non-life	R0510	1,329,881
Technical provisions – non-life (excluding health)	R0520	1,050,449
TP calculated as a whole	R0530	
Best Estimate	R0540	1,004,276
Risk margin	R0550	46,173
Technical provisions - health (similar to non-life)	R0560	279,432
TP calculated as a whole	R0570	
Best Estimate	R0580	264,028
Risk margin	R0590	15,405
Technical provisions - life (excluding index-linked and unit-linked)	R0600	45,822
Technical provisions - health (similar to life)	R0610	0
TP calculated as a whole	R0620	
Best Estimate	R0630	0
Risk margin	R0640	0
Technical provisions – life (excluding health and index-linked and unit-linked)	R0650	45,822
TP calculated as a whole	R0660	
Best Estimate	R0670	43,510
Risk margin	R0680	2,311
Technical provisions – index-linked and unit-linked	R0690	0
TP calculated as a whole	R0700	
Best Estimate	R0710	0
Risk margin	R0720	0
Contingent liabilities	R0740	3,174
Provisions other than technical provisions	R0750	85,896
Pension benefit obligations	R0760	68,941
Deposits from reinsurers	R0770	0
Deferred tax liabilities	R0780	159,807
Derivatives	R0790	1,069
Debts owed to credit institutions	R0800	192,751
Financial liabilities other than debts owed to credit institutions	R0810	2,478
Insurance & intermediaries payables	R0820	128,276
Reinsurance payables	R0830	2,597
Payables (trade, not insurance)	R0840	580,479
Subordinated liabilities	R0850	1,190,458
Subordinated liabilities not in BOF	R0860	0
Subordinated liabilities in BOF	R0870	1,190,458
Any other liabilities, not elsewhere shown	R0880	1,549
Total liabilities	R0900	3,793,179
Excess of assets over liabilities	R1000	7,462,430

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	1,954	127,351	3,449	
Gross - Proportional reinsurance accepted	R0120		310,799		701,277	0		308	0	
Gross - Non-proportional reinsurance accepted	R0130									
Reinsurers' share	R0140		1,569		9,091	0	697	58,924	1,656	
Net	R0200		309,230		692,187	0	1,257	68,735	1,793	
Premiums earned										
Gross - Direct Business	R0210		0		0	0	1,615	124,814	3,181	
Gross - Proportional reinsurance accepted	R0220		311,130		687,591	0		308	0	
Gross - Non-proportional reinsurance accepted	R0230									
Reinsurers' share	R0240		1,569		9,069	0	536	57,235	1,649	
Net	R0300		309,561		678,522	0	1,079	67,887	1,532	
Claims incurred										
Gross - Direct Business	R0310		0		0	0	1,107	108,834	713	
Gross - Proportional reinsurance accepted	R0320		133,012		445,172	-296	8	-1,365	0	
Gross - Non-proportional reinsurance accepted	R0330									
Reinsurers' share	R0340		1,573		-2,135	0	86	56,293	49	
Net	R0400		131,439		447,307	-296	1,029	51,175	663	
Changes in other technical provisions										
Gross - Direct Business	R0410		0		0	0	0	-325	0	
Gross - Proportional reinsurance accepted	R0420									
Gross - Non- proportional reinsurance accepted	R0430									
Reinsurers'share	R0440									
Net	R0500		0		0	0	0	-325	0	
Expenses incurred	R0550		189,609		292,219	79	377	17,976	713	
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, transport	Property	
		C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0200
Premiums written									
Gross - Direct Business	R0110								132,753
Gross - Proportional reinsurance accepted	R0120								1,012,385
Gross - Non-proportional reinsurance accepted	R0130								
Reinsurers' share	R0140								71,937
Net	R0200								1,073,201
Premiums earned									
Gross - Direct Business	R0210								129,610
Gross - Proportional reinsurance accepted	R0220								999,029
Gross - Non-proportional reinsurance accepted	R0230								
Reinsurers' share	R0240								70,058
Net	R0300								1,058,582
Claims incurred									
Gross - Direct Business	R0310								110,654
Gross - Proportional reinsurance accepted	R0320								576,530
Gross - Non-proportional reinsurance accepted	R0330								
Reinsurers' share	R0340								55,866
Net	R0400								631,318
Changes in other technical provisions									
Gross - Direct Business	R0410								-325
Gross - Proportional reinsurance accepted	R0420								
Gross - Non- proportional reinsurance accepted	R0430								
Reinsurers'share	R0440								
Net	R0500								-325
Expenses incurred	R0550								500,974
Other expenses	R1200								867
Total expenses	R1300								501,840

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									
Reinsurers' share	R1420									
Net	R1500									
Premiums earned										
Gross	R1510									
Reinsurers' share	R1520									
Net	R1600									
Claims incurred										
Gross	R1610									
Reinsurers' share	R1620									
Net	R1700									
Changes in other technical provisions										
Gross	R1710									
Reinsurers' share	R1720									
Net	R1800									
Expenses incurred	R1900									
Other expenses	R2500									
Total expenses	R2600									

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		CZ	DE	PL	RO	SK	
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
Premiums written								
Gross - Direct Business	R0110	98,765	3,052	4,576	3,941	2,265	1,438	114,037
Gross - Proportional reinsurance accepted	R0120	281,597	262,368	36,532	171,919	38,718	76,061	867,196
Gross - Non-proportional reinsurance accepted	R0130							0
Reinsurers' share	R0140	204	17,223	8,908	0	0	0	26,334
Net	R0200	380,159	248,197	32,200	175,860	40,983	77,499	954,898
Premiums earned								
Gross - Direct Business	R0210	98,400	2,889	4,377	3,670	1,809	1,196	112,341
Gross - Proportional reinsurance accepted	R0220	282,323	259,689	36,421	150,784	38,176	75,729	843,122
Gross - Non-proportional reinsurance accepted	R0230							0
Reinsurers' share	R0240	531	17,133	8,842	0	0	0	26,507
Net	R0300	380,192	245,445	31,955	154,454	39,985	76,925	928,956
Claims incurred								
Gross - Direct Business	R0310	75,769	45	1,178	17,295	87	9	94,383
Gross - Proportional reinsurance accepted	R0320	178,650	125,462	11,509	90,515	30,925	44,972	482,034
Gross - Non-proportional reinsurance accepted	R0330							0
Reinsurers' share	R0340	1,287	5,040	19,612	0	0	0	25,938
Net	R0400	253,133	120,467	-6,925	107,810	31,013	44,981	550,479
Changes in other technical provisions								
Gross - Direct Business	R0410	-432						-325
Gross - Proportional reinsurance accepted	R0420							0
Gross - Non- proportional reinsurance accepted	R0430							0
Reinsurers'share	R0440							0
Net	R0500	-432						-325
Expenses incurred	R0550							
Other expenses	R1200							
Total expenses	R1300							

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			DE	PL	RO	SK	
		C0220	C0230	C0240	C0250	C0260	C0270	C0280
Premiums written								
Gross	R1410							
Reinsurers' share	R1420							
Net	R1500							
Premiums earned								
Gross	R1510							
Reinsurers' share	R1520							
Net	R1600							
Claims incurred								
Gross	R1610							
Reinsurers' share	R1620							
Net	R1700							
Changes in other technical provisions								
Gross	R1710							
Reinsurers' share	R1720							
Net	R1800							
Expenses incurred	R1900							
Other expenses	R2500							
Total expenses	R2600							

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 obligations	Accepted reinsurance	**Total (Life other than health insurance, incl. Unit-Linked)**
				Contracts without options and guarantees	Contracts with options or guarantees		Contracts without options and guarantees	Contracts with options or guarantees			
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0150
Technical provisions calculated as a whole	R0010										
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	R0020										
Technical provisions calculated as a sum of BE and RM											
Best Estimate											
Gross Best Estimate	R0030									43,510	43,510
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0080										
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	R0090									43,510	43,510
Risk Margin	R0100									2,311	2,311
Amount of the transitional on Technical Provisions											
Technical Provisions calculated as a whole	R0110										
Best estimate	R0120										
Risk margin	R0130										
Technical provisions - total	R0200									45,822	45,822

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						
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	R0020						
Technical provisions calculated as a sum of BE and RM							
Best Estimate							
Gross Best Estimate	R0030						
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0080						
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	R0090						
Risk Margin	R0100						
Amount of the transitional on Technical Provisions							
Technical Provisions calculated as a whole	R0110						
Best estimate	R0120						
Risk margin	R0130						
Technical provisions - total	R0200						

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									
Technical provisions calculated as a sum of BE and RM										
Best estimate										
Premium provisions										
Gross	R0060	0	-11,627	0	80,594	0	331	8,921	178	0
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140	0	0	0	-14	0	162	3,873	19	0
Net Best Estimate of Premium Provisions	R0150	0	-11,627	0	80,608	0	169	5,048	159	0
Claims provisions										
Gross	R0160	0	275,655	0	738,910	39	1,416	171,967	1,920	0
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240	0	4,249	0	24,419	0	142	76,131	55	0
Net Best Estimate of Claims Provisions	R0250	0	271,406	0	714,491	39	1,274	95,836	1,866	0
Total Best estimate - gross	R0260	0	264,028	0	819,504	39	1,747	180,887	2,098	0
Total Best estimate - net	R0270	0	259,779	0	795,099	39	1,443	100,883	2,025	0
Risk margin	R0280	0	15,405	0	40,554	2	72	5,439	106	0
Amount of the transitional on Technical Provisions										
Technical Provisions calculated as a whole	R0290									
Best estimate	R0300									
Risk margin	R0310									

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	0	279,432	0	860,058	41	1,820	186,327	2,204	0
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330	0	4,249	0	24,405	0	304	80,004	73	0
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0340	0	275,183	0	835,652	41	1,516	106,323	2,131	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 calculated as a whole	R0010								
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	R0050								
Technical provisions calculated as a sum of BE and RM									
Best estimate									
Premium provisions									
Gross	R0060	0	0	0					78,396
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140	0	0	0	0	0	0	0	4,040
Net Best Estimate of Premium Provisions	R0150	0	0	0	0	0	0	0	74,357
Claims provisions									
Gross	R0160	0	0	0					1,189,907
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240	0	0	0	0	0	0	0	104,996
Net Best Estimate of Claims Provisions	R0250	0	0	0	0	0	0	0	1,084,911
Total Best estimate - gross	R0260	0	0	0	0	0	0	0	1,268,303
Total Best estimate - net	R0270	0	0	0	0	0	0	0	1,159,268
Risk margin	R0280	0	0	0	0	0	0	0	61,578
Amount of the transitional on Technical Provisions									
Technical Provisions calculated as a whole	R0290								
Best estimate	R0300								
Risk margin	R0310								

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	0	0	0	0	0	0	0	1,329,881
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330	0	0	0	0	0	0	0	109,035
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0340	0	0	0	0	0	0	0	1,220,846

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Non-life Insurance Claims Information

Total Non-Life Business

Accident year / Underwriting year	Z0010	Accident year

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

	Year	Development year 0	1	2	3	4	5	6	7	8	9	10 & +		In Current year	Sum of years (cumulative)
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110		C0170	C0180
Prior	R0100											1,369	R0100	1,369	1,369
N-9	R0160	192,053	179,377	60,229	29,057	15,286	9,923	7,215	4,085	1,821	1,482		R0160	1,482	500,529
N-8	R0170	206,632	200,022	70,881	32,855	20,849	10,081	3,659	3,490	2,973			R0170	2,973	551,442
N-7	R0180	215,787	189,509	62,551	34,746	16,356	5,856	3,617	2,073				R0180	2,073	530,495
N-6	R0190	218,870	184,220	69,726	30,600	16,771	18,293	4,033					R0190	4,033	542,513
N-5	R0200	209,066	211,913	77,223	27,887	17,643	6,313						R0200	6,313	550,044
N-4	R0210	227,369	220,286	67,674	32,683	19,210							R0210	19,210	567,223
N-3	R0220	255,487	222,357	79,151	38,805								R0220	38,805	595,800
N-2	R0230	312,362	254,954	82,053									R0230	82,053	649,369
N-1	R0240	272,371	188,474										R0240	188,474	460,845
N	R0250	227,139											R0250	227,139	227,139
												Total	R0260	573,926	5,176,768

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											11,721		R0100	11,248
N-9	R0160	0	0	0	0	0	44,325	31,934	17,151	13,760	13,742			R0160	13,269
N-8	R0170	0	0	0	0	62,226	36,352	25,922	21,576	18,305				R0170	17,669
N-7	R0180	0	0	0	91,335	52,405	39,849	32,167	29,095					R0180	28,505
N-6	R0190	0	0	144,260	86,283	66,264	44,859	40,510						R0190	39,851
N-5	R0200	0	214,358	138,944	89,081	63,226	53,732							R0200	52,743
N-4	R0210	336,421	213,556	133,088	74,897	59,479								R0210	58,463
N-3	R0220	381,254	227,576	161,435	98,307									R0220	97,162
N-2	R0230	432,459	272,259	179,528										R0230	178,318
N-1	R0240	423,821	232,216											R0240	231,119
N	R0250	462,225												R0250	461,560
													Total	R0260	1,189,907

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

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	132,887	132,887		0	
Share premium account related to ordinary share capital	R0030	1,994,216	1,994,216		0	
Iinitial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040	0	0		0	
Subordinated mutual member accounts	R0050	0		0	0	
Surplus funds	R0070	0	0			
Preference shares	R0090	0		0	0	
Share premium account related to preference shares	R0110	0		0	0	
Reconciliation reserve	R0130	5,239,326	5,239,326			
Subordinated liabilities	R0140	1,190,458		0	1,190,458	
An amount equal to the value of net deferred tax assets	R0160					
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180					
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220					
Deductions						
Deductions for participations in financial and credit institutions	R0230					
Total basic own funds after deductions	R0290	8,556,888	7,366,430	0	1,190,458	
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300					
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310					
Unpaid and uncalled preference shares callable on demand	R0320					
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330					
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340					
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350					
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360					
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370					
Other ancillary own funds	R0390					
Total ancillary own funds	R0400					

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	8,556,888	7,366,430	0	1,190,458	
Total available own funds to meet the MCR	R0510	8,556,888	7,366,430	0	1,190,458	
Total eligible own funds to meet the SCR	R0540	8,426,978	7,366,430	0	1,060,548	0
Total eligible own funds to meet the MCR	R0550	7,472,485	7,366,430	0	106,055	
SCR	R0580	2,121,096				
MCR	R0600	530,274				
Ratio of Eligible own funds to SCR	R0620	397.29%				
Ratio of Eligible own funds to MCR	R0640	1409.17%				

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	7,462,430
Own shares (held directly and indirectly)	R0710	0
Foreseeable dividends, distributions and charges	R0720	96,000
Other basic own fund items	R0730	2,127,104
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	0
Reconciliation reserve	R0760	5,239,326
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	R0770	271
Expected profits included in future premiums (EPIFP) - Non- life business	R0780	36,096
Total Expected profits included in future premiums (EPIFP)	R0790	36,367

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			
Counterparty default risk	R0020			
Life underwriting risk	R0030			
Health underwriting risk	R0040			
Non-life underwriting risk	R0050			
Diversification	R0060			
Intangible asset risk	R0070			
Basic Solvency Capital Requirement	R0100			

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

		Yes/No
		C0109
Approach based on average tax rate	R0590	

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

Annex 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	C0090	C0120
1	Market risk	2,055,582	30,537		
2	Counterparty default risk	65,646	0		
3	Life underwriting risk	2,315	0		
4	Health underwriting risk	35,843	34,345		
5	Non-life underwriting risk	236,356	236,356		
6	Intangible asset risk	0	0		
7	Operational risk	38,245	0		
8	LAC Technical Provisions (negative amount)	0	0		
9	LAC Deferred Taxes (negative amount)	-74,300	0		

Calculation of Solvency Capital Requirement		C0100
Total undiversified components	R0110	2,359,686
Diversification	R0060	-238,590
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	2,121,096
Capital add-ons already set	R0210	0
Solvency capital requirement	R0220	2,121,096
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	-74,300
Capital requirement for duration-based equity risk sub-module	R0400	0
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	0
Total amount of Notional Solvency Capital Requirements for ring fenced funds (other than those related to business operated in accordance with Art. 4 of Directive 2003/41/EC (transitional))	R0420	0
Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	R0430	0
Diversification effects due to RFF nSCR aggregation for article 304	R0440	0

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

Calculation of loss absorbing capacity of deferred taxes		LAC DT C0130
LAC DT	R0640	-74,300
LAC DT justified by reversion of deferred tax liabilities	R0650	-74,300
LAC DT justified by reference to probable future taxable economic profit	R0660	0
LAC DT justified by carry back, current year	R0670	0
LAC DT justified by carry back, future years	R0680	0
Maximum LAC DT	R0690	-74,300

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	208,374

		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	0	
Income protection insurance and proportional reinsurance	R0030	259,779	309,230
Workers' compensation insurance and proportional reinsurance	R0040	0	
Motor vehicle liability insurance and proportional reinsurance	R0050	795,099	692,187
Other motor insurance and proportional reinsurance	R0060	39	0
Marine, aviation and transport insurance and proportional reinsurance	R0070	1,443	1,257
Fire and other damage to property insurance and proportional reinsurance	R0080	100,883	68,735
General liability insurance and proportional reinsurance	R0090	2,025	1,793
Credit and suretyship insurance and proportional reinsurance	R0100	0	
Legal expenses insurance and proportional reinsurance	R0110	0	
Assistance and proportional reinsurance	R0120	0	
Miscellaneous financial loss insurance and proportional reinsurance	R0130	0	
Non-proportional health reinsurance	R0140	0	
Non-proportional casualty reinsurance	R0150	0	
Non-proportional marine, aviation and transport reinsurance	R0160	0	
Non-proportional property reinsurance	R0170	0	

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	914

		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	0	
Obligations with profit participation - future discretionary benefits	R0220		
Index-linked and unit-linked insurance obligations	R0230	0	
Other life (re)insurance and health (re)insurance obligations	R0240	43,510	
Total capital at risk for all life (re)insurance obligations	R0250		0

Overall MCR calculation

		C0070
Linear MCR	R0300	209,287
SCR	R0310	2,121,096
MCR cap	R0320	954,493
MCR floor	R0330	530,274
Combined MCR	R0340	530,274
Absolute floor of the MCR	R0350	3,700

		C0070
Minimum Capital Requirement	R0400	530,274

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		

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

Annex 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		

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

Annex I

S.28.02.01

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

Overall MCR calculation

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

		C0130
Minimum Capital Requirement	R0400	

Notional non-life and life MCR calculation

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