SOLVENCY AND FINACIAL CONDITION REPORT

2016

VIG Re

Content

Summary

The purpose of this report is to satisfy the public disclosure requirements under Solvency II. The elements of the disclosure relate to business performance, governance, risk profile, solvency and capital management.

VIG Re zajišťovna, a.s. (hereinafter also “VIG Re” or “the Company”) is a part of the Vienna Insurance Group and was founded in 2008 with the aim to optimize the reinsurance buying of VIG Group and to underwrite profitable reinsurance business with insurance companies outside of VIG Group. By end of 2016 VIG Re assumed business with 309 clients, mainly from its core markets Austria and CEE, but also from other European markets such as Germany, and Italy as well as Turkey.

VIG Re writes Property and Casualty Reinsurance, Accident and Health Reinsurance and also Life Reinsurance. Gross Written Premium for 2016 was EUR 383 million, of which P&C contributed EUR 339.3 million and L&H EUR 43.7 million. Due to relatively benign loss activities in the year, both in respect of natural catastrophes and manmade losses, and as a result of the continued strict underwriting policy, the Company achieved an excellent net combined ratio of 93.2% and consequently a very strong underwriting result of EUR 17 million.

The Company’s system of governance is defined through a set of internal rules, procedures and organization as governed by internal policies. The system of governance encompasses also other integral elements, such as the risk management system (including the risk appetite framework, ORSA, etc.), the internal control system and the key functions. As VIG Re is still a young company, the system of governance is continually adjusted according the developing risk landscape of the company’s business model. The adequacy of system of governance is a regular topic on the agenda discussed at the Board of Directors meetings. The Company continues to strengthen its own capabilities in core functions such as risk management, actuarial function and claims management

Chapter C (Risk profile) provides an overview of the Company’s risks to which it is exposed and key procedures to mitigate these risks to an acceptable level. The establishment of an appropriate risk profile is a pivotal element for a proper underwriting, investment and risk mitigation process. Due to the activity of the Company, underwriting risks are identified as the most important risk class for VIG Re. The company is exposed to Non-Life, Health (non-similar to Life techniques) and Life underwriting risks. The Company mitigates underwriting risks by the adherence of a strict underwriting policy, definition of underwriting limits, accumulation control, and usage of comprehensive reinsurance programs.

The market risk is governed by VIG Re’s Investment and Risk Strategy policy. It sets a balanced risk/return-profile and sets limits for asset allocation.

To limit counterparty default risk VIG Re spreads its reinsurance coverage over a diversified panel of international reinsurance companies, subject to compliance with VIG Security Guidelines.

In the area of the operational risks, the Company ensures key processes as well as assets are in place to provide sustainable reinsurance services by defining strict procedures, controls and emergency plans.

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

Finally the report provides an overview of capital management and solvency requirement of the Company. All capital of the Company is classified as Tier I capital. The Company expects capital increase in the 2017 to support the capital position of the Company for its planned growth. Details on the Solvency requirements are given. The Company solvency position as at 31 December 2016 was 144.2 % which was in accordance with its risk and business strategy.

This report has several appendixes. First is organisational structure of the Company. Other appendixes present quantitative reports according to Solvency II requirements.

Approved by the Board of Directors on 19 May 2016.

A Business and Performance

As part of the Vienna Insurance Group, whose history reaches back to 1824, from its foundation in 2008 VIG Re has established itself as a core player in the reinsurance market in Austria and CEE.

Stable performance is one of the most important key indicator for VIG Re and its shareholders. In 2016, the number of VIG Re clients passed 300 for the first time. The gross written premium income increased by 7% to EUR 383 million. Due to relatively benign loss activities in the year and as a result to the continued strict underwriting policy, the Company achieved an excellent net combined ratio of 93.2% and consequently a very strong underwriting result.

A.1 Business

A.1.1 Name and legal form of the undertaking

VIG RE is incorporated in the Czech Republic and is a joint-stock company. IR: 28445589, registered in the Commercial Register kept by Municipal Court in Prague, section B, insert 14560.
The address of the registered office is:
Templová 747/5
110 01 Praha 1
Czech Republic
www.vig-re.com

This Report covers VIG Re on a solo basis.

The Company has a licence to pursue the following activities

- Reinsurance activity under § 7 paragraph 3 of Act No. 363/1999 Coll. Insurance and amending certain related Acts, as amended (the Insurance Act), within all branches of Life insurance listed in Appendix 1 of the Insurance, Part A and all Non-Life insurance listed in Schedule 1 of the Insurance Act, Part B.

Activities related to reinsurance activities under § 7 paragraph 3 of the Law on Insurance in conjunction with § 3, paragraph 4 and § 2, paragraph 1. h) of the Insurance Act:

- investigation of reinsurance events;
- mediation activities undertaken in connection with reinsurance activities;
- consulting services related to reinsurance;
- educational activities for reinsurance intermediaries and independent assessors of reinsurance events.

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

A.1.2 Name of the Supervisory Authority responsible for the financial supervision of the undertaking and group

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

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

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

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

A.1.3 External auditor of the undertaking

The statutory auditor of the Company is:

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

A.1.4 Holders of qualifying holdings in the undertaking

Business Name	Legal form	Address	Share capital	Share of voting rights
VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe	joint-stock company	Schottenring 30 1010 Wien	70 %	70 %
Donau Versicherung AG Vienna Insurance Group	joint-stock company	Schottenring 15 1010 Wien	10 %	10%
Kooperativa pojišťovna, a.s., Vienna Insurance Group	joint-stock company	Pobřežní 665/21 186 00 Praha 8	10 %	10%
Kooperativa poisťovňa, a.s. Vienna Insurance Group	joint-stock company	Štefanovičova 4, 816 23 Bratislava	10 %	10%

A.1.5 Legal structure of the group

VIG Re is a part of VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe. Detailed list of related parties and equity can be found in our Annual report Annex 2 to the Report on Related Parties. The Company has not established any branch office.

VIG Re has subsidiary in Wiener Re a.d.o. Serbia, which was acquired from WIENER STÄDTISCHE Versicherung AG Vienna Insurance Group. Wiener Re is a reinsurance company based in Belgrade and has established business relationships with a significant number of insurance companies in Serbia and western Balkans. It is currently active in Serbia and neighbouring countries Bosnia and Herzegovina, Montenegro and Macedonia.

VIG Re has also share in VIG fund CZ, a.s. This company focuses on real estate management.

Business Name	Legal form	Address	Share capital	Share of voting rights
Wiener Re a.d.o. Serbia	joint-stock company	Trešnjinog cveta 1 11070 Belgrade	99 %	99 %
VIG FUND, a.s	joint-stock company	Templová 747/5 110 00 Praha 1	3.39%	3.39%

A.1.6 Material lines of business and geographical areas

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

Material Services of the Company are:

Property and Casualty Reinsurance

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

Accident and Health Reinsurance

- Personal Accident
- Health

Life Reinsurance

Underwriting Territories

For list of countries see table on Gross written premium.

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

A.1.7 Main trends and factor contributing to the business performance of the Company

Macroeconomics

The majority of international economic research institutes predict continued growth for the economies of Central and Eastern Europe, which should benefit from the various European infrastructure and regional development programs. Especially for major economies such as Poland (+3.5%) and Czech Republic (+2.4%). WIIW (Wiener Institut für Internationale Wirtschaftsvergleiche) forecasts an acceleration of growth, which has been recently hampered by the sluggish economic development of Western European economies. Also for Hungary the outlook is now more positive and growth- after two challenging years – is expected to recover by 0.6 percentage points to 2.6%. The institute expects only for three CEE countries a slowing down of growth in 2017, namely Romania (2017: +3.5%), Turkey (2017: +3.0%) and Slovakia (2017: +3.1%) - all countries which already have shown a robust growth in 2016. Smaller CEE countries such as Bulgaria (+3%), Croatia (+2.7%) or Baltic states (avg. + 2.5%) are expected to growth at slightly slower, but stable rate.

Outlook

The rising purchasing power of a growing middle class will trigger an increased demand for insurance solutions from private households, which will consequently increase insurance density. As a result, mid- to long-term macro-economic trends provide strong growth potential for insurance and reinsurance companies in the region. However, the future development of the insurance market will also depend on CEE countries implementing national reforms. And while many countries are indeed planning reforms in social, Health and pension insurance, political decision-making and actual implementation still often lag behind.

In addition to the above mentioned political and economic factors, the evolving risk landscape is impacted by the global technology trends of rapid digitalization and automation. While these represent emerging risks, it should be emphasized that these trends ultimately may represent significant opportunities for the reinsurance to extend its value proposition and further improve the efficiency of the industry.

The Health insurance and reinsurance field is poised to become one of the most rapidly evolving segments in the CEE region in the future and VIG Re is ready to offer the reinsurance protection and services to meet the rising demand. VIG announced that the Health sector will be one of its strategic priorities in the next year and VIG Re is taking an active role in the execution of the Group strategy.

VIG Re Strategy 2020

While VIG Re focused in the first years after its foundation on accepting business from VIG companies, VIG Re from the very beginning built a value proposition for clients from outside VIG Group. Third party business got more momentum since 2013. While still adhering to the same underwriting areas, VIG Re has been gradually building its franchise beyond VIG core insurance markets, such as Germany, Italy, Russia and Turkey. As part of its revised strategy VIG Re aims to strengthen its underwriting activities in Germany and to enter additional, mainly continental European markets in a careful and controlled way. VIG Re will focus here on those business segments and client relations, which provide opportunities for profitable and sustainable growth with selected clients. In combination with the further development of the established business segments the company is aiming to grow the underwriting profits until 2020 by annually 10% over the period. The focus on underwriting result will enable the company to offset the forecasted lower ordinary investment result driven by the continuous low interest environment.

A.2 Underwriting Performance

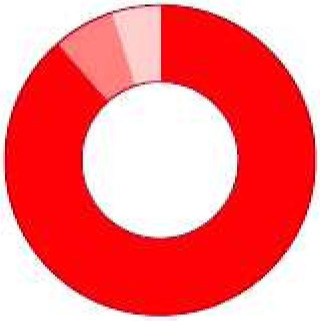
In 2016 the gross written premium income increased by 7% to EUR 383 million. Due to relative benign loss activities in the year and as a result to the continued strict underwriting policy, the company achieved an excellent net combined ratio of 93.2% and consequently a very strong underwriting result.

Gross Written Premium for 2016 was EUR 383 million, of which P&C contributed EUR 339 million and L&H EUR 44 million. In order to maintain profitability under the challenging market conditions, the company adhered to its strict underwriting discipline, withdrawing from business where the renewal terms were not in line with VIG Re's technical standards. On the other hand, the strong franchise of VIG Re in its core markets and increased marketing activities with selected clients enabled VIG Re to originate new business at sufficient technical margins.

VIG Re was not significantly affected by any of the global large natural catastrophes in the year 2016 loss. With regard to regional events, a severe flooding occurred in Germany ("Elvira") in May 2016, with gross claims of EUR 25.5 million for VIG Re. Other notable events were a landslide in the Kazbegi district in Georgia, a hailstorm in Plovdiv, Bulgaria, a flash flood in Macedonia and Earthquakes in Italy on 24.08.2016 and 26.10.2016. None of the later events exceeding a loss of EUR 2 million for VIG Re share.

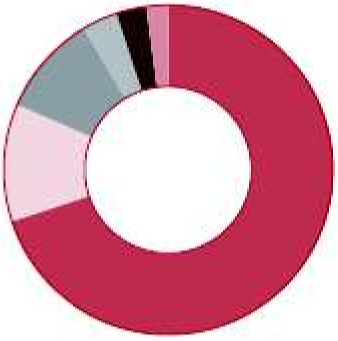
The largest manmade loss for VIG Re in 2016 was reported for a wood processing plant in Chirk, Wrexham. As a result of the explosion at the power house and the following business interruption a gross loss of EUR 8 million was reported for VIG Re share.

Total burden of large losses (VIG Re gross share above EUR 1 million) decreased in 2016 compared to the year 2015. For 2016 10 large claims were reported for VIG Re with a total net loss of EUR 8.8 million, compared to 17 large losses in 2015 with a total net loss of EUR 16.7 million.



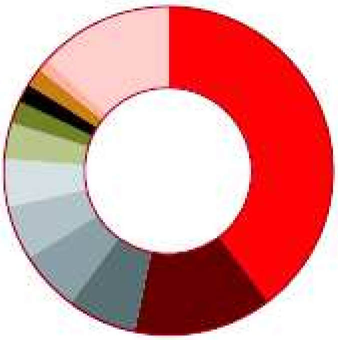
GWP Split (in EUR '000)

Property / Casualty	339 329
Health	24 708
Life	19 021
Total	**383 058**



GWP per Line of Business (in EUR '000)

Property	237 392
MTPL	39 189
Other Motor Vehicle Reinsurance	33 727
Liability	11 899
Marine	9 921
Casualty	7 201
Total	**339 329**



GWP P&C per Country (in EUR '000)

Austria	134 726
Czech Republic	46 005
Slovakia	23 239
Poland	20 439
Germany	18 280
Turkey	15 939
Romania	12 040
Hungary	7 485
Serbia	6 264
Croatia	6 064
Kazakhstan	4 206
Other*	44 642
Total	**339 329**

* Albania, Aremnia, Bosnia, Bulgaria, Estonia, Georgia, Italy, Kosovo, Latvia, Lithuania, Luxemburg, Macedonia, Moldava, Montenegro, Russia, Slovenia, Switzerland and Ukraine.

Results for 2016 from the underwriting activity are summarized in the table below.

2016	P&C	Life	A&H	Total
Premiums written - Gross	339 329	19 021	24 708	383 058
Premiums written - Reinsurers' share	-156 872	-2 683	-1 421	-160 976
Net earned premiums	182 563	16 560	23 241	222 364
Other income	0	4 506	0	4 506
Claims incurred	-121 492	-14 852	-3 065	-139 409
Operating expenses	-50 338	-3 873	-17 289	-71 500
Underwriting Result	13 895	2 443	27	16 365
Profit after tax				17 028

A.3 Investment Performance

In the environment of historical low interest rates and volatile bond and equity markets during 2016, VIG Re achieved a solid investment income of EUR 11.3 million. The 2016 result was mainly driven by ordinary investment income, adversely impacted by realisation of a stop loss on equity funds accounted in January 2016 (- EUR 0.9 million).

Due to the structure of the investment portfolio, the bond portfolio, with a total income of EUR 7.5 million, was the main contributor to investment income. An additional EUR 4.5 million contributed funds deposited with cedents in respect of Life and Health Reinsurance contracts. Equity and fund investments accounted in total for minor loss of EUR 0.1 million.

No extraordinary gains were realized in 2016.

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

The Company's investment was allocated as of 31 December 2016 in following assets:

Investments VIG Re 31 December 2016 (IFRS)	(in thousands EUR)
Property, plant & equipment held for own use	252
Investments	308 252
Property (other than for own use)	0
Holdings in related undertakings, including participations	11 726
Participations in fully consolidated insurance companies	6 722
Participations in fully consolidated non-insurance companies	5 003
Bonds	251 923
Government Bonds	210 396
Corporate Bonds	41 527
Collective Investments Undertakings (=Investment funds)	44 604
Loans & mortgages	423
Deposits to cedants	141 069
Cash and cash equivalents	7 300

The Company has no investments in securitisation.

A.4 Performance of other activities

The Company granted a loan, which resulted in a receivable of EUR 410 thousand, as shown in the Company's financial statements.

A.5 Any other information

VIG Re does not have any other information on its business performance.

B System of Governance

B.1 General information on the system of governance

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

B.1.1 Role and responsibilities of the Board of Directors

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

There were the following members of the Board of Directors as at 31 Decemer 2016: Martin Johannes Hartmann, Dušan Bogdanović and Ivana Jurčíková. Ms. Ivana Jurčíková joined the Board of Directors of VIG Re effective 1 September 2016.

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

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

Establishing of other committees – risk management and investment committees are under discussion.

B.1.2 Role and responsibilities of the Supervisory Board

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

As at 1 January 2016 the Supervisory Board of VIG Re consisted of the following members:

Dkfm. Karl Fink (Chairman of the Supervisory Board),
Dr. Wolfgang Eilers (Vice-Chairman of the Supervisory Board),
Mag. Peter Höfinger (Member of the Supervisory Board),
Ing. Vladimír Mráz (Member of the Supervisory Board),
Mag. Roland Gröll (Member of the Supervisory Board),
Ing. Juraj Lelkes (Member of the Supervisory Board).

From 1 April 2016 the Supervisory Board of VIG Re consisted of the following members (new members are highlighted in bold):

Dkfm. Karl Fink (Chairman of the Supervisory Board),
Dr. Wolfgang Eilers (Vice-Chairman of the Supervisory Board),
Prof. Elisabeth Stadler (Vice-Chairwoman of the Supervisory Board),
Mag. Peter Höfinger (Member of the Supervisory Board),
Gary Wheatley Mazzotti (Member of the Supervisory Board),
Ing. Vladimir Bakeš (Member of the Supervisory Board),
Dr. Peter Thirring (Member of the Supervisory Board.

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

The following committees have been established at VIG Re:

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

The Audit Committee monitors the process of preparation of financial statements, assesses the efficiency and effectiveness of the internal controls and internal audit, oversees the external audit of financial statements and assesses the suitability and independence of the external auditor. It also suggests the statutory auditor. New Audit Committee members were elected at the general meeting held on 28 April 2016. Members of the committee are Prof. Elisabeth Stadler, Dkfm. Karl Fink and Ing. Hynek Vodička. The committee held three meetings in 2016 and among other main topics of their agenda were external and internal audits, the Solvency II preparedness of VIG Re and the internal control system of the Company.

The Strategic Committee was established by a decision of the Supervisory Board on 1 April 2016. Its members are: Dkfm. Karl Fink (Chairman), Prof. Elisabeth Stadler (Vice-Chairwoman), Dr. Wolfgang Eilers (Vice-Chairman), and Mag. Peter Höfinger (Member). It held two meetings and discussed new Company's strategy.

The Committee for matters of the Board of Directors and the Committee for urgent matters are working committees of the Supervisory Board, where operational issues are discussed in advance of regular meetings of the Supervisory Board.

B.1.3 General information on the key functions

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

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

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

Compliance function – the Compliance Function Holder is the member of the Board of Directors responsible for compliance. The compliance officer reports to this Board member. More information on the implementation, authority and independence is provided in chapter B.4.

Internal audit function – the Internal Audit Function Holder is the member of the Board of Directors assigned as coordinator responsible for internal audit. The internal audit function maintains independence as the officers that conduct the audit work are from an external organization which gives them a strong level of independence (see chapter B.8 Outsourcing). More information on the implementation, authority and independence is provided in chapter B.5.

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

B.1.4 Principles of remuneration of members of the statutory bodies and key function holders

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

The purpose is to ensure a general framework for

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

Remuneration Components

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

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

Remuneration Schemes for Specific Types of Personnel

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

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

- the individual's performance, related to the fulfilment and the quality of specified tasks taking into account the responsible handling of risks and compliance with laws, internal rules and risk management practices;
- the performance of the business unit he or she is assigned to, taking into account the contribution to the fulfilment of the Company's business strategy, its risk profile and objectives;
- the Company's overall performance over a certain period (as opposed to performance on a specific reference date).

Subject to the principle of proportionality, a substantial part of the variable remuneration is deferred. The deferral period is set at three years.

Variable remuneration is not based solely on financial criteria – the solvency ratio is a central risk indicator and limited by the minimum solvency ratio according to the VIG risk bearing capacity approach and the risk strategy of the VIG Group. When awarding variable remuneration, the situation of the solvency ratio has to be taken into account – in case of breaching the targeted solvency ratio, the variable remuneration can be decreased accordingly or even cancelled.

Furthermore, the remuneration for the function of a member of the Supervisory Board does not contain performance-related components.

Supplementary pension schemes

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

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

B.1.5 Regular review of the system of governance

As VIG Re is still a growing company – its business, organisation and number of employees have been growing steadily over time – the system of governance is continually adjusted according the developing risk landscape of the company's business model The adequacy of system of governance is a regular point on the agenda of the Board of Directors meetings. In

2016 the Company focused on strengthening the oversight functions (in particular in the area of risk management and the actuarial function), The Company continues to strengthen its own capabilities. Also, internal capacities and skills have been fostered in the claims management area.

B.2 Fit and proper requirements

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

Persons who effectively run the Company

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

VIG Re identifies the following key functions:

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

Before appointing an individual to any of the above-mentioned functions, the Company assesses whether the criteria of fitness and propriety, as listed below, are fulfilled by the individual, based on the information provided by them. Each individual has a duty during the time they are appointed to ensure that they meet the criteria and report if they no longer comply with them.

B.2.1 Fit Requirements

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

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

- insurance and financial markets;
- business strategy and business model;
- system of governance;
- financial and actuarial analysis;
- regulatory framework and requirements.

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

B.2.2 Proper Requirements

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

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

B.2.3 List of the persons responsible for key functions

The Company's key function holders as at 31 December 2016 were:

- Risk Management Function – Mr. Dušan Bogdanović, member of the Board of Directors;
- Compliance Function – Mrs. Ivana Jurčíková, member of the Board of Directors;
- Internal Audit Function – outsourced, function holder in VIG Re is Mr. Martin Hartmann; Chairman of the Board of Directors;
- Actuarial Function – Mr. Jan. Hrevuš, Head of the Actuarial Analytics department.

B.3 Risk management system including the own risk and solvency assessment

B.3.1 Risk Management roles and responsibilities

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

First Line of Defence

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

Second Line of Defence

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

In VIG Re, the second line of defence is ensured by the **risk management function, actuarial function and the compliance function**. Their roles and responsibilities are defined in a specific internal standard. Their roles are discussed in the following chapters.

Third Line of Defence

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

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

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

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

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

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

The risk function holder, supported by the risk manager, has the responsibility for implementing, maintaining and developing the risk management system. The risk manager reports directly to the risk function holder. The RMF is also supported by the Business processes.

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

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

B.3.2 Risk management process implementation

VIG Re implemented the risk management process framework defined by VIG which covers the following steps:

1. Risk Identification – This is the starting point of the risk management process and sets the foundation of the subsequent steps. The aim of Risk Identification is to expose, detect and document all possible sources of risks which could affect the achievement of VIG Re's objectives and to define the control mechanisms to be used to manage the risks. All identified risks are classified into the defined risk categories. The outcome of this process is the Risk Inventory, which is updated regularly, at least on an annual basis. Risk identification is a responsibility of the first line of defence, ie. the directors of the business departments.
2. Risk Measurement – Following the Risk Identification, an essential prerequisite for the risk handling and decisions of the VIG Re Board of Directors is the measurement of all risks identified. This includes also the evaluation of their materiality. On this basis different assessment methods for each risk type in line with the proportionality principle are used.

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

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

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

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

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

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

B.3.3 ORSA process

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

The ultimate owner of the ORSA process is the Board of Directors, who also gives the key input for each ORSA run – the business strategy and business plans for next three years against which the solvency position is assessed. The Board of Directors also sets the overall solvency needs of VIG Re, corresponding to the targeted solvency ratio, set at 125%. The process culminates by compiling the ORSA report summarizing the main results of each step and before the report is released, it is discussed, reviewed and approved by Board of Directors.

B.4 Internal control system

B.4.1 Internal control system (ICS)

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

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

VIG Re stresses the importance of efficient internal controls for managing the risks in the day-to-day activities of all employees. Therefore, the ICS is developed in close connection to the risks identified in the Risk Inventory – the control mechanisms are commensurate to the nature, scale and complexity of the risks. Every department and their directors are responsible for developing the internal controls in their area of responsibility, carrying out the defined controls and report the findings. The development of ICS is coordinated by the risk manager who also oversees the execution of internal controls and their results and may recommend changes to the system or its particular parts.

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

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

B.4.2 Compliance Function

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

The Compliance Function has the following duties and responsibilities:

- Providing Advice – The Compliance Function advises the Board of Directors and the Supervisory Board in compliance relevant areas.
- Compliance Risk Management
    - Compliance Risk Identification and Assessment - The Compliance Function identifies and assesses Compliance Risks, monitors and tests business activities to evaluate adequacy and effectiveness of control processes from Compliance point of view (following a risk-based approach). This includes also monitoring of the foreseen legislative changes and pointing out the main risks to the Company that stem from these changes.
    - Compliance Risk mitigation - The Compliance Function takes mitigating actions to reduce the source or the impact of Compliance Risks through the implementation of extra control measures (in particular, drawing up internal guidelines and controls, support in setting up specific working procedures and specific trainings etc.).
    - Compliance Risk Monitoring - The Compliance Function monitors Compliance Risks and the effectiveness of the mitigating actions implemented.
    - Reporting Current and potential Compliance Risks identified as well as mitigating actions connected herewith shall be included into the Compliance Report of a Compliance Function accordingly.

B.5 Internal audit function

The internal audit function is part of the third line of defence in the Company.

B.5.1 Implementation of the Internal audit

Internal audit in the Company is implemented through the following principles:

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

B.5.2 Independence of the internal audit function

The Internal audit is jointly in the responsibility of the Board of the Directors which provides support to internal auditor during auditing process, and the Internal audit function holder is a member of the Board of Directors. In addition, the Company is subject to group internal audits carried out in accordance with group internal audit plan.

The Company outsources the performance of the internal audit activity to the VIENNA INSURANCE GROUP AG, therefore the people that carry out the reviews and report the findings are independent from the people that work in the areas under review.

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

B.6 Actuarial function

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

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

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

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

- Technical Provisions
    - coordinates the calculation of technical provisions;
    - ensures the appropriateness of the methodologies and underlying models used as well as the assumptions made in the calculation of technical provisions;
    - assesses the sufficiency and quality of the data used in the calculation of technical provisions;
    - compares best estimates against experience;

- oversees the calculation of technical provisions in the cases set out in Article 82 of the Directive 2009/138/EC (*Data quality and application of approximations, including case-by-case approaches, for technical provisions*).

- Informing and providing opinion
  - Informs the Board of Directors of VIG Re about the reliability and adequacy of the calculation of technical provisions;
  - expresses an opinion on the overall underwriting policy;
  - expresses an opinion on the adequacy of retrocession arrangements.

- Risk management
  - Contributes to the effective implementation of the risk-management system referred to in Article 44 of the Directive 2009/138/EC, in particular with respect to the risk modelling underlying the calculation of the capital requirements set out in Chapter VI, Sections 4 and 5, and to the assessment referred to in Article 45 of the Directive 2009/138/EC;
  - Contributes to the design of (partial) internal model.

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

The holder of the Actuarial Function is the Head of the Department of the Actuarial Analytics who coordinates the calculations of the technical provisions and among other tasks together with independent validators assesses the methodologies and assumptions made. The Actuarial Function holder is also in charge of development of the methodologies for technical underwriting and closely monitors how those methodologies are applied further. He is further in charge of development of the Company´s partial internal model, contributes to the retrocession optimisation and monitors the possible accumulation of claims caused by natural perils.

B.7 Outsourcing

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

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

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

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

The contract on outsourcing of decisive or significant operational activities must contain several provisions to assure the compliance with Solvency II and implementing legislation. Czech National Bank shall be informed in case of any serious development.
The Responsible Person is responsible for the ongoing quality control of the provided activity, overseeing fulfilment of the provider´s obligations and submitting an evaluation report to the Board of Directors to the approval on the annual basis.

The Critical Outsourcing is due to the proportionality principle being contracted exclusively within the group on long term basis. Criteria used for assessing whether any activity will be outsourced are economies of scale and group efficiencies, large costs related to setting up the internal capacity, transfer of knowledge, etc.
VIG Re outsources the following critical activities to entities belonging to the VIG Group:

- Internal audit function,
- Treasury,
- IT,
- Economic and accounting services (“back office”).

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

B.8 Any other information

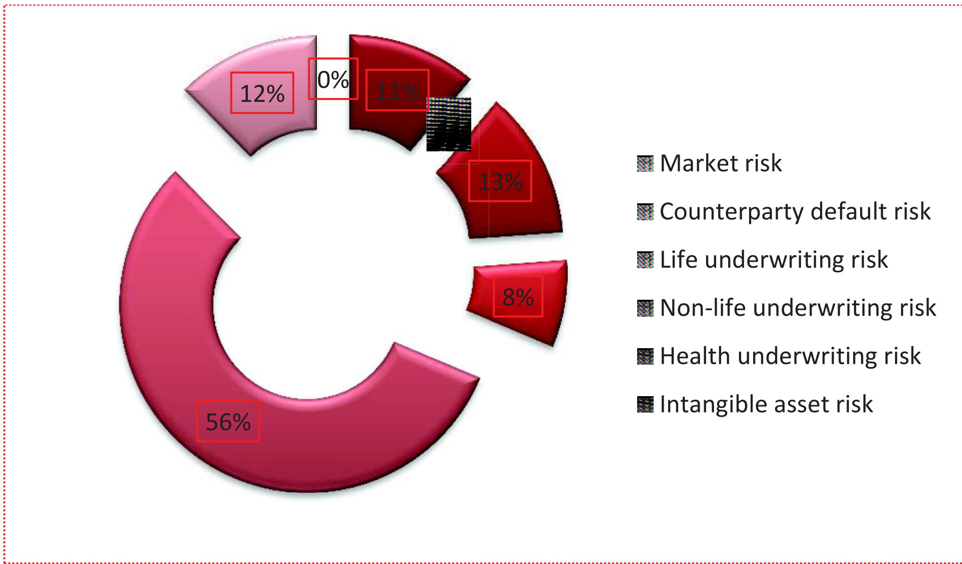
The Company does not consider that there is any further information which should be disclosed regarding the system of the governance of the Company.

C Risk Profile

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

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

The undiversified risk volumes of underwriting, market, counterparty default risk are shown below. It shows that most of the risk results from the Non-Life underwriting risk.



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

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

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

C.1 Underwriting Risks

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

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

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

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

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

C.1.1 Non-Life and Health underwriting risks and risk mitigation techniques

Premium risk

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

- application of underwriting policy including defined risk classes and limits per class of business,
- largely standardized underwriting process including detailed underwriting referral system,
- accumulation control (for natural catastrophe events and defined man made risks),
- separation of technical underwriting from business accountability,
- formalized process of underwriting.

Reserve risk

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

- Technical Provisions Committee quarterly review of claims reserve, particular large losses to ensure their appropriateness,
- prudent approach to the statutory reserving (IFRS),
- validation of technical provisions (Solvency II),
- application of Internal control system on risk related to the process of the reserving,

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

- ensuring the appropriateness of the methodologies and underlying models used as well as the assumptions made in the calculation of technical provisions,
- assesses the sufficiency and quality of the data used in the calculation of technical provisions.

Lapse risk

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

Concentration/Catastrophic risk

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

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

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

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

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

C.1.2 Life underwriting risks and risk mitigation techniques

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

Lapse risk

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

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

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

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

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

Mortality risk

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

Morbidity risk

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

Expense risk

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

Revision risk

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

C.1.3 Risk sensitivity for underwriting risks

The Company carries out sensitivity analysis and stress testing for the material underwriting risks as a part of the ORSA process. The performed sensitivity analyses focused on effect of small change of written premium (no material impact) and net volume of outstanding claims on the solvency position (decrease of solvency ratio by six percentage points). In stress testing, severe negative developments are assumed, in particular adverse development of combined ratio in property insurance as part of the Non-Life underwriting risk. The developed adverse scenarios were well mitigated by reinsurance programme.

In case of Life underwriting risks, the largest impact was observed in case of increased lapse rates.

None of the stress tests results led to non-compliance with the Solvency capital requirement and with the Company's risk appetite.

The Company is also developing partial internal model for Non-Life underwriting risks and analysis the risks for various stress scenarios.

C.2 Market Risks

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

C.2.1 Key risks and risk mitigation techniques

Equity risk

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

Spread risk

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

Interest rate risk

Interest rate risk arises as a result of the impact of interest yield curves on future payments to be made in respect of claims and receipts from the Company's investments. The interest yield curves in the Europe have decreased in the reporting period which reflects the decreases in base rates applied by Central Banks.
The Company's exposure to interest rates arises primarily from the Company's bond portfolio (as bond values are susceptible to changes in interest rates), and the settlement of future claims (as the discount rates applied to claims settlement projections are impacted by interest yield curves).

Currency risk

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

Concentration risk

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

There is no exposure to property risk.

C.2.2 Prudent Person Principle in managing the market risks

The Company issues an ***Investment and Risk Strategy*** policy on annual basis, which is approved by the Supervisory Board. The strategy consists of the following parts:
Investment and risk policy - The main goal of the investment policy is to achieve a proper balance between invested assets and technical liabilities while keeping a balanced risk/return-profile.

Strategic and tactical asset allocation - The strategic asset allocation is made by setting minimum and maximum limits for each defined asset class, giving reasonable but limited potential space to adapt according to short- and mid-term market expectations, but also to limit the risk related to different industries or groups.
The fulfilment of these limits is monitored by ERM and reported monthly to the Board of Directors. It is also reported quarterly to the Supervisory Board.
Risk management - The goal of the investment strategy is to optimize the portfolio's risk-return profile while taking into account various risk parameters.

Counterparties are selected by taking into account the credit rating and reputation of each entity. Credit ratings are used as a way of properly identifying and managing the risk attached to a counterparty and the Company ensures only counterparties with a high enough credit rating are used.

C.2.3 Risk sensitivity for market risks

The Company carries out stress and scenario testing as a part of the ORSA process which includes stress testing for the market risks, with emphasis on interest risk. Large increase of interest rates would have material impact on the SCR ratio as the value of investments and thus own funds would proportionally decrease (increase of interest rate by 50 basis points would decrease the solvency ratio by 6 percentage points). The Company is not very sensitive to long-term low interest environment.

C.3 Credit risk

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

C.3.1 Key risks and risk mitigation techniques

Counterparty default risk

Counterparty default risk is the risk of loss, or adverse change in the value of assets and financial instruments related to the unexpected default of counterparties and debtors over the forthcoming twelve months. The Company is exposed to counterparty risks in the form of cash deposits, deposits reinsurance and recoveries from reinsurers and from receivables from assume reinsurance business and other debtors.The Company limits its potential liability from reinsurance business by passing on some of the risks it assumes to the international reinsurance market (retrocession). It spreads this reinsurance coverage over a large number of different international reinsurance companies that VIG Re believes have adequate creditworthiness, to minimize the credit risk due to the insolvency of the reinsurers. The Company strictly adheres to the Security Guidelines issued by the VIG group, limiting the counterparties with which VIG Re can conclude retrocession contracts.

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

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

Risk arising from underwriting includes management account payables, mainly towards group companies.

C.3.2 Prudent Person Principle

Counterparties are selected by taking into account the credit rating and reputation of each entity. Credit ratings are used as a way of properly identifying and managing the risk attached to a counterparty and the Company ensures counterparties with a solid credit rating are used.

C.3.3 Risk sensitivity for credit risks

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

C.4 Liquidity risk

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

C.4.1 Key risks and risk mitigation techniques

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

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

C.4.2 Prudent Person Principle

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

C.4.3 Expected profit included in future premiums (“EPIFP”)

Expected profit included in the future premiums as at 2016 year end was EUR 64 288 627 for Non-Life and Health portfolio. The value of EPIFP in Life portfolio is zero.

C.4.4 Risk sensitivity for liquidity risk

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

C.5 Operational Risks

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

C.5.1 Key risks and risk mitigation techniques

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

Top five operational risks categories were identified as follows:

- process and organizational risk,
- model and data quality risk,
- human error risk,
- insurance related legal and compliance risk
- business disruption risk.

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

C.5.2 Prudent Person Principle

Not applicable.

C.6 Other material risks

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

The risk connected to a Standard & Poor's rating downgrade was assessed as large (although most unlikely) and hence categorized as a strategic risk. On 1 August 2016, Standard & Poor's Global Ratings confirmed its long-term public issuer credit rating of "A+" and financial strength rating of "A+" with a stable outlook for VIG Re, affirming the same rating VIG Re has enjoyed since it's founding.

D Valuation for Solvency Purposes

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

D.1 Assets

As at 31 December 2016 the Company held the following assets:

Assets (in thousands EUR)	**Solvency II Value**	**IFRS Value**
Deferred acquisition costs	0	4 390
Intangible assets	0	1 765
Deferred tax assets	0	53
Property, plant & equipment held for own use	252	252
Investments, thereof:	322 321	308 252
Holdings in related undertakings, including participations	5 003	11 726
Bonds	272 713	251 923
Government Bonds	229 204	210 396
Corporate Bonds	43 509	41 527
Collective Investments Undertakings (=Investment funds)	44 604	44 604
Loans & mortgages	423	423
Reinsurance recoverables	142 010	210 687
Non-Life and Health similar to Non-Life	*148 616*	*208 911*
Non-Life excluding Health	*134 626*	*197 065*
Health similar to Non-Life	*13 991*	*11 845*
Life and Health similar to Life, excluding Health and index-linked and unit-linked	*-6 524*	*1 777*
Health similar to Life	*0*	0
Life excluding Health and index-linked and unit-linked	*-6 524*	0
Life index-linked and unit-linked	*-83*	
Deposits to cedants	141 069	141 069
Insurance & intermediaries receivables	33 482	33 482
Reinsurance receivables	22 788	22 788
Receivables (trade, not insurance)	1 414	1 414
Cash and cash equivalents	7 300	7 300
Any other assets, not elsewhere shown	249	249
Total assets	**671 307**	**732 124**

Explanation valuation methods and differences are discussed further.

D.1.1 Deferred acquisition costs

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

Solvency II valuation is based on an estimation of future cash flows. Deferred acquisition costs are a cash outflow that took place in the past. The (future) premiums may indeed include an expense charge to cover these acquisition costs; this is then reflected in the determination of the technical provisions.

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

D.1.2 Intangible assets

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

D.1.3 Deferred tax assets

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

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

D.1.4 Property, plant & equipment held for own use

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

D.1.5 Investments

- Holdings in related undertakings, including participations

VIG Re owns 99% in Wiener Re Serbia and a 3.39% stake in VIG Fund, a.s. For the financial statements, participations are valued at acquisition cost less impairment.

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

- Financial assets

Financial assets include government and corporate bonds and collective investment undertakings (investment funds). Financial assets are measured at fair value for Solvency II purposes even when they are measured at amortised cost in the IFRS balance sheet. Fair value is based on market quotations of the individual instruments – government and corporate bonds and collective investments – on liquid markets. As at the end of 2016, VIG Re held only two bonds representing only 1.5% of total investments, where no market quotation was available.

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

D.1.6 Reinsurance recoverables

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

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

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

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

Counterparty default adjustment

The reinsurers of VIG Re have high ratings, thanks to the rule that the rating of reinsurers should be A or higher. In reality, approximately half of the retrocession has rating A and half of the retrocession rating AA. Exceptions are not significant in the portfolio. The counterparty default adjustment is therefore negligible in VIG Re. The calculation methodology is based on the simplification described in Commission Regulation 2015/35, article 61.

D.1.7 Deposits to cedants

Deposits relating to reinsurance accepted. The IFRS value is considered as a good proxy for Solvency II valuation.

D.1.8 Insurance & intermediaries receivables

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

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

D.1.9 Reinsurance receivables

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

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

D.1.10 Receivables (trade, not insurance)

Immaterial class of assets. Overdue amounts from employees, business partners other than insurance or reinsurance undertakings for their services, or other persons.

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

D.1.11 Cash and cash equivalents

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

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

D.1.12 Any other assets, not elsewhere shown

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

D.2 Technical provisions

D.2.1 Technical provisions – Non-Life and Health non-similar to Life underwriting techniques

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

In thousands EUR **SII Line of Business (LoB)**	**Best estimate**	**RM**	**Technical provision**
Medical expense proportional	-8 544	172	-8 371
Income protection proportional	20 127	968	21 095
Health non-proportional	13 559	364	13 923
Motor vehicle liability proportional	10 497	511	11 008
Other motor proportional	5 769	1 527	7 296
Marine, aviation and transport proportional	2 266	383	2 649
Fire and other property proportional	60 161	3 927	64 088
General liability proportional	8 673	991	9 664
Credit and suretyship proportional	-56	282	226
Casualty non-proportional	123 052	13 107	136 159
Marine, aviation and transport non-proportional	4 494	373	4 866
Property non-proportional	16 602	2 346	18 948
Total	**256 600**	**24 952**	**281 551**

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

D.2.1.1 Recognition of the liabilities, segmentation into homogeneous risk groups

The portfolio of the company contains reinsurance contracts which can cover multiple risks and lines of business and are based on the following bases:

- **Occurrence year basis**. These treaties cover claims which occur between the starting and ending dates of the treaties concerned. The cash flows originating from covered claims extend beyond the treaties' ending dates as the company keeps the claim portfolio until its full run off.

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

Treaties are mostly for one year, are underwritten during the fourth quarter of the year preceding the start of the coverage period and the coverage period usually starts in January and ends in December. These treaties comprise 95.9% of portfolio measured by earned premium in the past. The company cannot arbitrarily terminate the treaties before the ending date or change the reinsurance rates.

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

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

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

- Facultative reinsurance. The facultative contracts are often multiyear. They do not create separate segments due to their low volume.
- Special treaties that are formally multiyear, but can be terminated every year. Therefore, they practically behave as one-year treaties.
- Special treaty proportional treaty covering Other motor (NL2) business. The underlying portfolio covers leasing business and its duration extends up to 6 years.

The multiline or multisection contracts are unbundled and modelled separately. The reinsurance liabilities are segmented into the Solvency II lines of business (SII LoBs), as stated in the overview above. Furthermore, VIG Re splits the particular SII LoBs to homogenous risk groups ("segments"), based on their homogeneity and ability to support sound claim development analysis (robustness of final segments).

Factors analysed to identify individual segments are:

- Solvency II line of business, as this is a minimum granularity to be used for SII TP calculation;
- Basis of the reinsurance contracts – clean cut, underwriting year, occurrence year;
- Countries of the insurers as representation of the currency of the underlying cash flows.

VIG Re´s view on materiality of particular resulting segments was based on the level of the earned premium in 2015 and the gross statutory claim provisions at the end of 2014, without additional margin. The clean cut contracts are always treated as a separate segment as their nature is essentially different from other contracts from the reserving and risk point of view.

D.2.1.2 Details of the relevant actuarial methodologies and assumptions used in the calculation of the Best estimate

D.2.1.2.1 Annual calculation of gross Best estimate

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

Ultimate volumes of the future cash flows

The higher volatility of the development triangles implies a need for more stable reserving methods to be used to estimate ultimate volumes of the cash flows. The following methods implemented in ResQ are suitable for the portfolio of VIG Re:

- Development factor methods (DFM),
- Ultimate ratio method,
- Bornhuetter Fergusson method (BF),
- Benktander method (combination of DFM and BF methods).

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

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

Time distribution of future cash flows – patterns

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

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

Operating expenses are expected to have the same distribution over time as premium, i.e. premium pattern is used also for operating expenses. The estimation of the patterns is based on the development triangles with underwriting years as origin periods. The resulting patterns are therefore patterns for cash flows relating to whole underwriting years.

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

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

Next underwriting year

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

- Premium cash flow (based on expected ultimate premium volume of the reserving segment for the next underwriting year within contract boundaries as at the valuation date and expected pattern of earned premium);
- Claim cash flow (built on the ultimate claim ratio of the reserving segment for the next underwriting year and the expected pattern of claims paid);
- Commission cash flow (taking into account the ultimate commission ratio of the reserving segment for the next underwriting year and the expected pattern of commissions incurred;
- Admin cash flow (taking into account the admin ratio for the next underwriting year).

Annuities

The portfolio assumed to contain mostly annuities is contained in a separate reserving segment. The claims pattern is based on claims incurred for this segment. The reason is that the claim provisions of reported annuity claims are calculated using Life actuarial techniques by cedents. The future expected claims are projected, taking into account biometric parameters, and discounted. The application of claims incurred pattern as claims pattern in TP calculation in VIG Re respects that the reported annuity claim provisions are already discounted.

Split to premium and claim provision

The calculation of the Best estimate per underwriting year leads to the projection of future cash flows per underwriting year. These cash flows are then split into premium and claims provision and discounted using the relevant risk-free rates for the currencies of the country of the cedents, as declared by EIOPA. The Company does not apply matching adjustments, volatility adjustments or transitional risk-free term structure or transitional deduction.

D.2.1.2.2 Additional assumptions used in the annual calculation of Best estimates

Options and guarantees

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

Lapse rate

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

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

Data quality

The key inputs to TP calculation are the historical cash flows and changes in RBNS, contained in the accounting system, and expected premium of particular reinsurance treaties and sections to be ceded to VIG Re. The data quality can be split to the quality of internal VIG Re's data handling and quality of external data provided by cedents or VIG Re's estimates of those data.

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

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

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

D.2.1.3Calculation of the risk margin

The risk margin should ensure that the value of the technical provisions is equivalent to the amount that reinsurance undertakings would be expected to require in order to take over and meet the reinsurance obligations.

The calculation formula, defined in article 37 of the Commission Regulation 2015/35, contains the following inputs:

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

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

D.2.1.4 VIG Re uses the method based on projected elements of the SCR per risk sub-module and LoB based on the selected drivers – calculation of SCR for each future year based on standard formula rules for individual risk modules and sub-modules and aggregation using relevant correlation matrices.Level of uncertainty associated with the value of technical provisions

The main sources of uncertainties are still relatively short history of VIG Re and some identified issues in the data quality.

The company started writing its business in 2009 and therefore construction of only relatively short development triangles is possible. This is an issue mainly for the long tail non-proportional business as the tail factors for deriving the cash flow patterns need to be developed only with a high degree of subjectivity using an expert judgement. This segment is significant in the portfolio, based on net best estimates. The development factors in the triangles are also often very volatile due to the nature of reinsurance business.

VIG Re started using the data warehouse as the source of the data for TP calculations and calibration the model. Various issues have been identified, this concerns mainly to in some cases the wrong assignments of classes of business at the moment when treaties are created in SAP by the underwriters and their assistants. An overall impact needs to be properly assessed and the database cleaned, this has impact on both model calibration and all the calculations.

D.2.1.5 Solvency II and IFRS valuation differences of Technical Provisions

Valuation of technical provisions for accounting (IFRS) and for Solvency II purposes differ significantly. Table illustrates the differences and key differences are discussed below.

in thousands EUR	IFRS		Solvency II		
Lines of business	**Outstanding claims provisions**	**Unearned premiums provision**	**Claim BELs**	**Premium BELs**	**Risk margin**
Non-Life	326 070	16 347	274 774	-43 315	23 447
HNSLT	39 832	164	35 552	-10 411	1 505
Total	365 902	16 511	310 326	-53 726	24 952

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

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

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

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

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

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

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

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

D.2.2 The premium best estimates recognize most of the anticipated profits of the upcoming year and therefore it reduces the level of technical provisions.Technical provisions – Life and Health similar to Life underwriting techniques

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

(in thousands EUR)	IFRS	Solvency II	
Lines of business	Life technical provisions	BELs	Risk margin
Life excluding Unit-/Index-linked	138 725	103 034	9 408
Unit-/Index-linked*		-287	23
Total	138 725	102 748	9 432

* Not shown in IFRS statement

Recognition of contracts, segmentation into homogeneous risk groups

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

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

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

D.2.2.1 Details of the relevant actuarial methodologies and assumptions used in the calculation of the technical provisions

Methodology

Technical provisions are calculated as the sum of a best estimate and a risk margin. The projection is realized on two levels.
The first level comprises policy-per-policy calculation, allowing for reinsurance premium, claims, change in statutory reserve and interest on statutory reserve, lapses, and commissions. Retrocession-related projections needed for calculation of reinsurance recoverables are also calculated on this level.

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

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

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

Assumptions

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

Key options and guarantees

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

Lapse rates

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

Data quality

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

D.2.2.2 Level of uncertainty associated with the value of technical provisions

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

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

D.2.2.3 Solvency II and IFRS valuation differences of Life technical provisions

The technical provisions of Life business are presented above in D.2.2. We discuss the valuation differences between Solvency II and IFRS below.

Negative value of BEL regarding unit-/index-linked business means that the expected cash inflows are higher than expected cash outflows.

The main differences between Solvency II and IFRS liabilities arise from:

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

D.3 Other liabilities

As at 31 December 2016 the Company held the following liabilities:

	Solvency II Value	IFRS accounts Value
Technical provisions – Non-Life	281 551	382 413
Technical provisions – Life (excluding index-linked and unit-linked)	112 443	138 725
Technical provisions – index-linked and unit-linked	-263	
Deposits from reinsurers	4 219	4 219
Deferred tax liabilities	13 887	0
Debts owed to credit institutions	4	4
Financial liabilities other than debts owed to credit institutions	2 555	2 555
Insurance & intermediaries payables	52 574	52 574
Reinsurance payables	9 682	9 682
Payables (trade, not insurance)	3 156	3 156
Total Liabilities	479 809	593 330
Excess of Assets over Liabilities	**191 498**	**138 795**

D.3.1 Deposits from reinsurers

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

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

D.3.2 Deferred tax liabilities

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

D.3.3 Financial liabilities other than debts owed to credit institutions

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

D.3.4 Insurance & intermediaries payables

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

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

D.3.5 Reinsurance payables

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

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

D.3.6 Payables (trade, not insurance)

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

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

D.3.7 Excess of assets over liabilities

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

D.4 Alternative methods for valuation

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

D.5 Any other information

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

E Capital Management

E.1 Own funds

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

E.1.1 Objective, policies and processes for managing own funds

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

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

E.1.2 Own funds classified by tiers

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

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

Based on a VIG Re Board of Directors proposal, the VIG Re Supervisory Board took a resolution to propose to the General Meeting a share capital increase of EUR 25 million. Subject to approval of the General meeting, the additional capital is expected to be paid up during the year 2017.

IFRS equity	**(in thousands EUR)**	**Solvency II own funds**	**(in thousands EUR)**
		Excess of assets over liabilities, thereof:	191 498
Ordinary share capital	101 958	Ordinary share capital	101 958
Retained earnings	31 470	Reconciliation reserve	89 541
Other components	5 367	Foreseeable dividends	-15 522
Total Shareholders equity	138 795	SII Own funds	175 976

The Company's own funds are all tier 1 unrestricted and available to cover both the SCR and the MCR.

E.2 Solvency Capital Requirement and Minimum Capital Requirement

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

The SCR of the Company as at 31 December 2016 EUR 122 060 158. The MCR of the Company as at 31 December 2016 was EUR 44 134 112.

E.2.2 Solvency Capital Requirement split by risk module

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

Thousands EUR	**Net SCR**
Market risk	19 520
Interest rate risk	7 300
Equity risk	7 840
Property risk	0
Spread risk	7 350
Market risk concentrations	1 720
Currency risk	6 810
Diversification within market risk module	-11 490

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

Thousands EUR	Net SCR
Counterparty default risk	22 240
Type 1 exposures	17 050
Type 2 exposures	6 380
Diversification within counterparty default risk module	-1 190

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

Thousands EUR	Net SCR
Life underwriting risk	13 100
Mortality risk	5 300
Longevity risk	0
Disability-morbidity risk	4 020
Life expense risk	1 270
Revision risk	0
Lapse risk	8 190
Life catastrophe risk	2 450
Diversification within Life underwriting risk module	-8 140

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

Thousands EUR	Net SCR
Non-Life underwriting risk	98 600
Non-Life premium and reserve risk	83 020
Non-Life lapse risk	10 220
Non-Life catastrophe risk	35 430
Diversification within Non-Life underwriting risk module	-30 060

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

Thousands EUR	Net SCR
NSLT Health underwriting risk	21 120
NSLT Health premium and reserve risk	20 770
NSLT Health lapse risk	3 780
Diversification within NSLT Health underwriting risk	-3 440
Health catastrophe risk	1 960
Diversification within Health underwriting risk module	-1 390

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

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

Thousands EUR	Net SCR
Market risk	19 520
Counterparty default risk	22 240
Life underwriting risk	13 100
Non-Life underwriting risk	98 600
Health underwriting risk	21 690
Intangible asset risk	0
Diversification	-50 730
Basic solvency capital requirement	124 420
Operational risk	11 530
Loss-absorbing capacity of technical provisions	0
Loss-absorbing capacity of deferred taxes	-13 890
Solvency capital requirement	122 060

E.2.3 Use of simplification in calculations of calculation of sub-modules, use of underwriting specific parameters

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

According to the § 136a of the Insurance Act, the Czech Republic has not used the discretion from Article 52 of the Directive 2009/138/EC, and thus VIG Re does not disclose potential information about capital add-on and impacts of potential use of undertaking specific parameters.

E.2.4 Inputs used to calculate the Minimum Capital Requirement

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

Input	Thousands EUR
Linear MCR	44 134
SCR	122 063
MCR cap	54 928
MCR floor	30 516
Combined MCR	44 134
Absolute floor of the MCR	3 600
Minimum Capital Requirement	44 134

This is the first period in which Solvency Capital Requirement and Minimum Capital Requirement have been reported and therefore no changes have been disclosed.

E.3 Use of the duration-based equity risk sub-module in the calculation of the Solvency Capital Requirement

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

E.4 Differences between the standard formula and any internal model used

The Company has calculated SCR with standard formula only.

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

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

E.6 Any other information

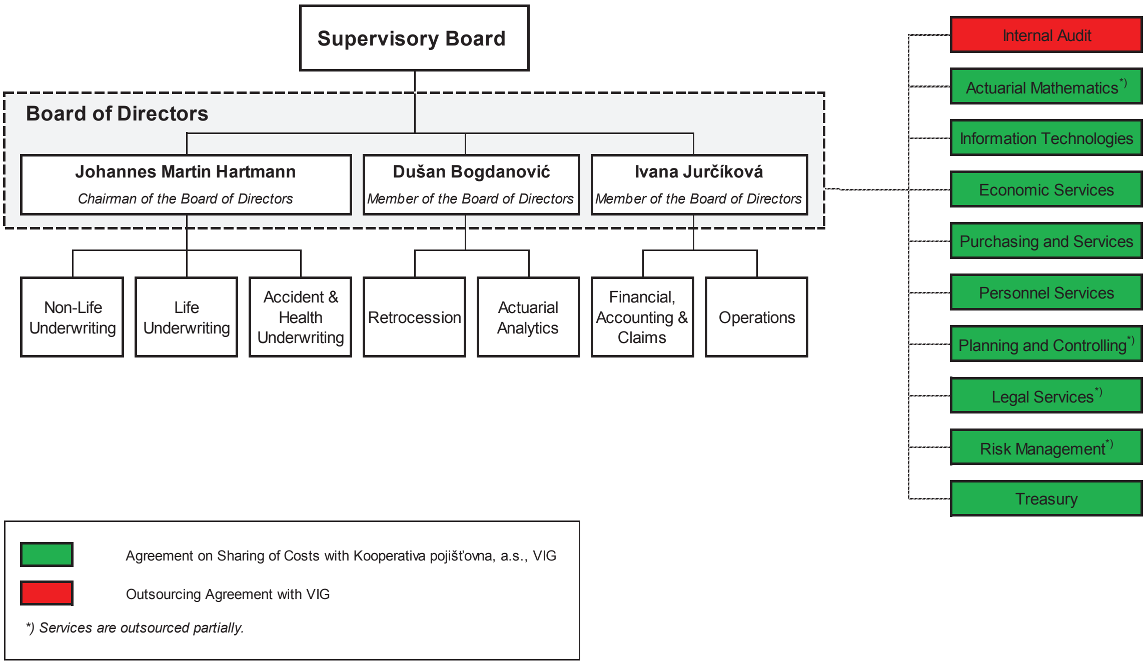
The Company does not have any further information regarding the capital management to be reported.

Abbreviations

Abbreviation	Detail
AF	Actuarial function
A&H	Health and Accident
BELs	Best estimates of liabilities
BoD	Board of Directors
CEE	Central and Eastern Europe
Commission Regulation 2015/35	Commission Delegated Regulation (EU) 2015/35 of 10 October 2014 supplementing Directive 2009/138/EC of the European Parliament and of the Council
Directive 2009/138/EC	Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009
EPI	Expected premium income
ERM	Enterprise Risk Management
EU	the European Union
EUR	Euro
IASB	the International Accounting Standards Board
IBNER	Incurred but not enough reported
IBNR	Incurred but not reported
ICS	Internal control system
IFRS	International Financial Reporting Standards
LoBs	Line of Business
MCR	Minimum capital requirement
ORSA	Own Risk and Solvency Assessment
P&C	Property & Casualty
QRT	Quantitative Reporting Templates
RBNS	Reported but not Settled
RCM	Risk Control Matrix
RM	Risk margin
RMF	Risk management function
RSR	the Regular supervisory report
SCR	Solvency capital requirement
SFCR	the Solvency and financial condition report
SII	Solvency II
Solvency II	refers to Directive 2009/138/EC of the European Parliament and of the Council and related regulation
TP	Technical provision
VaR	Value at Risk

Annexes

Annex I – Organisational structure



Annex II – Quantitative information

List of reports:

S.02.01.02 Balance sheet

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

S.05.02.01 Premiums, claims and expenses by country

S.12.01.02 Life and Health SLT Technical Provisions

S.17.01.02 Non-Life Technical Provisions

S.19.01.21 Non-Life Insurance Claims Information

S.23.01.01 Own funds

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

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

All figures are in EUR.

Annex II
S.02.01.02
Balance sheet

		Solvency II value
		C0010
Assets		
Intangible assets	R0030	0
Deferred tax assets	R0040	0
Pension benefit surplus	R0050	0
Property, plant & equipment held for own use	R0060	252 328
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	322 320 583
Property (other than for own use)	R0080	0
Holdings in related undertakings, including participations	R0090	5 003 350
Equities	R0100	0
Equities - listed	R0110	0
Equities - unlisted	R0120	0
Bonds	R0130	272 713 484
Government Bonds	R0140	229 204 000
Corporate Bonds	R0150	43 509 484
Structured notes	R0160	0
Collateralised securities	R0170	0
Collective Investments Undertakings	R0180	44 603 749
Derivatives	R0190	0
Deposits other than cash equivalents	R0200	0
Other investments	R0210	0
Assets held for index-linked and unit-linked contracts	R0220	0
Loans and mortgages	R0230	422 926
Loans on policies	R0240	0
Loans and mortgages to individuals	R0250	0
Other loans and mortgages	R0260	422 926
Reinsurance recoverables from:	R0270	142 010 346
Non-life and health similar to non-life	R0280	148 616 487
Non-life excluding health	R0290	134 625 742
Health similar to non-life	R0300	13 990 745
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	-6 523 565
Health similar to life	R0320	0
Life excluding health and index-linked and unit-linked	R0330	-6 523 565
Life index-linked and unit-linked	R0340	-82 576
Deposits to cedants	R0350	141 069 223
Insurance and intermediaries receivables	R0360	33 481 770
Reinsurance receivables	R0370	22 787 691
Receivables (trade, not insurance)	R0380	1 413 842
Own shares (held directly)	R0390	0
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400	0
Cash and cash equivalents	R0410	7 300 216
Any other assets, not elsewhere shown	R0420	248 547
Total assets	R0500	671 307 471

Annex II
S.02.01.02
Balance sheet

		Solvency II value
Liabilities		**C0010**
Technical provisions – non-life	**R0510**	281 551 432
Technical provisions – non-life (excluding health)	**R0520**	254 905 221
TP calculated as a whole	**R0530**	0
Best Estimate	**R0540**	231 458 436
Risk margin	**R0550**	23 446 785
Technical provisions - health (similar to non-life)	**R0560**	26 646 211
TP calculated as a whole	**R0570**	0
Best Estimate	**R0580**	25 141 285
Risk margin	**R0590**	1 504 927
Technical provisions - life (excluding index-linked and unit-linked)	**R0600**	112 442 660
Technical provisions - health (similar to life)	**R0610**	0
TP calculated as a whole	**R0620**	0
Best Estimate	**R0630**	0
Risk margin	**R0640**	0
Technical provisions – life (excluding health and index-linked and unit-linked)	**R0650**	112 442 660
TP calculated as a whole	**R0660**	0
Best Estimate	**R0670**	103 034 308
Risk margin	**R0680**	9 408 351
Technical provisions – index-linked and unit-linked	**R0690**	-263 211
TP calculated as a whole	**R0700**	0
Best Estimate	**R0710**	-286 567
Risk margin	**R0720**	23 356
Contingent liabilities	**R0740**	0
Provisions other than technical provisions	**R0750**	0
Pension benefit obligations	**R0760**	0
Deposits from reinsurers	**R0770**	4 219 262
Deferred tax liabilities	**R0780**	13 886 966
Derivatives	**R0790**	0
Debts owed to credit institutions	**R0800**	4 334
Financial liabilities other than debts owed to credit institutions	**R0810**	2 555 107
Insurance & intermediaries payables	**R0820**	52 574 337
Reinsurance payables	**R0830**	9 682 280
Payables (trade, not insurance)	**R0840**	3 156 090
Subordinated liabilities	**R0850**	0
Subordinated liabilities not in BOF	**R0860**	0
Subordinated liabilities in BOF	**R0870**	0
Any other liabilities, not elsewhere shown	**R0880**	0
Total liabilities	**R0900**	479 809 257
Excess of assets over liabilities	**R1000**	191 498 214

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

		Line of Business for: **non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)**								
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance
		C0010	**C0020**	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**
Premiums written										
Gross - Direct Business	**R0110**	0	0	0	0	0	0	0	0	0
Gross - Proportional reinsurance accepted	**R0120**	4 024 825	773 997	0	13 297 442	20 237 277	4 754 752	120 559 794	8 200 566	391 212
Gross - Non-proportional reinsurance accepted	**R0130**									
Reinsurers' share	**R0140**	57 294	271 025	0	7 365 339	248 299	1 987 585	41 291 615	518 690	366 097
Net	**R0200**	3 967 531	502 972	0	5 932 103	19 988 978	2 767 167	79 268 179	7 681 876	25 115
Premiums earned										
Gross - Direct Business	**R0210**	0	0	0	0	0	0	0	0	0
Gross - Proportional reinsurance accepted	**R0220**	3 978 089	775 858	0	12 384 523	18 240 707	4 781 011	119 244 206	7 816 377	399 718
Gross - Non-proportional reinsurance accepted	**R0230**									
Reinsurers' share	**R0240**	57 294	271 025	0	6 286 544	248 299	1 930 414	39 333 754	524 650	374 603
Net	**R0300**	3 920 795	504 833	0	6 097 979	17 992 408	2 850 597	79 910 452	7 291 727	25 115
Claims incurred										
Gross - Direct Business	**R0310**	0	0	0	0	0	0	0	0	0
Gross - Proportional reinsurance accepted	**R0320**	1 649 449	511 885	0	17 496 853	13 181 888	2 545 947	79 634 324	6 362 908	45 416
Gross - Non-proportional reinsurance accepted	**R0330**									
Reinsurers' share	**R0340**	16 392	-452 433	0	7 454 129	239 685	1 199 416	32 872 576	210 245	40 692
Net	**R0400**	1 633 057	964 318	0	10 042 724	12 942 204	1 346 531	46 761 748	6 152 663	4 725
Changes in other technical provisions										
Gross - Direct Business	**R0410**	0	0	0	0	0	0	0	0	0
Gross - Proportional reinsurance accepted	**R0420**	0	0	0	0	0	0	0	0	0
Gross - Non- proportional reinsurance accepted	**R0430**									
Reinsurers'share	**R0440**	0	0	0	0	0	0	0	0	0
Net	**R0500**	0	0	0	0	0	0	0	0	0
Expenses incurred	**R0550**	2 080 901	436 499	0	1 608 460	7 392 792	819 530	27 362 871	3 141 690	31 196
Other expenses	**R1200**									
Total expenses	**R1300**									

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

		Line of Business for: **non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)**			Line of business for: **accepted non-proportional reinsurance**				Total
		Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty	Marine, aviation, transport	Property	
		C0100	**C0110**	**C0120**	**C0130**	**C0140**	**C0150**	**C0160**	**C0200**
Premiums written									
Gross - Direct Business	**R0110**	0	0	0					0
Gross - Proportional reinsurance accepted	**R0120**	0	0	0					172 239 865
Gross - Non-proportional reinsurance accepted	**R0130**				27 107 068	29 590 055	5 166 701	129 932 821	191 796 645
Reinsurers' share	**R0140**	0	0	0	6 090 131	14 011 373	4 539 328	81 546 133	158 292 909
Net	**R0200**	0	0	0	21 016 937	15 578 682	627 373	48 386 687	205 743 600
Premiums earned									
Gross - Direct Business	**R0210**	0	0	0					0
Gross - Proportional reinsurance accepted	**R0220**	0	0	0					167 620 490
Gross - Non-proportional reinsurance accepted	**R0230**				26 986 330	30 586 904	5 182 058	128 827 191	191 582 483
Reinsurers' share	**R0240**	0	0	0	5 954 004	14 030 840	3 624 470	80 762 872	153 398 770
Net	**R0300**	0	0	0	21 032 325	16 556 064	1 557 588	48 064 320	205 804 203
Claims incurred									
Gross - Direct Business	**R0310**	0	0	0					0
Gross - Proportional reinsurance accepted	**R0320**	0	0	0					121 428 670
Gross - Non-proportional reinsurance accepted	**R0330**				9 579 779	8 987 181	3 139 167	57 231 413	78 937 539
Reinsurers' share	**R0340**	0	0	0	6 719 056	3 126 047	2 139 148	22 545 469	76 110 420
Net	**R0400**	0	0	0	2 860 723	5 861 134	1 000 019	34 685 944	124 255 789
Changes in other technical provisions									
Gross - Direct Business	**R0410**	0	0	0					0
Gross - Proportional reinsurance accepted	**R0420**	0	0	0					0
Gross - Non- proportional reinsurance accepted	**R0430**				0	0	0	0	0
Reinsurers'share	**R0440**	0	0	0	0	0	0	0	0
Net	**R0500**	0	0	0	0	0	0	0	0
Expenses incurred	**R0550**	0	0	0	6 269 676	428 296	52 850	17 124 296	66 749 058
Other expenses	**R1200**								0
Total expenses	**R1300**								66 749 058

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

		Line of Business for: **life insurance obligations**						**Life reinsurance obligations**		Total
		Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Health reinsurance	Life reinsurance	
		C0210	**C0220**	**C0230**	**C0240**	**C0250**	**C0260**	**C0270**	**C0280**	**C0300**
Premiums written										
Gross	**R1410**	0	0	0	0	0	0	0	19021051,33	19021051,3
Reinsurers' share	**R1420**	0	0	0	0	0	0	0	2682731,6	2682731,6
Net	**R1500**	0	0	0	0	0	0	0	16338319,73	16338319,7
Premiums earned										
Gross	**R1510**	0	0	0	0	0	0	0	19242325,43	19242325,4
Reinsurers' share	**R1520**	0	0	0	0	0	0	0	2682041,18	2682041,18
Net	**R1600**	0	0	0	0	0	0	0	16560284,25	16560284,3
Claims incurred										
Gross	**R1610**	0	0	0	0	0	0	0	15099007,75	15099007,8
Reinsurers' share	**R1620**	0	0	0	0	0	0	0	1079806,72	1079806,72
Net	**R1700**	0	0	0	0	0	0	0	14019201,03	14019201
Changes in other technical provisions										
Gross	**R1710**	0	0	0	0	0	0	0	725549,32	725549,32
Reinsurers' share	**R1720**	0	0	0	0	0	0	0	-5439,7	-5439,7
Net	**R1800**	0	0	0	0	0	0	0	730989,02	730989,02
Expenses incurred	**R1900**	0	0	0	0	0	0	0	3913530,648	3913530,65
Other expenses	**R2500**									0
Total expenses	**R2600**									3913530,65

Annex II
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		AUSTRIA	GERMANY	POLAND	SLOVAKIA	TURKEY	
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
Premiums written								
Gross - Direct Business	R0110							
Gross - Proportional reinsurance accepted	R0120	11 438 166	55 767 122	13 412 164	9 540 450	17 778 402	16 750 339	124 686 642
Gross - Non-proportional reinsurance accepted	R0130	34 567 051	97 123 418	6 391 759	10 898 130	5 460 562	3 998 043	158 438 962
Reinsurers' share	R0140	18 342 739	65 984 225	7 596 300	10 301 187	10 994 950	12 910 590	126 129 992
Net	R0200	27 662 478	86 906 314	12 207 622	10 137 392	12 244 014	7 837 792	156 995 612
Premiums earned								
Gross - Direct Business	R0210							
Gross - Proportional reinsurance accepted	R0220	11 132 957	55 926 958	13 414 887	9 652 126	15 708 840	15 798 777	121 634 546
Gross - Non-proportional reinsurance accepted	R0230	34 460 744	96 645 584	6 449 446	10 258 759	5 471 534	3 980 292	157 266 360
Reinsurers' share	R0240	17 747 810	65 175 902	7 545 793	9 429 207	10 199 279	11 819 544	121 917 535
Net	R0300	27 845 892	87 396 640	12 318 540	10 481 678	10 981 095	7 959 525	156 983 371
Claims incurred								
Gross - Direct Business	R0310							
Gross - Proportional reinsurance accepted	R0320	9 146 518	35 445 659	12 320 550	17 524 828	5 284 258	10 827 180	90 548 992
Gross - Non-proportional reinsurance accepted	R0330	2 905 780	42 770 622	12 390 375	-1 962 666	-460 018	3 219 062	58 863 155
Reinsurers' share	R0340	6 092 317	26 882 895	10 116 863	10 932 101	2 975 466	9 736 183	66 735 826
Net	R0400	5 959 981	51 333 385	14 594 061	4 630 061	1 848 774	4 310 059	82 676 321
Changes in other technical provisions								
Gross - Direct Business	R0410							
Gross - Proportional reinsurance accepted	R0420	0	0	0	0	0	0	0
Gross - Non- proportional reinsurance accepted	R0430	0	0	0	0	0	0	0
Reinsurers'share	R0440	0	0	0	0	0	0	0
Net	R0500	0	0	0	0	0	0	0
Expenses incurred	R0550	6 051 388	26 081 687	5 309 534	2 729 870	5 159 937	2 225 247	47 557 663
Other expenses	R1200							0
Total expenses	R1300							47 557 663

Annex II
S.05.02.01
Premiums, claims and expenses by country

		Home Country	Top 5 countries (by amount of gross premiums written) - life obligations					Total Top 5 and home country
		C0150	C0160	C0170	C0180	C0190	C0200	C0210
	R1400		AUSTRIA	GERMANY	CROATIA	POLAND	SLOVAKIA	
		C0220	C0230	C0240	C0250	C0260	C0270	C0280
Premiums written								
Gross	R1410	55 788	10 367 261	1 800 100	4 195 225	477 006	1 059 648	17 955 028
Reinsurers' share	R1420	3 062	591 637	1 714 931	230 254	26 180	58 159	2 624 223
Net	R1500	52 726	9 775 624	85 169	3 964 971	450 826	1 001 489	15 330 805
Premiums earned								
Gross	R1510	54 407	10 631 099	1 800 100	4 197 532	477 006	1 061 437	18 221 581
Reinsurers' share	R1520	2 946	598 342	1 714 865	227 303	25 831	57 479	2 626 766
Net	R1600	51 461	10 032 757	85 235	3 970 229	451 176	1 003 958	15 594 815
Claims incurred								
Gross	R1610	-291 923	10 567 868	1 063 647	3 325 251	105 628	199 792	14 970 263
Reinsurers' share	R1620	-1 437	52 014	1 010 726	16 366	520	983	1 079 173
Net	R1700	-290 487	10 515 854	52 921	3 308 884	105 108	198 809	13 891 090
Changes in other technical provisions								
Gross	R1710	0	-943 056	-5 726	1 531 974	0	0	583 192
Reinsurers' share	R1720	0	0	-5 440	0	0	0	-5 440
Net	R1800	0	-943 056	-286	1 531 974	0	0	588 632
Expenses incurred	R1900	21 362	2 035 958	171 127	602 923	177 791	598 950	3 608 111
Other expenses	R2500							0
Total expenses	R2600							3 608 111

Annex II
S.12.01.02
Life and Health SLT Technical Provisions

		Insurance with profit participation	Index-linked and unit-linked insurance			Other life insurance			Annuities stemming from non-life insurance contracts and relating to insurance obligation other than health insurance obligations	Accepted reinsurance	**Total (Life other than health insurance, incl. Unit-Linked)**
				Contracts without options and guarantees	Contracts with options or guarantees		Contracts without options and guarantees	Contracts with options or guarantees			
		C0020	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**	**C0100**	**C0150**
Technical provisions calculated as a whole	**R0010**	0	0			0			0	0	0
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	**R0020**	0	0			0			0	0	0
Technical provisions calculated as a sum of BE and RM											
Best Estimate											
Gross Best Estimate	**R0030**	0		0	0		0	0	0	102 747 741	102 747 741
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0080**	0		0	0		0	0	0	-6 606 142	-6 606 142
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	**R0090**	0		0	0		0	0	0	109 353 883	109 353 883
Risk Margin	**R0100**	0	0			0			0	9 431 708	9 431 708
Amount of the transitional on Technical Provisions											
Technical Provisions calculated as a whole	**R0110**	0	0			0			0	0	0
Best estimate	**R0120**	0		0	0		0	0	0	0	0
Risk margin	**R0130**	0	0			0			0	0	0
Technical provisions - total	**R0200**	0	0			0			0	112 179 449	112 179 449

Annex II
S.12.01.02
Life and Health SLT Technical Provisions

		Health insurance (direct business)			Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Health reinsurance (reinsurance accepted)	**Total (Health similar to life insurance)**
			Contracts without options and guarantees	Contracts with options or guarantees			
		C0160	**C0170**	**C0180**	**C0190**	**C0200**	**C0210**
Technical provisions calculated as a whole	**R0210**	0			0	0	0
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	**R0220**	0			0	0	0
Technical provisions calculated as a sum of BE and RM							
Best Estimate							
Gross Best Estimate	**R0030**		0	0	0	0	0
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0080**		0	0	0	0	0
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	**R0090**		0	0	0	0	0
Risk Margin	**R0100**	0			0	0	0
Amount of the transitional on Technical Provisions							
Technical Provisions calculated as a whole	**R0110**	0			0	0	0
Best estimate	**R0120**		0	0	0	0	0
Risk margin	**R0130**	0			0	0	0
Technical provisions - total	**R0200**	0			0	0	0

Annex II
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**	0	0	0	0	0	0	0	0	0
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	**R0050**	0	0	0	0	0	0	0	0	0
Technical provisions calculated as a sum of BE and RM										
Best estimate										
Premium provisions										
Gross	**R0060**	-8 619 173	-30 045	0	-28 236	-1 346 579	-539 558	5 378 826	-269 977	-178 376
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0140**	0	-230	0	16 922	-115 102	-358 927	2 992 965	-4 487	-244 072
Net Best Estimate of Premium Provisions	**R0150**	-8 619 173	-29 816	0	-45 158	-1 231 477	-180 631	2 385 861	-265 491	65 696
Claims provisions										
Gross	**R0160**	75 343	20 156 571	0	10 525 617	7 115 736	2 806 002	54 781 894	8 942 637	122 585
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0240**	0	2 902 300	0	5 134 449	778 232	1 246 781	33 200 029	1 626 125	123 343
Net Best Estimate of Claims Provisions	**R0250**	75 343	17 254 271	0	5 391 168	6 337 504	1 559 221	21 581 865	7 316 512	-759
Total Best estimate - gross	**R0260**	-8 543 830	20 126 525	0	10 497 382	5 769 157	2 266 445	60 160 720	8 672 660	-55 791
Total Best estimate - net	**R0270**	-8 543 830	17 224 455	0	5 346 010	5 106 027	1 378 590	23 967 726	7 051 021	64 938
Risk margin	**R0280**	172 430	968 284	0	510 571	1 527 015	383 052	3 927 349	991 245	281 767
Amount of the transitional on Technical Provisions										
Technical Provisions calculated as a whole	**R0290**	0	0	0	0	0	0	0	0	0
Best estimate	**R0300**	0	0	0	0	0	0	0	0	0
Risk margin	**R0310**	0	0	0	0	0	0	0	0	0

Annex II
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**	-8 371 400	21 094 810	0	11 007 953	7 296 172	2 649 497	64 088 069	9 663 905	225 975
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	**R0330**	0	2 902 070	0	5 151 372	663 130	887 854	36 192 995	1 621 638	-120 729
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	**R0340**	-8 371 400	18 192 739	0	5 856 581	6 633 042	1 761 642	27 895 075	8 042 266	346 704

Annex II
S.17.01.02
Non-life Technical Provisions

		Direct business and accepted proportional reinsurance			Accepted non-proportional reinsurance				
		Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	Total Non-Life obligation
		C0110	**C0120**	**C0130**	**C0140**	**C0150**	**C0160**	**C0170**	**C0180**
Technical provisions calculated as a whole	**R0010**	0	0	0	0	0	0	0	0
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	**R0050**	0	0	0	0	0	0	0	0
Technical provisions calculated as a sum of BE and RM									
Best estimate									
Premium provisions									
Gross	**R0060**	0	0	0	-1 761 439	-8 221 971	-1 457 290	-36 652 327	-53 726 143
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0140**	0	0	0	-849 953	-1 304 692	-1 140 483	-34 121 551	-35 129 609
Net Best Estimate of Premium Provisions	**R0150**	0	0	0	-911 485	-6 917 279	-316 807	-2 530 775	-18 596 534
Claims provisions									
Gross	**R0160**	0	0	0	15 320 028	131 274 250	5 950 790	53 254 410	310 325 864
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0240**	0	0	0	11 938 628	78 352 555	3 652 725	44 790 928	183 746 097
Net Best Estimate of Claims Provisions	**R0250**	0	0	0	3 381 400	52 921 695	2 298 065	8 463 482	126 579 767
Total Best estimate - gross	**R0260**	0	0	0	13 558 590	123 052 279	4 493 501	16 602 084	256 599 721
Total Best estimate - net	**R0270**	0	0	0	2 469 915	46 004 416	1 981 258	5 932 707	107 983 233
Risk margin	**R0280**	0	0	0	364 212	13 106 885	372 722	2 346 179	24 951 712
Amount of the transitional on Technical Provisions									
Technical Provisions calculated as a whole	**R0290**	0	0	0	0	0	0	0	0
Best estimate	**R0300**	0	0	0	0	0	0	0	0
Risk margin	**R0310**	0	0	0	0	0	0	0	0

Annex II
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	13 922 802	136 159 164	4 866 223	18 948 263	281 551 432
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330	0	0	0	11 088 675	77 047 863	2 512 243	10 669 377	148 616 488
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0340	0	0	0	2 834 127	59 111 301	2 353 980	8 278 887	132 934 945

Annex II
S.19.01.21
Non-life Insurance Claims Information

Total Non-Life Business

Accident year / Underwriting year	Z0010	UY

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

	Year	0	1	2	3	4	5	6	7	8	9	10 & +		In Current year	Sum of years (cumulative)
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110		C0170	C0180
Prior	R0100												R0100	0	0
N-9	R0160	0	0	0	0	0	0	0	0	0	0		R0160	0	0
N-8	R0170	0	0	0	0	0	0	0	0	0			R0170	0	0
N-7	R0180	96 240 656	37 216 306	14 228 040	6 742 255	2 837 749	2 395 136	321 957	1 166 426				R0180	1 166 426	161 148 524
N-6	R0190	95 692 627	45 214 556	11 551 623	4 592 484	4 229 613	2 717 671	1 769 436					R0190	1 769 436	165 768 009
N-5	R0200	51 130 061	38 498 821	10 202 530	2 451 542	3 175 556	2 803 074						R0200	2 803 074	108 261 586
N-4	R0210	45 462 647	26 109 613	9 893 742	3 552 059	2 094 738							R0210	2 094 738	87 112 796
N-3	R0220	127 182 031	63 330 335	20 544 730	9 180 691								R0220	9 180 691	220 237 788
N-2	R0230	101 922 030	51 321 539	31 167 622									R0230	31 167 622	184 411 186
N-1	R0240	91 042 375	57 071 545										R0240	57 071 545	148 113 921
N	R0250	77 712 029											R0250	77 712 029	77 712 029
												Total	R0260	182 965 560	1 152 765 838

Annex II
S.19.01.21
Non-life Insurance Claims Information

Gross undiscounted Best Estimate Claims Provisions
(absolute amount)

	Year	Development 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											
N-9	R0160	0	0	0	0	0	0	0	0	0	0	
N-8	R0170	0	0	0	0	0	0	0	0	0		
N-7	R0180	0	0	0	0	0	0	0	16 028 812			
N-6	R0190	0	0	0	0	0	0	29 708 664				
N-5	R0200	0	0	0	0	0	18 837 785					
N-4	R0210	0	0	0	0	20 618 820						
N-3	R0220	0	0	0	24 950 003							
N-2	R0230	0	0	53 213 925								
N-1	R0240	0	82 735 417									
N	R0250	87 993 257										

		Year end (discounted
		C0360
	R0100	0
	R0160	0
	R0170	0
	R0180	14 767 201
	R0190	28 464 500
	R0200	16 860 162
	R0210	18 987 235
	R0220	23 164 916
	R0230	48 116 201
	R0240	76 774 962
	R0250	83 190 686
Total	R0260	310 325 864

Annex II
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	101 957 586	101 957 586		0	
Share premium account related to ordinary share capital	R0030	0	0		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	0
Surplus funds	R0070	0	0			
Preference shares	R0090	0		0	0	0
Share premium account related to preference shares	R0110	0		0	0	0
Reconciliation reserve	R0130	74 018 778	74 018 778			
Subordinated liabilities	R0140	0		0	0	0
An amount equal to the value of net deferred tax assets	R0160	0				0
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180	0	0	0	0	0
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220	0				
Deductions						
Deductions for participations in financial and credit institutions	R0230	0	0	0	0	
Total basic own funds after deductions	R0290	175 976 364	175 976 364	0	0	0
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300	0			0	
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310	0			0	
Unpaid and uncalled preference shares callable on demand	R0320	0			0	0
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330	0			0	0
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340	0			0	
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350	0			0	0
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360	0			0	
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370	0			0	0
Other ancillary own funds	R0390	0			0	0
Total ancillary own funds	R0400	0			0	0

Annex II

S.23.01.01

Own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
Available and eligible own funds						
Total available own funds to meet the SCR	**R0500**	175 976 364	175 976 364	0	0	0
Total available own funds to meet the MCR	**R0510**	175 976 364	175 976 364	0	0	
Total eligible own funds to meet the SCR	**R0540**	175 976 364	175 976 364	0	0	0
Total eligible own funds to meet the MCR	**R0550**	175 976 364	175 976 364	0	0	
SCR	**R0580**	114 345 085				
MCR	**R0600**	44 134 112				
Ratio of Eligible own funds to SCR	**R0620**	2				
Ratio of Eligible own funds to MCR	**R0640**	4				

		C0060	
Reconciliation reserve			
Excess of assets over liabilities	**R0700**	191 498 214	
Own shares (held directly and indirectly)	**R0710**	0	
Foreseeable dividends, distributions and charges	**R0720**	15 521 850	
Other basic own fund items	**R0730**	101 957 586	
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	**R0740**	0	
Reconciliation reserve	**R0760**	74 018 778	
Expected profits			
Expected profits included in future premiums (EPIFP) - Life business	**R0770**	0	
Expected profits included in future premiums (EPIFP) - Non- life business	**R0780**	64 288 627	
Total Expected profits included in future premiums (EPIFP)	**R0790**	64 288 627	

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

		Gross solvency capital requirement	USP	Simplifications
		C0110	**C0090**	**C0100**
Market risk	**R0010**	19 520 950		
Counterparty default risk	**R0020**	22 240 647		
Life underwriting risk	**R0030**	13 098 818	No	No
Health underwriting risk	**R0040**	21 689 600	No	~~No~~
Non-life underwriting risk	**R0050**	98 602 492	No	~~No~~
Diversification	**R0060**	-50 729 371		
Intangible asset risk	**R0070**	0		
Basic Solvency Capital Requirement	**R0100**	124 423 135		

Calculation of Solvency Capital Requirement		**C0100**
Operational risk	**R0130**	11 526 540
Loss-absorbing capacity of technical provisions	**R0140**	0
Loss-absorbing capacity of deferred taxes	**R0150**	-13 886 966
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**	122 062 709
Capital add-on already set	**R0210**	0
Solvency capital requirement	**R0220**	122 062 709
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	**R0400**	0
Total amount of Notional Solvency Capital Requirement for remaining part	**R0410**	0
Total amount of Notional Solvency Capital Requirements for ring fenced funds	**R0420**	0
Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	**R0430**	0
Diversification effects due to RFF nSCR aggregation for article 304	**R0440**	0

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

Linear formula component for non-life insurance and reinsurance obligations

		C0010
MCR_{NL} Result	R0010	39954337,01

		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	3967530,83
Income protection insurance and proportional reinsurance	R0030	17224455,11	502972,34
Workers' compensation insurance and proportional reinsurance	R0040	0	0
Motor vehicle liability insurance and proportional reinsurance	R0050	5346009,874	5932102,6
Other motor insurance and proportional reinsurance	R0060	5106026,994	19988978,35
Marine, aviation and transport insurance and proportional reinsurance	R0070	1378590,212	2767166,74
Fire and other damage to property insurance and proportional reinsurance	R0080	23967725,88	79268178,57
General liability insurance and proportional reinsurance	R0090	7051021,317	7681876,23
Credit and suretyship insurance and proportional reinsurance	R0100	64937,7401	25115,23
Legal expenses insurance and proportional reinsurance	R0110	0	0
Assistance and proportional reinsurance	R0120	0	0
Miscellaneous financial loss insurance and proportional reinsurance	R0130	0	0
Non-proportional health reinsurance	R0140	2469914,723	21016937,47
Non-proportional casualty reinsurance	R0150	46004416,41	15578681,77
Non-proportional marine, aviation and transport reinsurance	R0160	1981258,19	627372,93
Non-proportional property reinsurance	R0170	5932707,05	48386687,34

Linear formula component for life insurance and reinsurance obligations

		C0040
MCR_L Result	R0200	4179774,997

		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	0	
Index-linked and unit-linked insurance obligations	R0230	0	
Other life (re)insurance and health (re)insurance obligations	R0240	111291591,9	
Total capital at risk for all life (re)insurance obligations	R0250		2632359381

Overall MCR calculation

		C0070
Linear MCR	R0300	44134112,01
SCR	R0310	114345085
MCR cap	R0320	51455288,25
MCR floor	R0330	28586271,25
Combined MCR	R0340	44134112,01
Absolute floor of the MCR	R0350	3600000
		C0070

Minimum Capital Requirement	**R0400**	44134112,01

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