SOLVENCY AND FINANCIAL CONDITION REPORT 2018

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 2018. All monetary amounts in the report are presented in thousands of euros (EUR '000) in accordance with the Implementing Regulation (EU) 2015/2452.

VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe (VIG Holding) is together with its subsidiaries 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 the 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 (VIG) with a share of 70%. In 2018, WSTW was excluded from the group supervision after a decision of the Austrian Finanzmarktaufsicht (FMA) as the responsible authority therefore. As a result, the group supervision arises on the level of VIG Holding.

The reporting structure of this SFCR follows the requirements of Delegated Regulation (EU) 2015/35 and is divided into sections from A to E with the required sub-sections.

Section A presents the business activities and performance of VIG Holding. VIG Holding´s main activity is managing its Group 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 2018, VIG Holding's activities as an insurer and reinsurer generated a premium volume after reinsurance of TEUR 1,131,700 (2017: TEUR 977,342). The underwriting result in accordance with UGB/VAG was TEUR 29,371 (2017: TEUR 19,249). VIG Holding's combined ratio net of reinsurance was 99.1% in 2018 (2017: 97.5%).

One of the most significant developments during the financial year was the renewal and the expansion of the strategic cooperation with Erste Bank and the Sparkasse Group. In addition, mergers of individual Group companies were planned and carried out in Austria, the Czech Republic, Slovakia, Hungary, Croatia, Poland and Romania during the reporting period. The conclusion of the acquisitions of Seesam Insurance AS and Merkur Osiguranje d.d., the signing of the purchase agreement for Gothaer Towarzystwo Ubezpieczen and the entry into Towarzystwo Ubezpieczeń Wzajemnych strengthened the market presence in Poland, Bosnia-Herzegovina and the Baltic states. The hybrid capital bond with ISIN AT0000A09SA8 was also called up and repaid with effective date 12 September 2018.

Section 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), the own risk and solvency assessment (ORSA), the internal control system (including the compliance function) and the 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.

Section C describes the VIG Holding risk profile. As the parent company of an international insurance group, its risk profile is dominated by equity 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

in EUR '000	31/12/2018	31/12/2017
Market risk	1 829 141	1 825 912
Counterparty default risk	48 453	41 501
Life underwriting risk	4 269	26 381
Health underwriting risk	35 215	33 781
Non-life underwriting risk	208 337	182 086
Intangible asset risk	0	0
Operational risk	34 719	30 097

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 Group companies, only strategic risk is significant for VIG Holding. Liquidity risk and reputation risk are considered low for VIG Holding.

Section D describes the valuation for solvency purposes, which is primarily governed by the European Framework Directive (2009/138/EC) (Solvency II) 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.

Section E discusses VIG Holding's capital management. As of 31 December 2018 VIG Holding has registered a solvency capital requirement (SCR) of TEUR 1,899,435 and a minimum capital requirement (MCR) of TEUR 474,859 based on the partial internal model. The value of eligible own funds covering the SCR is of TEUR 7,123,444 while the value of eligible own funds covering the MCR is equal to TEUR 6,268,698. As a result, VIG Holding has recorded a solvency ratio of 375.0% and an MCR coverage ratio of 1,320.1%.

SOLVENCY CAPITAL REQUIREMENT AND ITS COVERAGE FOR VIG HOLDING BASED ON PIM

in EUR '000	31/12/2018	31/12/2017
Eligible own funds to meet the SCR	7 123 444	7 313 158
Tier 1	6 173 727	6 373 156
Tier 2	949 718	940 002
Tier 3	0	0
Solvency capital requirement (SCR)	1 899 435	1 880 004
Solvency ratio	**375.0%**	**389.0%**

MINIMUM CAPITAL REQUIREMENT AND ITS COVERAGE FOR VIG HOLDING BASED ON PIM

in EUR '000	31/12/2018	31/12/2017
Eligibleown funds to meet the MCR	6 268 698	6 467 156
Tier 1	6 173 727	6 373 156
Tier 2	94 972	94 000
Tier 3	0	0
Minimum capital requirement (MCR)	474 859	470 001
MCR coverage ratio	**1 320.1%**	**1 376.0%**

No voluntary transitional measures were used when determining the solvency position. VIG Holding's solvency ratio decreased slightly in the financial year 2018. This was due to the repayment of the hybrid capital during the financial year. A corresponding small decrease 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, 1 April 2019

The Managing Board:

Elisabeth Stadler General Manager, Chairwoman of the Managing Board	**Franz Fuchs** Member of the Managing Board	**Judit Havasi** Member of the Managing Board
Liane Hirner CFO, Member of the Managing Board	**Peter Höfinger** 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 the 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

Vienna Insurance Group is an international insurance group headquartered in Vienna. VIG stands for stability and expertise in providing financial protection against risks. The roots of the Group reach back to the year 1824. An experience of almost 200 years and a focus on the core competence of providing insurance respresent a solid and secure foundation for more than 20 million customers of the 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 Group holding company VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe, headquartered in Vienna, was the result of the expansion actively pursued by VIG Group over the past two decades. Around 250 VIG Holding employees were assisting the Managing Board with managing and steering the participations in insurance companies[1] at the end of 2018. VIG

[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.

Holding also underwrites insurance and reinsurance operations directly. The Group 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 solo company. The management areas include planning and controlling, Group development and strategy, investments, reinsurance, compliance, risk management, internal audit, actuarial department, IT, accounting, data management and processes and human resources.

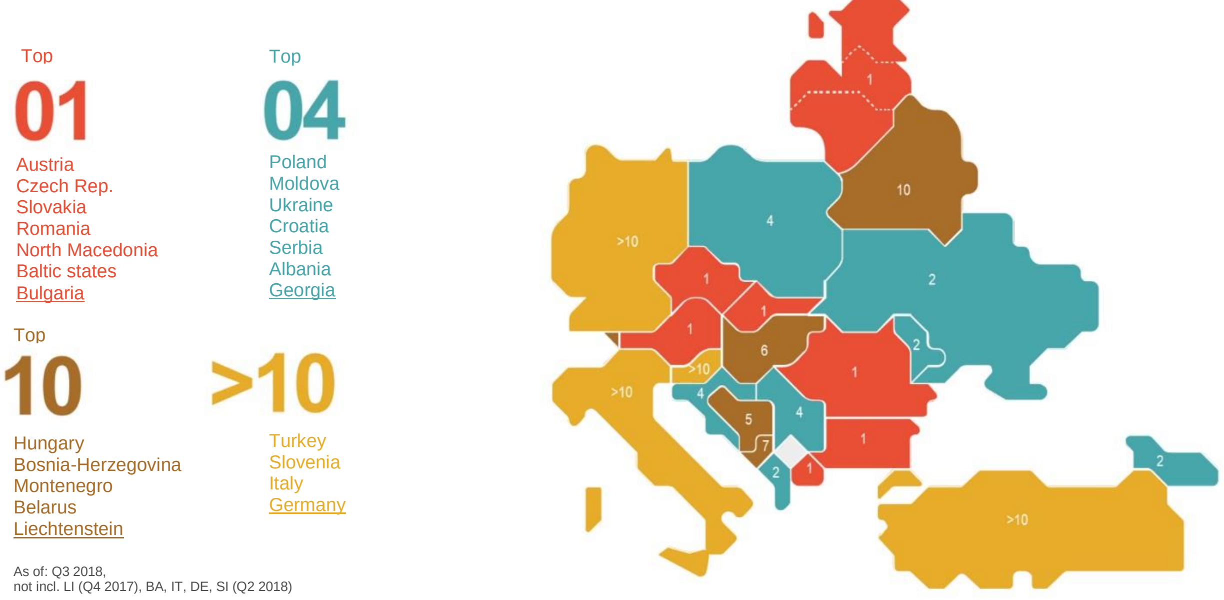
As previously mentioned, in addition to the responsibility for managing its participations in insurance companies, VIG Holding's area of activities also includes cross-border corporate and international reinsurance business.

In the area of reinsurance, VIG Holding manages and assists the Group companies with all the reinsurance matters. Pooling different risks ensures an important balancing of risks at the Group level that in turn ensures optimal external reinsurance protection for the 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 the Group against the negative effects of large losses and negative changes in the insurance portfolios.

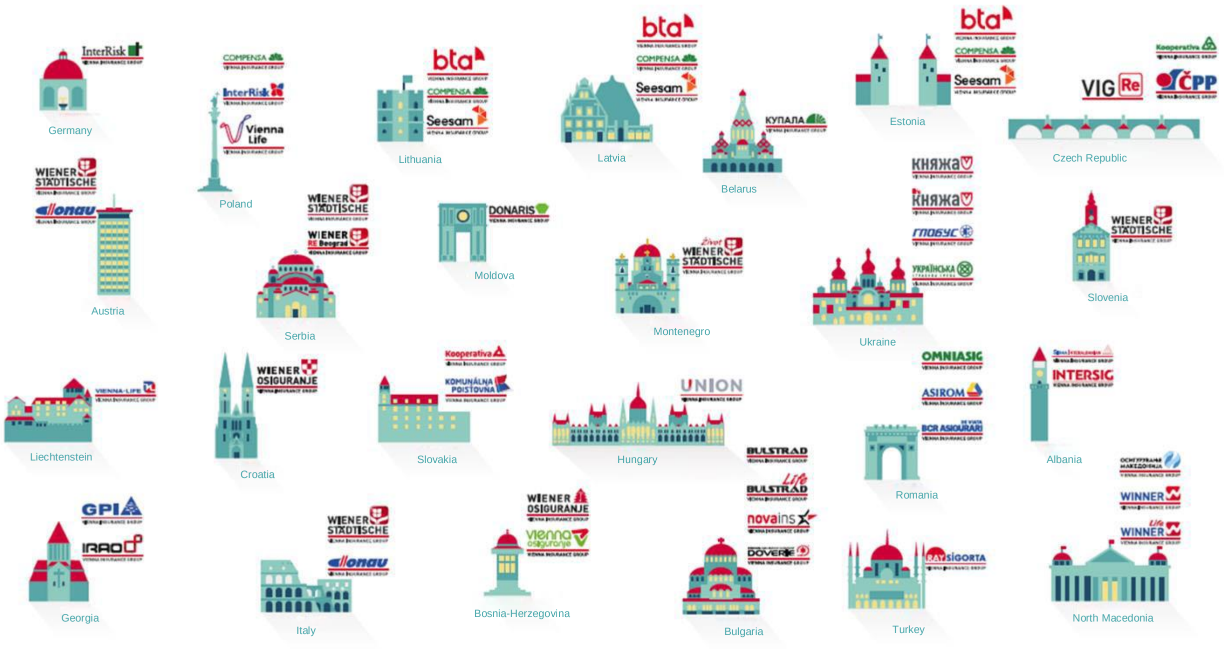
VIG Holding also bundles together and coordinates large customer business that extends outside the borders of Austria. Custom-tailored professional insurance solutions are particularly important for international corporate customers. For this reason, VIG Holding established a separate insurance platform,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

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

Market leader and top player in many markets



As of: Q3 2018,
not incl. LI (Q4 2017), BA, IT, DE, SI (Q2 2018)



SIGNIFICANT BUSINESS EVENTS

The purchase agreement for 100 percent of the shares of Merkur Osiguranje d.d. (Merkur) was signed on 30 October 2017. The transaction was concluded with an approval of the local authorities on 8 February 2018. The company now operates under the name Vienna osiguranje d.d.

The Hungarian National Bank approved the merger of the three VIG companies on 31 March 2018. VIG has therefore been represented in Hungary exclusively by the insurance company Union Biztosító since 1 April 2018. In Slovakia, the bank insurance company Poisťovňa Slovenskej sporiteľne (PSLSP) was merged with Kooperativa poisťovňa effective from 1 April 2018.

The merger of the two VIG companies Erste Osiguranje and Wiener Osiguranje was concluded on 7 May 2018 after approval of the Croatian authorities. As a result, VIG now operates only one insurance company on the Croatian market.

The distribution agreement concluded between the Erste Group (Erste) and VIG in 2008 was extended to the end of 2033. The agreement was signed on 17 May 2018. The customers of each company receive broader access to the products of the other company. A digitalisation initiative is aimed at enabling customers to buy tailor-made insurance policies more quickly.

Two Group companies were merged in Poland. The Polish life insurer Polisa was integrated into the life insurer Compensa Towarzystwo Ubezpieczeń Na Życie S.A. on 30 May 2018 after getting an approval of the local authorities.

The Romanian life insurer AXA Life Insurance S.A., whose purchase was concluded in April 2017, was integrated into the VIG company BCR Asigurări de Viaţă on 1 June.

VIG acquired 100 percent of the shares of Gothaer Towarzystwo Ubezpieczen (Gothaer TU). The purchase agreement to acquire this subsidiary of the German company Gothaer Finanzholding AG was signed on 6 June 2018. The purchase was concluded on 28 February 2019 after approval of the local authorities.

The financial market supervisory authority granted the approval for the repayment of the hybrid capital bond (Bond 08/S1/T1) ISIN AT0000A09SA8 in June 2018. VIG Holding called the hybrid capital bond effective 12 September

2018 for early repayment at its redemption amount of 100% of nominal value plus all accrued interest up to (but not including) the repayment date.

VIG received the approval of the local authorities to purchase 100 percent of the shares of the non-life insurer Seesam Insurance AS and concluded the purchase on 31 August 2018. The purchase agreement itself was already signed on 18 December 2017.

The conclusion of the merger of the two Austrian subsidiaries Wiener Städtische and s Versicherung was announced on 1 October. Wiener Städtische is now by far the largest life insurance company in Austria following the merger.

VIG Re opened its second branch in Paris in November 2018. VIG's reinsurance business is continuing its controlled market expansion in Western Europe according to schedule.

The final merger planned for the project to expand the bank insurance business was concluded at the beginning of 2019. VIG merged its Czech bancassurance company Pojišťovna České sporitelny, a.s. with the local VIG company Kooperativa pojišťovna, a.s.

VIG invested in the Towarzystwo Ubezpieczeń Wzajemnych "TUW" mutual insurance association via its Polish Group company InterRisk in February 2019. InterRisk acquired all the shares of the French MACIF Group, allowing for a strategic partnership. This increased VIG's non-life market share in Poland.

OWNERSHIP STRUCTURE

The main shareholder of VIG Holding is Wiener Städtische Wechselseitiger Versicherungsverein - Vermögensverwaltung - Vienna Insurance Group (a former mutual insurance company headquartered at Schottenring 30, 1010 Vienna), which holds around 70% of the shares (directly and indirectly). The remaining approximately 30% are in free float.

In 2018, a notice from the competent supervisory authority, the Austrian Financial Market Authority (FMA), removed WSTW from its supervision of the Group, so that supervision of the Group is now performed at the level of VIG Holding.

A.2 UNDERWRITING PERFORMANCE

UNDERWRITING PERFORMANCE IN SIGNIFICANT LINES OF BUSINESS

VIG Holding generated a total premium volume before reinsurance of TEUR 1,167,277 during the financial year 2018 (2017: TEUR 1,010,498). Premiums written after reinsurance recorded a value of TEUR 1,131,700 (2017: TEUR 977,342) and net earned premiums amounted TEUR 1,121,125 (2017: TEUR 963,923). The predominant share of the premium volume is attributable to indirect business. The result from indirect business was TEUR 21,561 (2017: TEUR 22,703). The net earned premiums of TEUR 1,072,116 (2017: TEUR 912,629) from indirect business were included immediately in the income statement. The underwriting result in accordance with UGB/VAG was TEUR 29,371 (2017: TEUR 19,249). The combined ratio is a key figure used in non-life insurance that is equal to the ratio of administrative expenses and claim payments to net earned premiums. VIG Holding had a combined ratio of 99.1% in 2018 (2017: 97.5%) (less reinsurers' share), which is 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 2018

in EUR '000	Income compensation 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
Premiums written	292 462	728 855	0	810	108 775	797	1 131 700
Net earned premiums	291 870	720 516	0	812	107 119	808	1 121 125
Expenses for claims and insurance benefits*	-135 106	-540 546	-19	-887	-84 266	-254	-761 078
Changes to other technical provisions	0	-8 574	0	-71	1 965	367	-6 313
Other costs	-167 811	-242 103	-20	-364	-23 915	-222	-434 435

* Excluding cost items

UNDERWRITING PERFORMANCE IN 2017

in EUR '000	Income compensation 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
Premiums written	284 221	630 811	0	630	61 009	671	977 342
Net earned premiums	283 474	618 220	0	631	60 891	707	963 923
Expenses for claims and insurance benefits*	-136 977	-442 568	-257	-295	-46 955	-312	-627 364
Changes to other technical provisions	0	-12 201	868	-346	-2 657	-245	-14 581
Other costs	-176 973	-255 697	-86	-241	-20 435	-255	-453 687

* Excluding cost items

PREMIUMS AND EXPENSES FOR THE MOST IMPORTANT COUNTRIES

	Austria		Czech Republic		Slovakia		Poland		Romania	
in EUR '000	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Premiums written	346 988	340 020	283 598	225 772	78 096	75 866	125 248	110 493	123 673	83 115
Net earned premiums	347 039	340 332	277 991	225 191	77 051	74 788	117 779	103 290	135 077	83 618
Expenses for claims and insurance benefits*	-232 573	-234 492	-166 006	-100 072	-51 790	-61 280	-69 025	-71 705	-142 514	-72 275

* 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 to investments have to be taken into consideration.

In 2018, VIG Holding recorded the investment income and expenses as shown in the following table.

INCOME AND EXPENSES FOR INVESTMENTS

	Dividends		Interest		Rent		Net profit and loss		Unrealised profits and losses	
in EUR '000	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Investments	**302 776**	294 523	**23 068**	21 102	**13 420**	13 618	**-688**	-1 729	**31 739**	34 963
Real estate	0	0	0	0	13 420	13 618	1 042	0	23 724	17 761
Shares	299 015	287 993	0	0	0	0	0	-725	0	6
Government bonds	0	0	597	582	0	0	1	0	554	-589
Corporate bonds	0	0	20 745	18 197	0	0	-25	-201	21 440	16 758
Loans and mortgages	0	0	1 726	2 322	0	0	0	-803	-9 070	-314
Collective investments undertakings	3 761	6 530	0	0	0	0	-3 249	0	-4 461	1 366
Derivatives	0	0	0	0	0	0	1 544	0	-448	-25
Cash and cash equivalents	0	0	1	1	0	0	0	0	0	0

The figures in the table 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 132,305 in write-downs for the financial year 2018 (2017: TEUR 115,638).

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 the equity, no disclosure can be provided in this respect.

A.4 PERFORMANCE OF OTHER ACTIVITIES

There were no significant other income or expenses in the financial year 2018.

The following disclosures are provided for off-balance sheet contingent liabilities: Letters of comfort and liability undertakings amounting TEUR 44,103 (2017: TEUR 44,103) have been provided for affiliated companies in connection with borrowing.

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 for the reporting period.

B System of Governance

The governance refers to all the process 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 at the Group level, 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 analysis 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 has a governance system with the following characteristics:

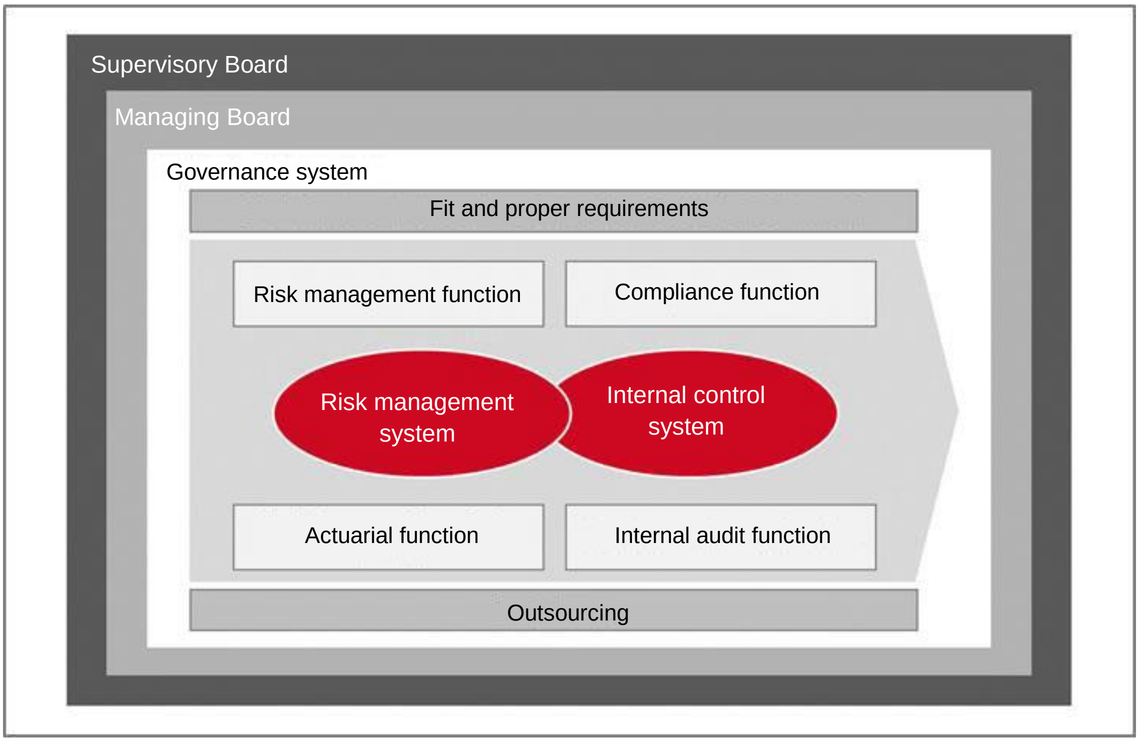
- Functional management of the Company by the Managing Board
- Transparent monitoring by the Supervisory Board
- Targeted management decisions towards long-term value creation
- Goal oriented collaboration ensuring company’s management and monitoring
- Appropriate handling and management of risks
- Transparency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

The following section describes:

- General information on the governance system
- 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, remuneration policies and practices and 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, Chairman and Deputy Chairman/Chairwoman 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 of the Group. Extensive presentations and discussions during Supervisory Board meetings and committees 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 the Company and the Group. Among other things, the strategy, business development (overall and in individual regions), risk management, the internal control system, internal audit activities and reinsurance, both at the VIG Holding and Group level, and other important topics for the Company and Group were discussed during these meetings.

The VIG Holding Supervisory Board consists of ten people and had the following members as of 31 December 2018:

Supervisory Board

Günter Geyer
Chairman of the Supervisory Board

Rudolf Ertl
1st Deputy Chairman

Maria Kubitschek
2nd Deputy Chairwoman

Bernhard Backovsky

Martina Dobringer

Gerhard Fabisch

Heinz Öhler

Georg Riedl

Gabriele Semmelrock-Werzer

Gertrude Tumpel-Gugerell

Name	Function	Date first appointed	End of current term of office
Günter Geyer	Chairman	2014	2019
Rudolf Ertl	1st Deputy Chairman	2014	2019
Maria Kubitschek	2nd Deputy Chairwoman	2014	2019
Bernhard Backovsky	Member	2002	2019
Martina Dobringer	Member	2011	2019
Gerhard Fabisch	Member	2017	2019
Heinz Öhler	Member	2002	2019
Georg Riedl	Member	2014	2019
Gabriele Semmelrock-Werzer	Member	2017	2019
Gertrude Tumpel-Gugerell	Member	2012	2019

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: Maria Kubitschek

AUDIT COMMITTEE (ACCOUNTS COMMITTEE)

The Audit Committee (Accounts Committee) is responsible 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.

All 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	Substitute
Gertrude Tumpel-Gugerell (Chairwoman)	1st substitute: Gabriele Semmelrock-Werzer
	2nd substitute: Heinz Öhler
Georg Riedl (Deputy Chairman)	1st substitute: Gabriele Semmelrock-Werzer
	2nd substitute: Heinz Öhler
Martina Dobringer	Substitute: Heinz Öhler
Rudolf Ertl	1st substitute: Gabriele Semmelrock-Werzer
	2nd substitute: Heinz Öhler
Günter Geyer	1st substitute: Gabriele Semmelrock-Werzer
	2nd substitute: Heinz Öhler
Maria Kubitschek	Substitute: Heinz Öhler

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 remuneration 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

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.

Members
Günter Geyer
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 departments.

The Managing Board of VIG Holding has had the following members since 31 December 2018:

Managing Board

Elisabeth Stadler (CEO)	Franz Fuchs	Judit Havasi
Liane Hirner (CFO)	Peter Höfinger	Peter Thirring

Substitute members of the Managing Board

Gábor Lehel

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 served as General Manager of Donau Versicherung from September 2014 to March 2016 and has been General Manager of Vienna Insurance Group since 2016.

Areas of responsibility: Management of the Group, Strategic Questions, General Secretariat, European Affairs, Group Communication & Marketing, Group Sponsoring, Human Resources, Group Development and Strategy, Asset Management, Treasury/Capital Market, Affiliated companies department, Bancassurance

Country responsibilities: Austria, Czech Republic

Supervisory board positions or comparable positions in other Austrian and foreign companies outside the Group: Institute of Science and Technology Austria, Austrian Red Cross

Elisabeth Stadler is active in the Supervisory Boards of the following significant[1] Vienna Insurance Group companies: Wiener Städtische (Austria), Donau Versicherung (Austria), Kooperativa (Czech Republic), ČPP (Czech Republic), PČS[2] (Czech Republic), Compensa Non-Life (Poland), InterRisk (Poland).

Franz Fuchs

Member of the Managing Board, born in 1953

Franz Fuchs began his career in the insurance industry as an actuary. He held leading management positions in other international companies as a specialist in the life insurance area and pension funds before joining VIG. Franz Fuchs was Chairman of the Managing Board of Compensa Non-life and Compensa Life from 2003 to the beginning of 2014. He has been Chairman of the Managing Board of VIG Polska since 2003. He was first appointed to the Vienna Insurance Group Managing Board on 1 October 2009.

Areas of responsibility: Performance management motor insurance

Country responsibilities: Moldova, Poland, Romania, Ukraine

Supervisory board positions or comparable positions in other Austrian and foreign companies outside the Group: C-QUADRAT Investment AG

Franz Fuchs is also active in the Supervisory Boards of the following significant Vienna Insurance Group companies: Kooperativa (Czech Republic), ČPP (Czech Republic), PČS (Czech Republic), Compensa Non-Life (Poland), InterRisk (Poland).

[1] Vienna Insurance Group considers all companies that contribute at least 2% of written premiums and at least 2% in profit before taxes to be “significant”.

[2] The planned merger of PČS and Kooperativa was officially concluded at the beginning of January 2019.

Judit Havasi

Member of the Managing Board, born in 1975

Judit Havasi studied law and has been working for the Group since 2000. She began as an internal audit employee in UNION Biztosító and became its head in 2003. Before her appointment to the Managing Board of Wiener Städtische in 2009, Judit Havasi was a substitute member of the Managing Board of Wiener Städtische and a member of the Managing Board of UNION Biztosító in Hungary. Judit Havasi was Deputy General Manager of Wiener Städtische from July 2013 until the end of 2015. She was also a substitute member of the Vienna Insurance Group Managing Board starting in 2011. She has been a Member of the Vienna Insurance Group Managing Board since January 2016.

Areas of responsibility: Planning & Controlling, Legal department, Group IT, Data Management & Processes, Performance management personal insurance, Asset Risk Management

Country responsibilities: Hungary

Supervisory board positions or comparable positions in other Austrian and foreign companies outside the Group: Erste&Steiermärkische Bank d.d., Die Zweite Wiener Vereins-Sparcasse, "Volkstheater" Gesellschaft m.b.H., "Volkstheater" - Privatstiftung

Judit Havasi is also active in the Supervisory Boards of the following significant Vienna Insurance Group companies: Wiener Städtische (Austria), Donau Versicherung (Austria), Kooperativa (Slovakia).

Liane Hirner

Member of the Managing Board, CFO, born in 1968

Liane Hirner studied business administration in Graz. Before joining Vienna Insurance 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 Vienna Insurance Group Managing Board on 1 February 2018. She took over the CFO position on 1 July 2018.

Areas of responsibility: Finance and accounting

Country responsibilities: Germany, Belarus

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 Vienna Insurance Group 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 incl. Kosovo, Bosnia-Herzegovina, Bulgaria, Croatia, North Macedonia, Montenegro, Serbia, Baltic states

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 Vienna Insurance Group Managing Board on 1 July 2018.

Areas of responsibility: External active reinsurance

Country responsibilities: Georgia, Liechtenstein, Slovakia, Turkey

Peter Thirring is also active in the Supervisory Boards of the following significant Vienna Insurance Group company: Kooperativa (Slovakia).

Managing Board

The Managing Board as a whole is responsible for Enterprise Risk Management, Actuarial department, Group Compliance, Internal Audit, Investor Relations.

Substitute members of the Managing Board

In addition, Gábor Lehel (year of birth 1977) was appointed as a substitute member of the Managing Board for financial year 2018 and may become a full member if a current member of the Managing Board can no longer perform his or her duties.

CHANGES DURING AND AFTER THE END OF THE FINANCIAL YEAR

Martin Simhandl (year of birth 1961) was a member of the Vienna Insurance Group Managing Board during the financial year 2018 from 1 January 2018 to 30 June 2018 and left the Managing Board at the end of his term of office on 30 June 2018.

Gábor Lehel (year of birth 1977) and Gerhard Lahner (year of birth 1977) have been appointed as substitute members of the Managing Board for the financial year 2019 and may become full members if a current member of the Managing Board can no longer perform his or her duties.

B.1.2 COMMITTEES

The Managing Board has set up the following committees for central coordination and effective management of the 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
- Tactical Investment Committee
- Strategic Investment Committee (Asset Management)
- Asset-Liability Management (ALM) Committee
- 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 appointed by the Managing Board. The committee currently has the following members:

- Holder of the Risk Management Function
- Holder of the Compliance Function
- Holder of the Actuarial Function
- Head of Asset Risk Management
- Head of Reinsurance
- Group IT Security Officer
- Optional: Head of Human Resources

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 Judit Havasi. 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. The VIG Managing Board sends this list to the various Group companies Managing Board members 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" that is included in the list).

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 Reinsurance Security Rulebook.

TACTICAL INVESTMENT COMMITTEE

The Tactical Investment Committee (TIC) deals with the risk and earnings situation corresponding to the investments. 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 Company's decision-making and information process.

The members of the TIC are:

- the CFOs
- the Asset Managers
- the Asset Risk Managers and
- the Head of Accounting

of the Austrian VIG companies and VIG.

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

STRATEGIC INVESTMENT COMMITTEE (ASSET MANAGEMENT)[1]

The Strategic Investment Committee (Asset Management) deals with the investment portfolios of the Group's five largest countries (Austria, Czech Republic, Slovakia, Poland and Romania) on a quarterly basis. These meetings are intended to allow a regular exchange of information on all asset management issues between material companies. For this purpose, the portfolio structures are analysed on the basis of different aspects and the major changes or planned measures are discussed. The current status of financial results compared to plan and, if applicable, the forecast is also reported. When establishing the financial planning figures, the underlying assumptions and results are discussed and the relevant information is exchanged.

The permanent members are:

- the Group CFO
- the responsible Group Board Member for Asset Risk Management
- at least one local Managing Board Member from Austria, Poland, Romania, Slovakia and the Czech Republic
- the Group CIO
- the Head of Asset Risk Management
- local Asset Managers (if required)

If necessary or if requested by individual members, additional experts may be invited to the meetings to discuss current topics or for other reasons.

ASSET-LIABILITY MANAGEMENT (ALM) COMMITTEE[2]

The Asset Liability Management (ALM) Committee, which meets at least once every quarter, deals with the current agendas of asset liability management with the aim of exchanging information about the risk situation of the Group's five largest countries (Austria, Czech Republic, Slovakia, Poland and Romania). The topics dealt with by the ALM Committee include the cash flow situation and the maturity structure of investments versus liabilities of the balance sheet, with a focus on the life and health business.

The participants of the Strategic Investment Committee are joined by life insurance representatives. Other experts can be invited to the meetings if necessary, or if the Managing Board or individual members of the committee so desire based on current issues.

COMPLIANCE COMMITTEE

The VIG Holding Compliance Committee was established as the institutional work platform for compliance-related matters and organizes meetings four times a year. The committee members are the holders of the four VIG Holding governance functions, the heads of selected 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, Group IT, Investor Relations, Human Resources, Legal department, 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 and inform each other about the current compliance matters. Cross-area discussions also take place concerning relevant new laws, amendments to laws 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.

[1] Restructuring of the committee is planned for 2019

[2] Restructuring of the committee is planned for 2019

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 directly subordinated to the Managing Board and report directly to it. The governance functions also report periodically to the Supervisory Board Audit Committee.

GOVERNANCE FUNCTIONS

The following governance functions were established in VIG Holding in 2018:

- 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 for VIG Holding and for VIG as a group. The duties of the compliance function are specified in an internal policy and include, among other things, the requirements for the compliance function specified in the VAG. The duties include, in particular:

- 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.
- Preventative function: Measures to prevent non-compliance mainly consist of the preparation of internal company policies, guidelines and work instructions, and performance of training on compliance-related topics.
- Compliance risk management function: The compliance risks are identified, evaluated and monitored at the overall company level.
- 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 necessary measures and monitors their implementation.
- 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 and for VIG as a group.

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 test 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 the follow-up of the recommended measures implementation

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 the Managing Board and reports directly to it during the performance of its duties. Structurally and organisationally, the risk management function performs its activities independently and has no risk-taking duties.

The duties of the risk management function are specified in the 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

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 the Managing Board and reports directly to it during the performance of its duties. The function holder performs its role for VIG Holding and for VIG as a group.

The duties of the actuarial function are specified in the 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.

OTHER KEY FUNCTIONS

The head of asset management was identified as one of the other key functions in VIG Holding.

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 REMUNERATION POLICY AND REMUNERATION PRACTICES

REMUNERATION STANDARDS FOR EMPLOYEES

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

The remuneration policy reflects the risk awareness of VIG Holding and the Group. In particular, the remuneration 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 the Group or company to maintain an appropriate capital base.

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

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

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

REMUNERATION FOR GOVERNANCE FUNCTIONS, OTHER KEY FUNCTIONS AND RISK TAKERS

The variable portion of the remuneration 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 remuneration 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 remuneration components.

SUPPLEMENTARY PENSIONS AND EARLY RETIREMENT SCHEMES

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

COMPENSATION PLAN FOR MEMBERS OF THE MANAGING BOARD

The compensation for the VIG Holding Managing Board takes into account the importance of the Group and the responsibility that goes with it, the economic situation of the Company, as well as the appropriateness of the remuneration 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 Group Managing Board. The maximum performance-related compensation that the Managing Board of VIG Holding can receive by overachieving the traditional targets in financial year 2018 is approximately 60% of its fixed salary. Additional bonus compensation can be earned for an appropriate target achievement. In total, the members of the Managing Board can earn variable compensation equal to a maximum of around 80% to around 105 % of their fixed compensation in this way.

Large parts of performance-related compensation are only paid after a delay. The delay for the 2018 reporting year extends to 2022. The deferred portions are awarded based on the sustainable performance of the Group. This also applies to the Members of the Group Managing Board.

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 for the variable compensation of the Managing Board of VIG Holding in 2018 were the combined ratio, premium growth, result before taxes and – as a non-financial objective – the promotion of social responsibility in practice, and for bonus compensation those were country-specific targets and requirements related to cooperations.

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

The standard employment contract for a member of the Managing Board of VIG Holding includes – depending, among other things, on the length of time with the Group – a pension equal to a maximum of 40% of the measurement base if the member remains on the Managing Board until the age of 65 (the measurement base is equal to the 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.

A pension is normally received 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 contracts for individual 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 own choice before retirement, without the agreement of the Company, or leaves due to own fault, is not entitled to severance payment.

The provisions of the Austrian Company Employee and Self-employed Provisions Act apply to the remaining Managing Board contracts.

COMPENSATION PLAN FOR SUPERVISORY BOARD MEMBERS

In accordance with the resolutions adopted by the 27th ordinary general meeting on 25 May 2018, the members of the Supervisory Board elected by the general meeting are entitled to receive compensation 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 2018.

B.1.6 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 intranet. 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 the relevant information is taken into account in the management of the Company 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 ensures they have an appropriate position in the Company. The governance functions also report periodically to the Managing Board and the Supervisory Board Audit Committee and all legally required policies have 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 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)

A 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 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 a Group holding company and the insurance and reinsurance business it operates in addition to this.

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 and high risk derivatives are only held to hedge other market risks.

RISK MITIGATING MEASURES

- Strong risk awareness and well-defined risk governance are promoted and maintained in all areas of the Company.
- As a rule, technical provisions must be carefully set up in order to offset unexpected potential fluctuations.
- 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.

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).
- VIG Holding does not accept risks from the insurance business that it cannot adequately assess or estimate.
- 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.

ORGANISATION OF THE RISK MANAGEMENT SYSTEM

The risk management organisation is well integrated into VIG Holding's organisational structure. All departments responsible for tasks within the risk management system are directly subordinated to the Managing Board (where applicable, reporting to the respective Managing Board member). An overview of the risk management organisation is provided in the chart below followed by a description of the responsibilities and roles of the individual departments.

MANAGING BOARD

The overall responsibility for risk management is borne by the Managing Board. This holistic approach also applies to central departments in the reporting line that are in charge of governance functions (risk management, actuarial, internal audit and compliance). Judit Havasi is the VIG Managing Board contact person for risk management matters.

The VIG Managing Board is also responsible for the following areas related to risk management:

- Development and promotion of risk management
- 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

RISK COMMITTEE

The Risk Committee was established by the VIG Managing Board to perform regular cross-functional evaluations of current risk management matters in the organisation. Further information about the Risk Committee can be found in Section B.1.

ENTERPRISE RISK MANAGEMENT

The Enterprise Risk Management department reports to the Managing Board. The head of the department is responsible for the risk management function (see Section B.1). He reports to the Managing Board, with Judit Havasi being the contact person in the Managing Board.

ASSET RISK MANAGEMENT

The asset risk management department reports to the Managing Board member Judit Havasi. 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 the Group. For this purpose, Group-wide standards and methods for risk assessment are specified and a centralised asset inventory system is implemented by the department, and the investment risks of the individual companies are monitored. The department is also responsible for developing and maintaining an internal rating approach.

ASSET MANAGEMENT

The Asset Management area reports directly to the Managing Board Chairwoman Elisabeth Stadler, and manages investments. At the level of VIG Holding, the Asset Management department primarily manages the investment portfolio. In accordance with the Group requirements, the department specifies and subsequently monitors the standards and limits for the strategic asset allocations of the individual companies in all countries. Asset Management promotes collaboration across the Group and focuses on providing specialised investments expertise in order to achieve optimisation of the investment process within the entire Group.

ACTUARIAL DEPARTMENT

The Actuarial department reports to the Managing Board. The Managing Board member Franz Fuchs is the contact person. The head of the department performs the Actuarial function required by 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 and prepares profitability analysis and company valuations. The department supports actuarial collaboration and professional networking.

GROUP REINSURANCE

The Group Reinsurance department reports to the Managing Board member Peter Höfinger. The department coordinates and assists all group companies and their reinsurance departments with reinsurance matters in the non-life business (property and casualty and third party liability) by preparing and applying specific guidelines. Moreover, the reinsurance 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 companies in the group against the negative effects of catastrophes and large losses, and negative developments of the insurance portfolios. The VIG Holding, as an individual company, complies with the reinsurance rules applicable across the Group.

PLANNING & CONTROLLING

The Controlling department is an important part of the integrated risk management approach and reports to the Managing Board member Judit Havasi. The department coordinates the business planning over a three-year horizon. The standardised reporting includes key figure analysis and variance analysis for planning, forecasts and ongoing performance of Group companies. Regular monthly premium reports, quarterly reports for each company (aggregated at the country and Group level) and cost reports are prepared.

GROUP IT

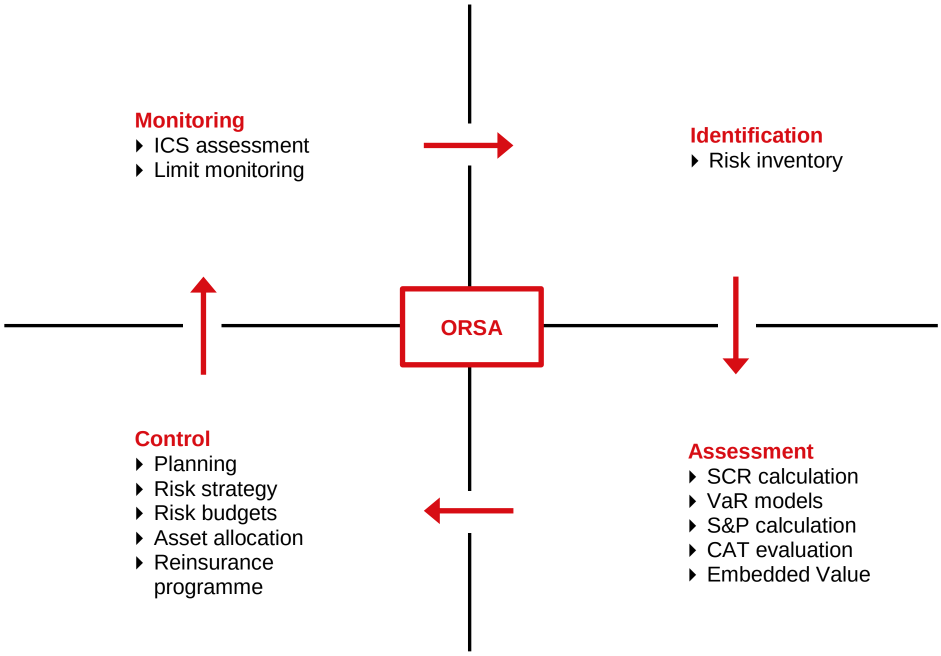
The Group IT department reports to the Managing Board member Judit Havasi. The department is responsible for the IT-related risk management matters. The department defines clear IT security and IT governance guidelines for the individual companies and an IT security officer monitors compliance with these guidelines.

INTERNAL AUDIT

The internal audit department reports to the Managing Board via the Chairwoman Elisabeth Stadler. The department regularly reviews the risk management and the internal control system. The department also performs audits in individual areas in case of extraordinary events at the request of the Managing Board.

RISK MANAGEMENT PROCESSES

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



RISK IDENTIFICATION

Risk identification is based both on a standardized 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 summarized 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 capital requirement 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 deparment 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 the 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 analysis 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 for property risks in order to calculate the solvency capital requirement. The PIM was developed under the leadership of VIG Holding together with selected 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	Affiliated company 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 and risk-return analysis and is therefore a fixed component in the reporting of the Risk Committee.

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 analysis
- 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.

According to the model change policy, a number of small model changes resulted in a major model change. 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 overall solvency requirement, 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 analysis
- 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 the Group 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 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 analysis. 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 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

Established standards and principles defined across the entire Group are 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 the 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. The assessment covers all areas of the company and involves discussions between each risk management function and the corresponding heads of departments.

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 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 policy, which is based on the Group compliance management policy.

A Compliance Committee was established at the VIG Holding level, consisting of the head of Group Compliance and the compliance contact persons. 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 communication 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 Group level, consisting of the head of Group Compliance and the compliance officers of the VIG (re-) insurance companies seated in the EU. Meetings take place at least once a year. Compliance responsible persons have also been specified for the non-EU companies, and meetings with them also take place at least once a year. The minutes of these meetings are provided to the Managing Board. Starting in 2019, the compliance contact persons for the non-EU companies will be integrated into the Group compliance committee and common meetings will take place for the EU and non-EU companies. The compliance officers and compliance contact persons are responsible for implementing the compliance responsibilities in their companies. They are managed and assisted by the holder of the compliance function. A system of regular and ad hoc reporting has been established with the local companies.

COMPLIANCE POLICY

A compliance policy, the VIG Holding compliance function policy, was established to satisfy the requirements for a compliance policy. It specifies the duties, work procedures, responsibilities, competences and reporting requirements of the compliance function. 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 compliance plan for the 2018 financial year was approved by the Managing Board. VIG Holding's main activities in the financial year 2018 were aimed at further developing the compliance management system. In particular, the focus was on creating a transparent framework for internal company guidelines, policies and work instructions (document governance), preparing a policy for dealing with international sanctions, compliance risk management and preparing the Company for changes in the law (in particular the Insurance Distribution Directive – IDD).

COMPLIANCE REPORTING

A regular report is provided to the Managing Board once a year (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 Group level. This includes, in particular, information on whether planned activities have been implemented. Ad hoc reports are also provided to the Managing Board of VIG Holding when necessary.

B.5 INTERNAL AUDIT FUNCTION

The Group Internal Audit department directly performs the internal audit function for VIG Holding, and performs the group internal audit of all VIG companies. In addition, it also currently acts as the internal audit department for Wiener Städtische Wechselseitige Versicherungsverein - Vermögensverwaltung - Vienna Insurance Group (Austria), Wiener Städtische Versicherung (Austria), Donau Versicherung (Austria), InterRisk Life and Non-Life (Germany), Vienna Life (Liechtenstein) and VIG Re (Czech Republic). Its activities as a Group Internal Audit department are also based on § 119 VAG and the Austrian Financial Market Authority (FMA) minimum standards for internal auditing of insurance companies, provided this does not conflict with respective national laws.

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 approved 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.

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 the Group strategy and does not result in additional material risk in VIG Holding. The reinsurance is consistent with the Group strategy and also it 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 the 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 VIG Group Outsourcing Policy for VIG Holding.

The VIG Holding governance system ensures that legal and regulatory requirements are satisfied during the outsourcing. This includes, in particular:

- Transfer of regulatory responsibilities only within the legally permissible scope
- If legally required, notification of outsourcing contracts to the FMA or request of approval for outsourcing contracts from the FMA
- Existence of suitable risk management guidelines and processes that are appropriate based on the nature, scope and complexity of the outsourcing agreements, and compliance with them
- 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
- Regular analysis of all the activities related to outsourcing, as well as the review of all the relevant reports on outsourced operational functions or activities

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 2018 with IBM Austria (Internationale Büromaschinen Ges. m.b.H.), T-Systems Austria GesmbH and with the internal Group IT system provider twinformatics GmbH, all headquartered in Austria. twinformatics GmbH was also engaged in 2018 to assume overall responsibility for all IT services for the Austrian VIG companies, and to perform the sub-outsourcing necessary for this purpose taking into account statutory and regulatory requirements and report them to the Austrian Financial Market Authority (FMA). The reports were communicated and approved by the FMA during 2018.

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 the 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 1,899,435 as of 31/12/2018 (2017: TEUR 1,880,004). 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 divided into ten main risk categories and follows the SFCR risk structure stipulated in Article 295 of Delegated Regulation 2015/35, as 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

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 numerous 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 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. The 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 financial constitution, which apply to all insurance companies in the Group.

The asset management of investments of the individual Group 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 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.

COMPANY-SPECIFIC PARAMETERS

No company-specific parameters in accordance with Article 104 paragraph 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 NSLT health insurance. Some of this business includes riders for life insurance. These riders are allocated to the life line of business due to their connection with the underlying life insurance policy.

VIG Holding's life underwriting risk was TEUR 4,269 as of 31 December 2018.

LIFE UNDERWRITING RISK ("GROSS")

in EUR '000	31/12/2018	31/12/2017
Mortality risk	3	0
Longevity risk	955	1 815
Disability and morbidity risk	3 406	14 616
Life expense risk	423	537
Revision risk	777	676
Lapse risk	1 214	20 946
Life catastrophe risk	2	0
Diversification	-2 513	-12 208
Life underwriting risk	**4 269**	**26 381**

Life underwriting risk is of secondary importance to VIG Holding. The significant decrease is due to the developments in the Czech companies.

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 analysis were required.

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 208,337 as of 31 December 2018.

NON-LIFE UNDERWRITING RISK ("GROSS")

in EUR '000	31/12/2018	31/12/2017
Non-life underwriting risk	208,337	182,086

Non-life underwriting risk rose overall compared to the previous year (+14.4%). The increase was mainly due to additional internal reinsurance agreements with VIG Re.

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 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 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

in EUR '000	SCR before reinsurance	SCR after reinsurance	Risk mitigating effect
Motor third party liability insurance (indirect business)	155,795	134,261	21,533
Fire and other property insurance (direct business)	134,957	58,622	76,335

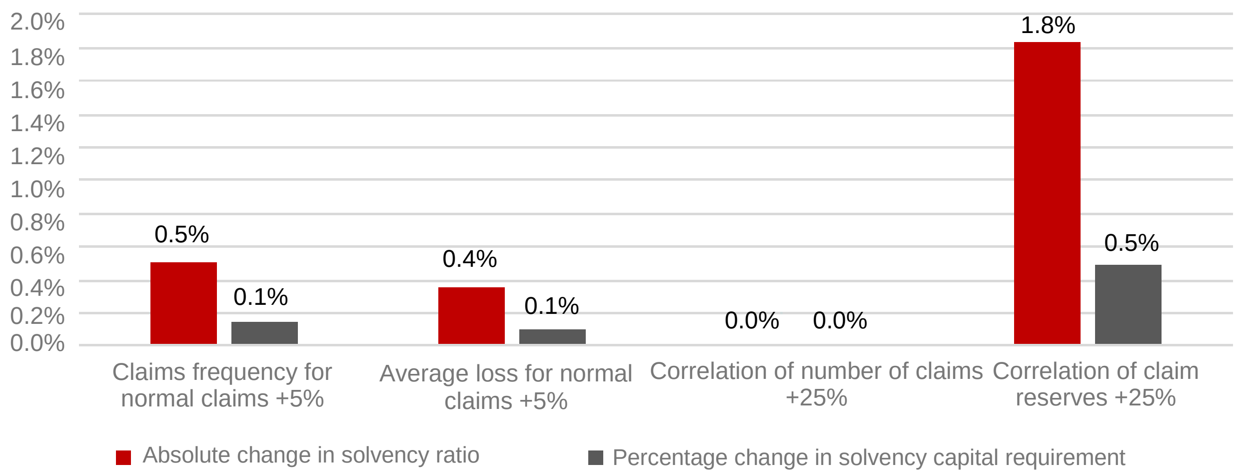
SENSITIVITY ANALYSIS FOR PARAMETERS IN NON-LIFE

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

EFFECTS OF SENSITIVITIES IN THE NON-LIFE AREA ON VIG HOLDING SOLVENCY



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 375.0% to 373.2%.

C.1.3 HEALTH UNDERWRITING RISK

Health underwriting risk is divided into SLT 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 35,215 as of 31 December 2018.

HEALTH UNDERWRITING RISK (“GROSS“)

in EUR '000	31/12/2018	31/12/2017
NSLT health underwriting risk	34 989	33 554
SLT health underwriting risk	0	0
Health insurance catastrophe risk	866	866
Diversification	-640	-639
Health underwriting risk	**35 215**	33 781

Health underwriting risk overall rose insignificantly compared to the previous year (+4.2%).

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

The above-mentioned risk management measures in underwriting policy are used for risk mitigation together with diversification and risk transfer. 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 analysis 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 is TEUR 1,829,141. The following table shows the composition of the market risk.

MARKET RISK ("GROSS")

in EUR '000	31/12/2018	31/12/2017
Interest rate risk	72 274	47 161
Equity risk	1 485 469	1 491 179
Property risk	32 631	24 940
Spread risk	92 815	85 652
Market risk concentrations	58 382	54 800
Currency risk	586 849	596 523
Diversification	-499 279	-474 343
Market risk	**1 829 141**	**1 825 912**

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.

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 72,274.

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.

Equity risk for VIG Holding amounts to TEUR 1,485,469 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 analysis 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.

According to the partial internal model, the property risk is TEUR 32,631.

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 amounts to TEUR 92,815, 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 586,849, 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.

The market risk concentrations amount to TEUR 58,382.

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 is TEUR 48,453.

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")

in EUR '000	31/12/2018	31/12/2017
Counterparty default risk on type 1 exposures	9 941	9 663
Counterparty default risk on type 2 exposures	40 549	33 759
Diversification	-2 037	-1 921
Counterparty default risk	**48 453**	**41 501**

Counterparty default risk rose compared to the previous year (+16.8%) due to an increase in receivables on the valuation date.

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. The Group also uses many measures to limit the counterparty default risk with respect to policyholders. 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 analysis 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. In addition, the treasury/capital market department prepares an annual liquidity plan for VIG Holding in cooperation with the finance and accounting department.

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. The treasury/capital market department performs regular monitoring of cash flows and prepares quarterly reports on liquidity changes. 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 analysis 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 34,362 as of 31 December 2018.

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. According to the standard formula, the operational risk is TEUR 34,719.

OPERATIONAL RISK

in EUR '000	31/12/2018	31/12/2017
Operational risk	**34 719**	30 097

Operational risk according to the standard formula is mainly dependent on the amount of earned premiums and best estimates. 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 disruption risk is the risk of loss due to serious business disruptions that cannot be eliminated in the day-to-day business process.

KNOWLEDGE CONCENTRATION RISK

Know-how 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 in 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 regards 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 disruptions. 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 analysis 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. VIG Holding feels that 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's decentralised organisation, based on its multi-brand policy and multi-channel distribution, has a risk-reducing effect in this connection (diversification).

VIG Holding is currently implementing key strategic projects that could affect the future role of VIG Holding and the Group. In one project the current management model is being evaluated and partially redefined if necessary. Due to another project that put more attention on digitalisation, initial technical results have already been realised and related projects are in the implementation or planning phase.

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 analysis were carried out due to the existing comprehensive measures for mitigating risk. With regards to the moderate importance of the risk, in particular due to the ongoing low-interest rate environment, reference is made to the sensitivities for interest rate 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 responsibilities primarily focus on the strategic management of the 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 the 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 regards 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. social activity 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 analysis 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 22,241 as of 31 December 2018 based on UGB/VAG accounting principles. 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 analysis were carried out.

C.7 ANY OTHER INFORMATION

No other information on the risk profile is to be reported in the year under review.

VIENNA INSURANCE GROUP

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. 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

in EUR '000	Solvency balance sheet	UGB/VAG	Difference
Intangible assets	0	22 241	-22 241
Deferred tax assets	90 503	4 387	86 116
Property, plant & equipment held for own use	61 223	20 993	40 231
Investments	7 867 242	4 976 333	2 890 910
Real estate (except for own use)	435 718	90 920	344 798
Shares in affiliated companies, including participations	6 811 046	4 341 190	2 469 856
Shares	0	0	0
Bonds	500 508	424 255	76 253
Collective investments undertakings	119 967	119 967	0
Derivatives	3	0	3
Loans and mortgages	170 637	157 533	13 104
Reinsurance recoverables	73 796	80 460	-6 664
Deposit receivables	1 116 045	1 116 045	0
Receivables from insurance companies and intermediaries	25 645	18 038	7 607
Other receivables, short-term bank deposits and other assets	228 841	239 094	-10 253
Total	**9 633 933**	**6 635 123**	**2 998 810**

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. In the case of tangible assets and inventories for own use, the fair value equals the UGB/VAG value.

Under UGB/VAG, 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).

Bonds and equities are valued at fair value, which was determined on the basis of market prices.

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 policyholders, 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 UGB/VAG 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 changes were made to the recognition and valuation basis 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 2018, 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)	59,414	2,403	61,817	0	61,817
Index-linked and unit-linked insurance	35,821	1,449	37,270	0	37,270
Non-life insurance	888,431	33,074	921,506	70,665	850,841
Non-SLT health insurance	194,080	7,723	201,803	3,131	198,671
Total amount of life and non-life insurance	1,177,747	44,649	1,222,395	73,796	1,148,599

* Nach Anpassung des Gegenparteiausfallrisikos

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.

BASIS

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 expected default risk of the reinsurers.

All calculations were performed as of 31 December 2018 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 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 RECOVERABLE AMOUNTS FROM REINSURANCE CONTRACTS

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

The change in the best estimate compared to the previous year is primarily due to changes in the portfolio. The best estimate and UGB reserve increased in the same proportion. Updating relevant assumptions only had a minor effect on the change in the best estimate and is not considered material.

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	Economic balance sheet	UGB/VAG	Difference
Technical provisions	1,222,395	1,317,275	-94,880
Other technical provisions		1,475	-1,475

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 underwriting 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 – other than technical provisions. This applies in particular to provisions for severance payments and pensions, subordinated liabilities and deferred tax liabilities. Here, too, a solvency 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):

REVALUATION AND ADJUSTMENT OF SIGNIFICANT OTHER LIABILITIES

in EUR '000	Solvency balance sheet	UGB/VAG	Difference
Provisions other than technical provisions	116 256	147 330	-31 073
Pension payment liabilities	55 797	46 069	9 728
Deferred tax liabilities	142 779	0	142 779
Liabilities to financial institutions	76 353	76 353	0
Financial liabilities other than liabilities to financial institutions	270	0	270
Liabilities to insurance companies and intermediaries	62 963	36 675	26 288
Liabilities to reinsurers	3 215	26 407	-23 192
Liabilities (retail, not insurance)	479 729	475 181	4 548
Subordinated liabilities	1 170 810	1 100 000	70 810
Other liabilities not reported elsewhere	305	561	-256

The **provisions other than technical provisions** mainly include the provision for anniversary bonuses, the provision for unused vacation, 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 1.5% (previous year: 1.5%) 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 54.4% for severance and 5.5% 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.

The **subordinated liabilities** consist of supplementary capital bonds issued in the form of securities. 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).

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 consciously are 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 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 for the reporting period.

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.

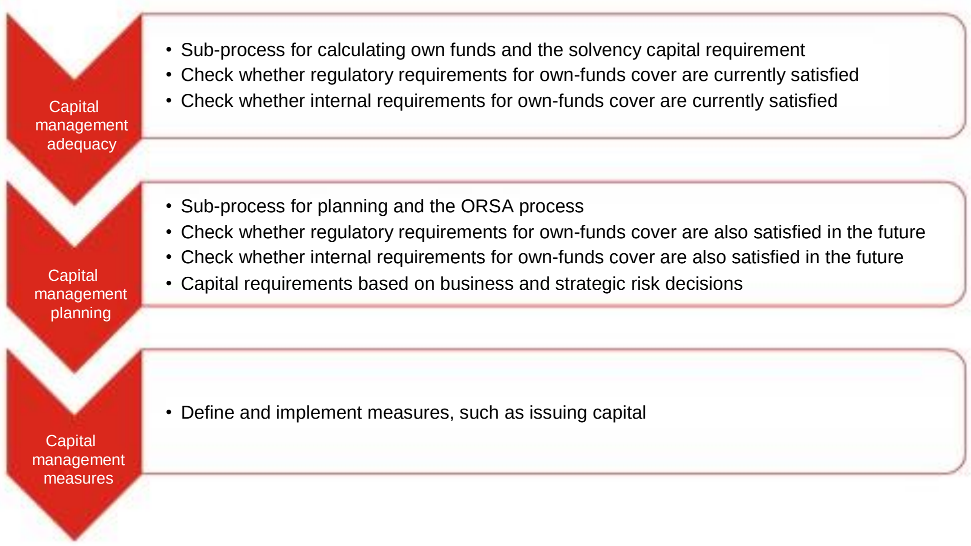
Capital management serves to ensure the compliance with legal and internal standards for quality and quantity in order to meet the solvency capital requirement and minimum capital requirement. VIG Holding's solid capitalisation ensures the ongoing presence of the insurance operations in the future.

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
- 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 the accounting department and treasury/capital market department 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 profit for the year and the retained profits brought forward.

The amount of the dividend payment in a financial year is set out in the Managing Board's proposal for the dividend payment. 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 (Section 170, para 2 VAG).

If, as defined in Section 278 VAG, the coverage of the solvency capital requirement 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 again adequately capitalised 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.

Vienna Insurance Group specified a shareholder distribution of at least 30% of group profit after taxes and non-controlling interests as its dividend policy in 2005. This was redefined in March 2019 and now provides for a distribution in a range of 30 to 50% of the group profit after taxes and non-controlling interests.

E.1.3 CLASSIFICATION OF OWN FUNDS

VIG Holding own funds are described and their classification 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 subordinated 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 meets all six criteria.
- Tier 2: basic own funds if it is not permanently available and ancillary own funds if it meets all six criteria.
- Tier 3: all remaining basic and ancillary own funds.

The own fund items and their categorisation are presented in the following table:

OWN FUND ITEMS BY TIER

in EUR '000	Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
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	4,046,623	4,046,623	0	0	0
Subordinated liabilities	1,170,810	0	0	1,170,810	0
Total	**7,344,536**	**6,173,726**	**0**	**1,170,810**	**0**

VIG Holding had TEUR 7,344,536 in own funds as of 31 December 2018. Equity and supplementary capital according to the UGB/VAG was TEUR 4,507,798 on the same date. 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 80% of VIG Holding's own funds are classified as Tier 1.

CHANGE IN OWN FUNDS BROKEN DOWN BY TIER

in EUR '000	Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
Own funds 31/12/2018	7,344,536	6,173,726	0	1,170,810	0
Own funds 31/12/2017	7,548,495	6,158,484	214,672	1,175,338	0
Difference	**-203,959**	**15,242**	**-214,672**	**-4,528**	**0**

Own funds decreased by TEUR 203,959 during the reporting period, mainly due to the repayment of the supplementary capital (Tier 1 – restricted).

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

in EUR '000	31/12/2018	31/12/2017
Excess of assets over liabilities	6,301,727	6,273,684
Foreseeable dividends, distributions and charges	-128,000	-115,200
Other basic own fund items	-2,127,104	-2,127,104
Total	**4,046,623**	**4,031,380**

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 paragraph 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 paragraph 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 paragraph 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 paragraph 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.

Only a certain amount of the VIG Holding own fund items indicated above can be used for covering the SCR and MCR, respectively, as the quantitative limits specified in Article 82 of Delegated Regulation 2015/35 paragraph 1 lit. c and paragraph 2 lit. b are exceeded.

ELIGIBLE OWN FUNDS TO MEET THE SCR

in EUR '000	31/12/2018	31/12/2017
Tier 1	6 173 727	6 373 156
Tier 2	949 718	940 002
Tier 3	0	0
Total	**7 123 444**	**7 313 158**

The eligible own funds to cover the SCR are TEUR 7,123,444. A value of TEUR 221,092 in Tier 2 own funds was deducted when the limits were checked on 31/12/2018. The eligible own funds for covering the SCR therefore decreased by TEUR 189,714 compared to the previous year.

ELIGIBLE OWN FUNDS TO MEET THE MCR

in EUR '000	31/12/2018	31/12/2017
Tier 1	6 173 727	6 373 156
Tier 2	94 972	94 000
Tier 3	0	0
Total	**6 268 698**	**6 467 156**

The eligible own funds to cover the MCR are TEUR 6,268,698. An amount of TEUR 1,075,838 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 decreased TEUR 198,458 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.

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 has the following SCR coverage ratio as of 31 December 2017:

SOLVENCY CAPITAL REQUIREMENT AND ITS COVERAGE BASED ON THE PIM

in EUR '000	31/12/2018	31/12/2017
Solvency II own funds to meet the SCR	7 123 444	7 313 158
Solvency capital requirement (SCR)	1 899 435	1 880 004
Solvency ratio	**375.0%**	**389.0%**

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.

DETAILED DESCRIPTION OF THE SOLVENCY CAPITAL REQUIREMENT BASED ON THE PIM

in EUR '000	31/12/2018	31/12/2017
Basic solvency capital requirement	1 916 992	1 907 609
Market risk	1 829 141	1 825 912
Counterparty default risk	48 453	41 501
Life underwriting risk	4 269	26 381
Health underwriting risk	35 215	33 781
Non-life underwriting risk	208 337	182 086
Diversification	-208 423	-202 052
Operational risk	34 719	30 097
Loss absorbing capacity of deferred taxes	-52 276	-57 702
Solvency capital requirement	**1 899 435**	**1 880 004**

No company-specific parameters in accordance with Article 104 paragraph 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.

VIG Holding's solvency capital requirement was TEUR 1,899,435 as of 31 December 2018 (31/12/2017: TEUR 1,880,004). Compared to the previous year, there was an insignificant increase of TEUR 19,431 in the SCR that was due, among other things, to the change in non-life underwriting risk discussed in section C.1 above.

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 2018:

MINIMUM CAPITAL REQUIREMENT AND ITS COVERAGE FOR VIG HOLDING BASED ON PIM

in EUR '000	31/12/2018	31/12/2017
Solvency II own funds to meet the MCR	6 268 698	6 467 156
Minimum capital requirement (MCR)	474 859	470 001
MCR coverage ratio	**1320.1%**	**1376.0%**

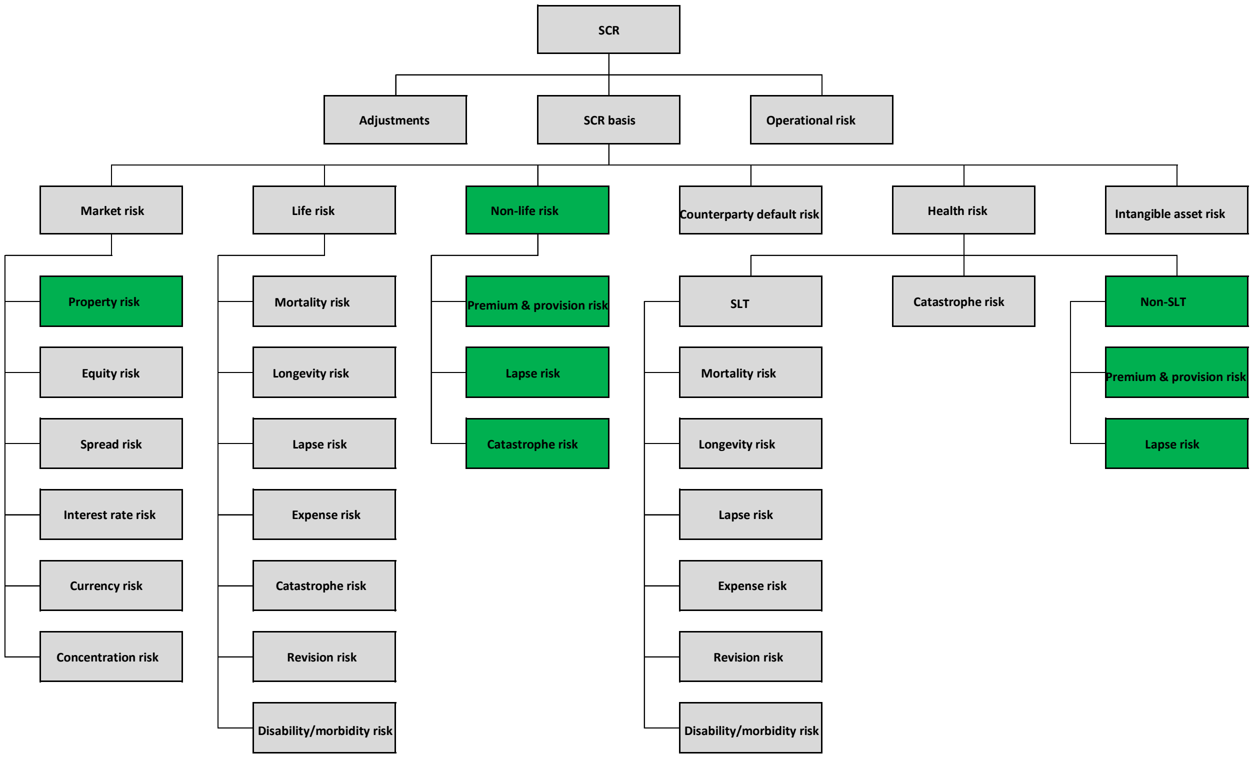
The difference between the own funds that can be used to cover the SCR and the own funds available to cover the MCR results from a regulatory limit for the eligibility of Tier 2 own fund items. Tier 2 own funds can only cover 20% of the MCR. Any amount above is not deemed eligible to cover the MCR.

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 application, structure and methodology of the model and integration of the partial internal 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 (parametrization 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: directly held real estate and holding companies, social building societies and real estate funds. The modelling is performed using a standardised approach. The PIM covers the property risk stemming from the portfolio of companies using the model and is used for several purposes, including the following:

- 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 property PIM 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 (including social building societies) were not included in the calibration of the standard formula, but make up a significant portion of the group-wide portfolio. Due to their many years of experience with property investments, the companies in which the PIM is used 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.

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 euros (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.

ADDRESS

VIENNA INSURANCE GROUP AG
Wiener Versicherung Gruppe
Schottenring 30
1010 Vienna
Phone: +43 (0) 50 390 22000
www.vig.com

GENERAL INFORMATION:

EDITOR AND MEDIA OWNER:

VIENNA INSURANCE GROUP AG
Wiener Versicherung Gruppe
Schottenring 30, 1010 Vienna
Company register: 75687 f
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 2018 (§ 238 UGB):

Company	Direct interest in capital (%)
Affiliated companies	
ASIGURAREA ROMANEASCA - ASIROM VIENNA INSURANCE GROUP S.A., Bucharest	86.47
ATBIH GmbH, Vienna	68.97
BCR Asigurari de Viata Vienna Insurance Group S.A., Bucharest	93.97
BTA Baltic Insurance Company AAS, Riga	90.83
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
InterRisk 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
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	18.86
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	99.50
Private Joint-Stock Company "Insurance company" Ukrainian insurance group", Kiev	9.19
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	97.80
RISK CONSULT Sicherheits- und Risiko- Managementberatung Gesellschaft m.b.H., Vienna	41.00
Ray Sigorta Anonim Sirketi, Istanbul	12.67
SIGMA INTERALBANIAN VIENNA INSURANCE GROUP Sh.A., Tirana	89.05
Seesam Insurance AS, Tallinn	100.00
TBI BULGARIA EAD in Liquidation, Sofia	100.00
UNION Vienna Insurance Group Biztosító Zrt., Budapest	98.64
VIG Asset Management, a.s., Prague	100.00
VIG Properties Bulgaria AD, Sofia	99.97
VIG RE zajist'ovna, a.s., Prague	70.00
VIG Real Estate GmbH, Vienna	90.00

Company	Direct interest in capital (%)
Affiliated companies	
VIG Services Ukraine, LLC, Kiev	21.27
Vienna Insurance Group Polska Spolka z ograniczona odpowiedzialnoscia, Warsaw	51.05
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 osiguranje Vienna Insurance Group dionicko drustvo za osiguranje, Zagreb	97.82
twinformatics GmbH, Vienna	20.00
Participations	
CEESEG Aktiengesellschaft, Vienna	8.50
Erste Asset Management GmbH, Vienna	0.76

Annex I
S.02.01.02
Balance sheet

		Solvency II value
Assets		**C0010**
Intangible assets	**R0030**	0
Deferred tax assets	**R0040**	90.503
Pension benefit surplus	**R0050**	
Property, plant & equipment held for own use	**R0060**	61.223
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	7.867.242
Property (other than for own use)	**R0080**	435.718
Holdings in related undertakings, including participations	**R0090**	6.811.046
Equities	**R0100**	0
Equities - listed	**R0110**	0
Equities - unlisted	**R0120**	0
Bonds	**R0130**	500.508
Government Bonds	**R0140**	21.553
Corporate Bonds	**R0150**	478.955
Structured notes	**R0160**	0
Collateralised securities	**R0170**	
Collective Investments Undertakings	**R0180**	119.967
Derivatives	**R0190**	3
Deposits other than cash equivalents	**R0200**	0
Other investments	**R0210**	
Assets held for index-linked and unit-linked contracts	**R0220**	0
Loans and mortgages	**R0230**	170.637
Loans on policies	**R0240**	0
Loans and mortgages to individuals	**R0250**	7
Other loans and mortgages	**R0260**	170.630
Reinsurance recoverables from:	**R0270**	73.796
Non-life and health similar to non-life	**R0280**	73.796
Non-life excluding health	**R0290**	70.665
Health similar to non-life	**R0300**	3.131
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**	1.116.045
Insurance and intermediaries receivables	**R0360**	25.645
Reinsurance receivables	**R0370**	12.512
Receivables (trade, not insurance)	**R0380**	135.172
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**	78.019
Any other assets, not elsewhere shown	**R0420**	3.139
Total assets	**R0500**	9.633.933

Annex I
S.02.01.02
Balance sheet

		Solvency II value
Liabilities		**C0010**
Technical provisions – non-life	**R0510**	1.123.308
Technical provisions – non-life (excluding health)	**R0520**	921.506
TP calculated as a whole	**R0530**	
Best Estimate	**R0540**	888.431
Risk margin	**R0550**	33.074
Technical provisions - health (similar to non-life)	**R0560**	201.803
TP calculated as a whole	**R0570**	
Best Estimate	**R0580**	194.080
Risk margin	**R0590**	7.723
Technical provisions - life (excluding index-linked and unit-linked)	**R0600**	61.817
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**	61.817
TP calculated as a whole	**R0660**	
Best Estimate	**R0670**	59.414
Risk margin	**R0680**	2.403
Technical provisions – index-linked and unit-linked	**R0690**	37.270
TP calculated as a whole	**R0700**	
Best Estimate	**R0710**	35.821
Risk margin	**R0720**	1.449
Contingent liabilities	**R0740**	882
Provisions other than technical provisions	**R0750**	116.256
Pension benefit obligations	**R0760**	55.797
Deposits from reinsurers	**R0770**	0
Deferred tax liabilities	**R0780**	142.779
Derivatives	**R0790**	451
Debts owed to credit institutions	**R0800**	76.353
Financial liabilities other than debts owed to credit institutions	**R0810**	270
Insurance & intermediaries payables	**R0820**	62.963
Reinsurance payables	**R0830**	3.215
Payables (trade, not insurance)	**R0840**	479.729
Subordinated liabilities	**R0850**	1.170.810
Subordinated liabilities not in BOF	**R0860**	0
Subordinated liabilities in BOF	**R0870**	1.170.810
Any other liabilities, not elsewhere shown	**R0880**	305
Total liabilities	**R0900**	3.332.207
Excess of assets over liabilities	**R1000**	6.301.727

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	982	82.692	1.379	
Gross - Proportional reinsurance accepted	**R0120**		293.973		735.714	0	198	52.339	0	
Gross - Non-proportional reinsurance accepted	**R0130**									
Reinsurers' share	**R0140**		1.511		6.859	0	369	26.256	582	
Net	**R0200**		292.462		728.855	0	810	108.775	797	
Premiums earned										
Gross - Direct Business	**R0210**		0		0	0	988	82.789	1.409	
Gross - Proportional reinsurance accepted	**R0220**		293.381		727.367	0	198	51.171	0	
Gross - Non-proportional reinsurance accepted	**R0230**									
Reinsurers' share	**R0240**		1.511		6.850	0	374	26.841	600	
Net	**R0300**		291.870		720.516	0	812	107.119	809	
Claims incurred										
Gross - Direct Business	**R0310**		0		0	0	1.006	58.983	-560	
Gross - Proportional reinsurance accepted	**R0320**		135.969		545.705	19	211	45.858	0	
Gross - Non-proportional reinsurance accepted	**R0330**									
Reinsurers' share	**R0340**		863		5.159	0	330	20.575	-814	
Net	**R0400**		135.106		540.546	19	887	84.266	254	
Changes in other technical provisions										
Gross - Direct Business	**R0410**		0		8.574	0	71	-1.965	-367	
Gross - Proportional reinsurance accepted	**R0420**									
Gross - Non- proportional reinsurance accepted	**R0430**									
Reinsurers'share	**R0440**									
Net	**R0500**		0		8.574	0	71	-1.965	-367	
Expenses incurred	**R0550**		167.811		242.103	20	364	23.915	222	
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**								85.053
Gross - Proportional reinsurance accepted	**R0120**								1.082.224
Gross - Non-proportional reinsurance accepted	**R0130**								
Reinsurers' share	**R0140**								35.578
Net	**R0200**								1.131.700
Premiums earned									
Gross - Direct Business	**R0210**								85.185
Gross - Proportional reinsurance accepted	**R0220**								1.072.116
Gross - Non-proportional reinsurance accepted	**R0230**								
Reinsurers' share	**R0240**								36.176
Net	**R0300**								1.121.125
Claims incurred									
Gross - Direct Business	**R0310**								59.429
Gross - Proportional reinsurance accepted	**R0320**								727.762
Gross - Non-proportional reinsurance accepted	**R0330**								
Reinsurers' share	**R0340**								26.113
Net	**R0400**								761.078
Changes in other technical provisions									
Gross - Direct Business	**R0410**								6.312
Gross - Proportional reinsurance accepted	**R0420**								
Gross - Non- proportional reinsurance accepted	**R0430**								
Reinsurers'share	**R0440**								
Net	**R0500**								6.312
Expenses incurred	**R0550**								434.435
Other expenses	**R1200**								1.687
Total expenses	**R1300**								436.122

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	LV	PL	RO	SK	
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
Premiums written								
Gross - Direct Business	R0110	71.829	611	237	2.112	850	519	76.157
Gross - Proportional reinsurance accepted	R0120	275.228	300.310	53.462	123.136	122.824	77.577	952.536
Gross - Non-proportional reinsurance accepted	R0130							0
Reinsurers' share	R0140	69	17.322	0	0	0	0	17.392
Net	R0200	346.988	283.598	53.699	125.248	123.673	78.096	1.011.302
Premiums earned								
Gross - Direct Business	R0210	71.678	644	237	2.212	866	410	76.047
Gross - Proportional reinsurance accepted	R0220	275.385	295.013	52.011	115.567	134.211	76.641	948.829
Gross - Non-proportional reinsurance accepted	R0230							0
Reinsurers' share	R0240	24	17.665	0	0	0	0	17.690
Net	R0300	347.039	277.991	52.248	117.779	135.077	77.051	1.007.186
Claims incurred								
Gross - Direct Business	R0310	57.839	2	0	0	0		57.841
Gross - Proportional reinsurance accepted	R0320	175.603	177.649	41.022	69.025	142.514	51.790	657.603
Gross - Non-proportional reinsurance accepted	R0330							0
Reinsurers' share	R0340	869	11.644	0	0	0	0	12.513
Net	R0400	232.573	166.006	41.022	69.025	142.514	51.790	702.931
Changes in other technical provisions								
Gross - Direct Business	R0410	6.312						6.312
Gross - Proportional reinsurance accepted	R0420							0
Gross - Non- proportional reinsurance accepted	R0430							0
Reinsurers'share	R0440							0
Net	R0500	6.312						6.312
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							
		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

			Index-linked and unit-linked insurance			Other life insurance					
		Insurance with profit participation		Contracts without options and guarantees	Contracts with options or guarantees		Contracts without options and guarantees	Contracts with options or guarantees	Annuities stemming from non-life insurance contracts and relating to insurance obligation other than health insurance obligations	Accepted reinsurance	**Total (Life other than health insurance, incl. Unit-Linked)**
		C0020	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**	**C0100**	**C0150**
Technical provisions calculated as a whole	**R0010**										
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	**R0020**										
Technical provisions calculated as a sum of BE and RM											
Best Estimate											
Gross Best Estimate	**R0030**									95.235	95.235
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0080**									0	0
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	**R0090**									95.235	95.235
Risk Margin	**R0100**									3.852	3.852
Amount of the transitional on Technical Provisions											
Technical Provisions calculated as a whole	**R0110**										
Best estimate	**R0120**										
Risk margin	**R0130**										
Technical provisions - total	**R0200**									99.087	99.087

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	-7.447	0	62.723	0	8	6.325	43	0
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0140**	0	0	0	0	0	3	1.192	20	0
Net Best Estimate of Premium Provisions	**R0150**	0	-7.447	0	62.723	0	5	5.133	23	0
Claims provisions										
Gross	**R0160**	0	201.527	0	720.163	39	1.070	97.206	854	0
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0240**	0	3.131	0	44.630	0	121	24.682	17	0
Net Best Estimate of Claims Provisions	**R0250**	0	198.395	0	675.533	39	949	72.524	837	0
Total Best estimate - gross	**R0260**	0	194.080	0	782.887	39	1.078	103.531	897	0
Total Best estimate - net	**R0270**	0	190.948	0	738.257	39	954	77.658	860	0
Risk margin	**R0280**	0	7.723	0	29.145	1	40	3.854	33	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	201.803	0	812.032	40	1.118	107.386	930	0
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	**R0330**	0	3.131	0	44.630	0	124	25.874	37	0
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	**R0340**	0	198.671	0	767.402	40	994	81.512	893	0

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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					61.652
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0140**	0	0	0					1.215
Net Best Estimate of Premium Provisions	**R0150**	0	0	0					60.437
Claims provisions									
Gross	**R0160**	0	0	0					1.020.859
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0240**	0	0	0					72.581
Net Best Estimate of Claims Provisions	**R0250**	0	0	0					948.278
Total Best estimate - gross	**R0260**	0	0	0	0	0	0	0	1.082.511
Total Best estimate - net	**R0270**	0	0	0					1.008.715
Risk margin	**R0280**	0	0	0	0	0	0	0	40.797
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	1.123.308
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	**R0330**	0	0	0					73.796
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	**R0340**	0	0	0	0	0	0	0	1.049.512

Annex I
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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)

		Development year										
	Year	**0**	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10 & +**
		C0010	**C0020**	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**	**C0100**	**C0110**
Prior	**R0100**											0
N-9	**R0160**											
N-8	**R0170**	157.038	115.154	29.916	19.464	11.630	7.121	6.188	3.429	5.305		
N-7	**R0180**	192.053	179.377	60.229	29.057	15.286	9.923	7.215	4.085			
N-6	**R0190**	206.632	200.022	70.881	32.855	20.849	10.081	3.659				
N-5	**R0200**	215.787	189.509	62.551	34.746	16.356	5.856					
N-4	**R0210**	218.870	184.220	69.726	30.600	16.771						
N-3	**R0220**	209.066	211.913	77.223	27.887							
N-2	**R0230**	227.369	220.286	67.674								
N-1	**R0240**	255.487	222.357									
N	**R0250**	312.362										

		In Current year	**Sum of years (cumulative)**
		C0170	**C0180**
	R0100	0	0
	R0160		0
	R0170	5.305	355.245
	R0180	4.085	497.226
	R0190	3.659	544.978
	R0200	5.856	524.804
	R0210	16.771	520.187
	R0220	27.887	526.089
	R0230	67.674	515.329
	R0240	222.357	477.844
	R0250	312.362	312.362
Total	**R0260**	665.956	4.274.065

Annex I
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Non-life Insurance Claims Information

Gross undiscounted Best Estimate Claims Provisions
(absolute amount)

		Development year										
	Year	**0**	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10 & +**
		C0200	**C0210**	**C0220**	**C0230**	**C0240**	**C0250**	**C0260**	**C0270**	**C0280**	**C0290**	**C0300**
Prior	**R0100**											0
N-9	**R0160**											
N-8	**R0170**	0	0	0	0	0	0	28.579	25.058	16.081		
N-7	**R0180**	0	0	0	0	0	44.325	31.934	17.151			
N-6	**R0190**	0	0	0	0	62.226	36.352	25.922				
N-5	**R0200**	0	0	0	91.335	52.405	39.849					
N-4	**R0210**	0	0	144.260	86.283	66.264						
N-3	**R0220**	0	214.358	138.944	89.081							
N-2	**R0230**	336.421	213.556	133.088								
N-1	**R0240**	381.254	227.576									
N	**R0250**	432.459										

		Year end (discounted data)
		C0360
	R0100	0
	R0160	
	R0170	14.817
	R0180	15.739
	R0190	24.117
	R0200	38.024
	R0210	64.016
	R0220	86.049
	R0230	129.141
	R0240	222.556
	R0250	426.401
Total	**R0260**	1.020.859

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**	4.046.623	4.046.623			
Subordinated liabilities	**R0140**	1.170.810		0	1.170.810	
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**	7.344.536	6.173.727	0	1.170.810	
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**	7.344.536	6.173.727	0	1.170.810	
Total available own funds to meet the MCR	**R0510**	7.344.536	6.173.727	0	1.170.810	
Total eligible own funds to meet the SCR	**R0540**	7.123.444	6.173.727	0	949.718	0
Total eligible own funds to meet the MCR	**R0550**	6.268.698	6.173.727	0	94.972	
SCR	**R0580**	1.899.435				
MCR	**R0600**	474.859				
Ratio of Eligible own funds to SCR	**R0620**	375,0%				
Ratio of Eligible own funds to MCR	**R0640**	1320,1%				

		C0060	
Reconciliation reserve			
Excess of assets over liabilities	**R0700**	6.301.727	
Own shares (held directly and indirectly)	**R0710**		
Foreseeable dividends, distributions and charges	**R0720**	128.000	
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**		
Reconciliation reserve	**R0760**	4.046.623	
Expected profits			
Expected profits included in future premiums (EPIFP) - Life business	**R0770**	4.398	
Expected profits included in future premiums (EPIFP) - Non- life business	**R0780**	29.964	
Total Expected profits included in future premiums (EPIFP)	**R0790**	34.362	

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

Unique number of component	Components description	Calculation of the Solvency Capital Requirement	Amount modelled	USP	Simplifications
C0010	**C0020**	**C0030**	**C0070**	**C0080**	**C0090**
1	Market risk	1.829.141	32.631		
2	Counterparty default risk	48.453	0		
3	Life underwriting risk	4.269	0		
4	Health underwriting risk	35.215	34.989		
5	Non-life underwriting risk	208.337	208.337		
6	Intangible asset risk	0	0		
7	Operational risk	34.719	0		
8	LAC Technical Provisions (negative amount)	0	0		
9	LAC Deferred Taxes (negative amount)	-52.276	0		

Calculation of Solvency Capital Requirement		**C0100**
Total undiversified components	**R0110**	2.107.859
Diversification	**R0060**	-208.423
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**	1.899.435
Capital add-ons already set	**R0210**	0
Solvency capital requirement	**R0220**	1.899.435
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**	-52.276
Capital requirement for duration-based equity risk sub-module	**R0400**	0
Total amount of Notional Solvency Capital Requirements for remaining part	**R0410**	0
Total amount of Notional Solvency Capital Requirements for ring fenced funds (other than those related to business operated in accordance with Art. 4 of Directive 2003/41/EC (transitional))	**R0420**	0
Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	**R0430**	0
Diversification effects due to RFF nSCR aggregation for article 304	**R0440**	0

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

Linear formula component for non-life insurance and reinsurance obligations

		C0010
MCR_{NL} Result	**R0010**	197.003

		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**	190.948	292.462
Workers' compensation insurance and proportional reinsurance	**R0040**	0	
Motor vehicle liability insurance and proportional reinsurance	**R0050**	738.257	728.855
Other motor insurance and proportional reinsurance	**R0060**	39	0
Marine, aviation and transport insurance and proportional reinsurance	**R0070**	954	810
Fire and other damage to property insurance and proportional reinsurance	**R0080**	77.658	108.775
General liability insurance and proportional reinsurance	**R0090**	860	797
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**		
Non-proportional casualty reinsurance	**R0150**		
Non-proportional marine, aviation and transport reinsurance	**R0160**		
Non-proportional property reinsurance	**R0170**		

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

Linear formula component for life insurance and reinsurance obligations

		C0040
MCR_L Result	**R0200**	1.498

		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**	35.821	
Other life (re)insurance and health (re)insurance obligations	**R0240**	59.414	
Total capital at risk for all life (re)insurance obligations	**R0250**		0

Overall MCR calculation

		C0070
Linear MCR	**R0300**	198.502
SCR	**R0310**	1.899.435
MCR cap	**R0320**	854.746
MCR floor	**R0330**	474.859
Combined MCR	**R0340**	474.859
Absolute floor of the MCR	**R0350**	3.700
		C0070
Minimum Capital Requirement	**R0400**	474.859