Annual Report 2019

VIG Re

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Dear Ladies and Gentlemen,

I am pleased that VIG Re can look back at a successful financial year 2019. For the first time since its existence, the Company exceeded the GWP above EUR 500 million and further pursued with the consistent and successful enhancement of its business strategy. I am also are very satisfied with the growth in its business volume as well as the quality of portfolio that VIG Re offers.

Two years after VIG Re made the move into Continental Europe, its growth is ahead of expectations and the Company continues to further grow and transform the business.

Over the past years VIG Re has positively built its reputation among clients and reached a strong position not only on CEE markets. The Company continues to be very long term-orientated in relationships with clients focusing on sustainability and consistency and long-run partnerships.

What VIG Re has accomplished in 2019 does not happen by accident. On the contrary, it reflects the talent, dedication, and professional excellence of its customers, partners, and employees. Therefore, I would like to thank all of VIG Re employees for their commitment and tireless efforts over the last year. And my thanks goes also to our highly valued clients and business partners, for their trust, support and confidence they place in us. The Supervisory Board is confident that the Company will continue to have a significant influence in the reinsurance marketplace in the next years to come.

Sincerely,

Peter Thirring
Chairman of the Supervisory Board
VIG RE zajišťovna, a.s.

VIGorous REinsurance

2008

VIG Re was formed in Prague in 2008, as the first professional reinsurer in the Czech Republic, providing risk and capital management solutions to insurance companies belonging to Vienna Insurance Group and outside of Vienna Insurance Group.

39

445

Over the past 11 years VIG Re has established itself as a leading reinsurer in the CEE region and further continues with the internalization to other Continental European markets. The opening of the branch offices in Germany and France in 2017 and in 2018 marked milestones in the Company's extended client proposition in the Continental Europe. By the end of the year 2019 we are providing reinsurance to 445 clients from 39 countries.

Since its founding in 2008, the Company enjoys a long-term public issuer rating of "A+" and a financial strength rating of "A+", both with a "stable outlook" from Standard & Poor's. The rating was most recently confirmed on October 15, 2019.

A+

The Wire of Our History

1824

Vienna Insurance Group roots in Austria date back to 1824 and to the foundation of Wechselseitige k.k. private Brandschaden-Versicherungsgesellschaft in Vienna.

1989

VIG understands the fall of the iron curtain as an opportunity. In the years after, the Group achieves the number one position as the leading insurance group in Austria and the CEE region.

2008

On 8 August 2008 the Czech National Bank grants reinsurance license to VIG Re. In October the Company receives an A+ FSR rating from Standard & Poor's, which is maintained ever since until today.

2009

VIG Re starts assuming treaty reinsurance for Property & Casualty and Life & Health lines of business, both from VIG companies and Third Parties. By end of the first full year of its operation, the Company underwrites a book of EUR 257.2 million.

2010

VIG Re acquires 99.2% shares of Wiener Re Beograd, a Serbian reinsurance company. VIG Re starts to offer facultative services in property and engineering lines.

2011

Kazakhstan, Azerbaijan, and Armenia are added to the underwriting territories. Karl Fink succeeds Peter Hagen as 2nd CEO of the Company.

2012

Following a realignment of VIG Groups reinsurance policy, VIG Re grows its assumed business from VIG companies to EUR 417.9 million, representing a growth of 65% compared to 2011.

2013

Johannes Martin Hartmann takes the helmet as the Company's 3rd CEO. In summer, severe flooding hits VIG Re key markets Austria and CEE. The underwriting activities with Third Parties in CEE are accelerated.

2014

Despite VIG Re faces a number of large fire losses from VIG companies, the Company maintains a combined ratio below 98% and generates a profit before tax of EUR 19.9 million. The Company further strengthens its analytical capabilities through the newly established Actuarial Analytics team.

2015

The competitive market environment calls for continued underwriting discipline. Consequently, the Company shrinks it's Property & Casualty book by 6%. The net combined ratio improves to 95.5% and pre-tax profit soars to EUR 22.7 million.

2016

Ivana Jurčíková joins the Board of VIG Re as a Chief Financial Officer. BSS, VIG Re's proprietary integrated underwriting, claims and accounting operating system goes live. The net combined ratio further improves to 93.2%.

2017

Tomasz Rowicki joins VIG Re's Board of Directors, responsible for the development of VIG Group business. The first branch office of the Company opens on 29 September in Frankfurt am Main in Germany, headed by Fabian Christoph, responsible for Third Party business in Germany, Austria and Switzerland. Katarzyna Gałan takes the head of the Life Underwriting team and Patrick Chevrel joins to lead the expansion to new markets in Western Europe.

2018

VIG Re celebrated it's 10 years anniversary on 10 August 2018. On 26 November, the second branch office is opened in Paris, servicing clients in France, Belgium, Netherlands and Luxemburg. On 27 November 2018 VIG Re becomes a member of the Czech Insurance Association.

2019

On 14 February 2019, VIG Re becomes a shareholder of B3i AG, an insurance industry initiative which aims to gain efficiencies and enhanced security by using independent blockchain platform.

As of 1 April 2019, VIG Re introduces changes in the organization to drive the operational efficiencies and further strengthen the corporate governance. Olaf Dietrich is appointed as Chief Underwriting Officer, Alexia Alexiou as Chief Risk Manager and Zuzana Nulíčková as Chief Compliance Officer.

On 12 April 2019, VIG Re employees spent one day cleaning up the river and riverbanks of Sázava river in Bohemia participating at VIG Re's Social Active Day.

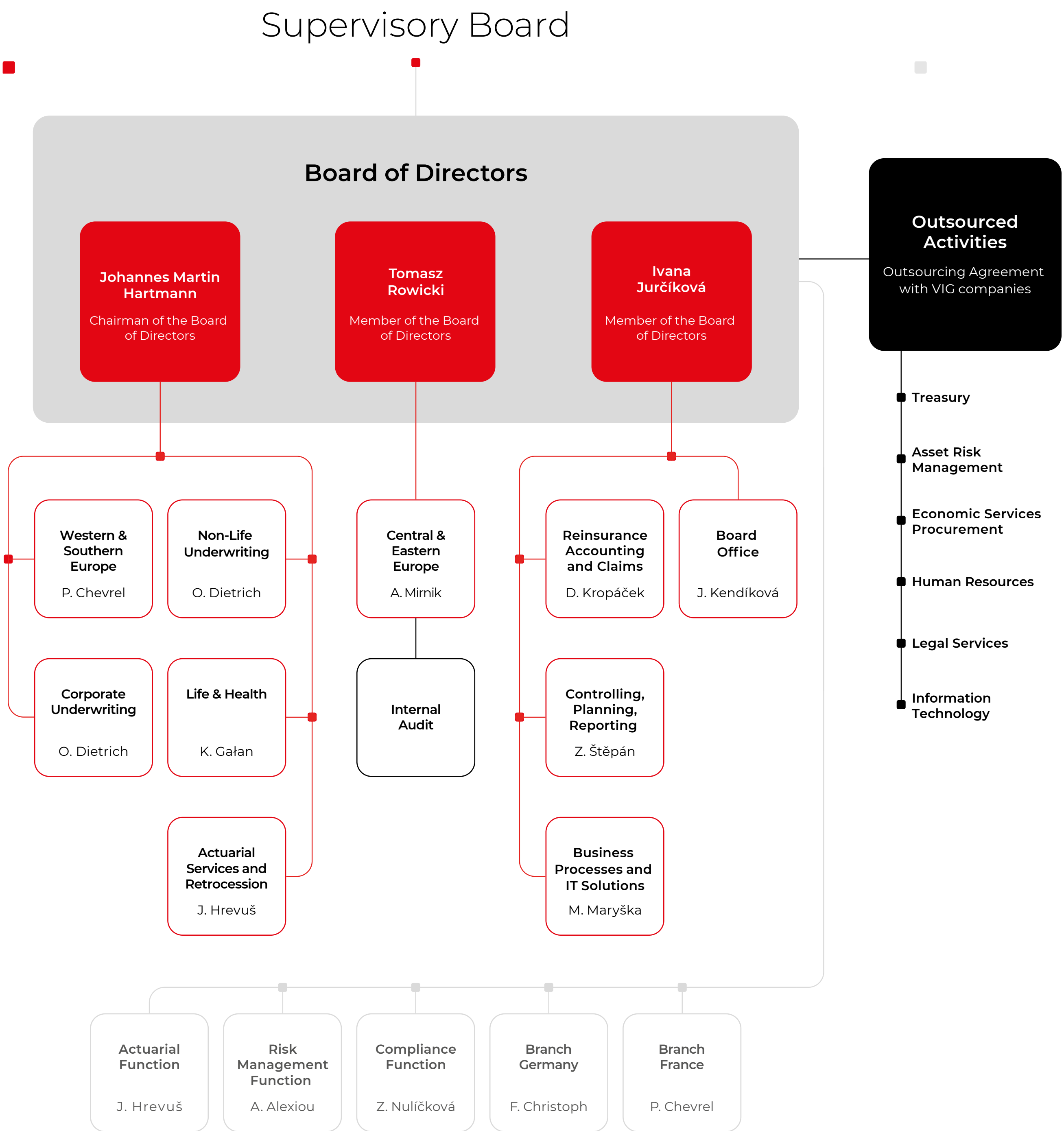
On 8 and 9 July 2019 VIG Re holds the 1st Reinsurance Executive Seminar for 25 board members of VIG companies responsible for reinsurance.

Aleš Mirnik joins VIG Re in August 2019 as the new Head of Central & Eastern Europe department.

In October 2019, nineteen delegates of VIG Re attend the Baden-Baden Reinsurance Meeting, participating in more than 470 individual client meetings. VIG Re hosts its traditional Baden-Baden reception on Wednesday with more than 600 guests. In the same month, Standard & Poor's confirms its long-term public issuer credit rating of "A+" and financial rating of "A+" with stable outlook for VIG Re.

In December 2019, VIG Re receives the approval of its partial internal model. The model covers Non-Life and Non-SLT Health underwriting risk, enhancing VIG Re's risk management, underwriting and retrocession decisions and strategic planning.

VIG Re Organizational Structure as of 31 December 2019



VIG Re – A Member of Vienna Insurance Group

Vienna Insurance Group (VIG) provides its customers in Austria and CEE with custom products and services tailored to their needs. VIG Group's strategy is geared towards long-term profitability and steady earnings growth, making it a reliable partner in rapidly changing times.

Over 25,000 employees work for the Vienna Insurance Group, at around 50 companies in 30 countries. VIG develops insurance solutions in line with personal and local needs, which has made the company one of the leaders in the insurance industry in Austria and Central and Eastern Europe (CEE).

Expertise and Stability

The Vienna Insurance Group is an international insurance group headquartered in the Austrian capital. After the fall of the Iron Curtain in 1989, VIG expanded rapidly from a purely Austrian business into an international group. VIG is synonymous with stability and expertise in providing financial protection against risks. The Group's origins date back to 1824. Almost two centuries of experience, coupled with a focus on our core competence of providing insurance coverage, forms a solid and secure basis for the Group's 22 million-plus customers.

Focus on Central and Eastern Europe

Besides Austria, VIG places a clear emphasis on Central and Eastern Europe as its home market. The Group generates more than half of its premium income in CEE. VIG's operations are also focused on this region. This primarily reflects the forecasts for economic growth in CEE, which is predicted to be twice as high as in Western Europe, as well as the current level of insurance density, which is still well below the EU average.

Local Market Presence

For VIG, protecting customers financially against risk is a responsibility. The Group pursues a multi-brand strategy based on established local markets as well as local management. Ultimately, the Group's success and closeness to its customers is down to the strengths of each individual brand and local know-how.

Strong Finances and Credit Rating

VIG has an A+ rating with stable outlook from well-known rating agency Standard & Poor's, meaning that it remains the top-rated company on the Vienna Stock Exchange's index of leading shares, the ATX. The Vienna Insurance Group is listed in both Vienna and Prague. Wiener Städtische Versicherungsverein – a stable core shareholder with a long-term focus – owns around 70% of VIG's shares. The remaining shares are in free float.

Status: December 2019

Underwriting Territories

- **Prague Headquarters**
- **Frankfurt am Main Branch Germany**
- **Paris Branch France**
- **Belgrade Subsidiary Wiener Re**

Albania
Armenia
Austria
Azerbaijan
Belarus
Belgium
Bosnia-Herz.
Bulgaria
Croatia
Czech Republic
Estonia
France
Georgia
Germany
Hungary
Italy
Japan
Kazakhstan
Kosovo
Latvia
Lichtenstein
Lithuania
Luxembourg
Moldova
Montenegro
Netherlands
North Macedonia
Poland
Portugal
Romania
Russian Fed.
Serbia
Slovakia
Slovenia
South Korea
Spain
Switzerland
Turkey
Ukraine

Market Views

Chairman of the Board of Directors

Johannes Martin Hartmann

VIG Re at a Glance

Today, VIG Re has established itself as a leading reinsurance Company in Central & Eastern Europe. With an unrivalled nimble and lean operating model, we match the demand of our clients looking for a partner who listens to their needs and trusts in long-term relationship. Our commitment to a long-term partnership approach equally holds for our engagements in other European markets, where the establishment of our two branch offices in Frankfurt in 2017 and in Paris in 2018 allows us to connect to clients in the regions as close as we do in our established markets in Austria and CEE.

Conservative Investment Strategy

The primary goal of our Investment Strategy is to ensure adequate coverage of reinsurance obligations, reflecting proper Asset-Liability Management targets matching both the duration and currencies of our liabilities while achieving the stable investment returns.

Investment Strategy of VIG Re remains conservative with over 80% of fixed income securities. Given the macroeconomic environment and the announcements of the major central banks, the challenge to operate in the very low interest rate environment is likely to continue for the years to come.

The Company does not own its own shares neither its ownership interests.

Member of the Board of Directors

Ivana Jurčíková

Tomasz Rowicki

Member of the Board of Directors

VIG – Our Roots and Our DNA

While VIG Re enjoys a strong growth of its Third Party business, reinsurance business assumed from insurance companies being member of VIG Group still accounts for 64% of our gross written premium. VIG Re closely cooperates with VIG holding and serves as a carrier that sets up Group wide reinsurance protection. Equally important is VIG Re's role as preferred reinsurer for VIG companies when meeting their individual reinsurance needs. VIG Re participates on local Non-Life treaty cessions of VIG companies with an average share of 39.3 %, strictly adhering to arms- length principle. Total gross written premium from VIG companies in 2019 amounted to EUR 337.8 million (+4.9%). In 2019, we could welcome Wiener TU S.A. Vienna Insurance Group as a new member of VIG Group reinsurance community.

Central and Eastern Europe - Our Core Markets

As in previous years, the business assumed from our clients in Central & Eastern Europe developed very positively. Despite ongoing market consolidation (Generali buying Adriatic Slovenica and Izvor, Ergo sale) and continuous centralisation of reinsurance buying from international groups active in the area, we were able to grow our book with non VIG clients in the area by 45.2 %.

Aleš Mirnik

Head of Central and Eastern Europe

Benefiting from a benign loss development – the region did only suffer from a small number of moderate atmospheric events – but also taking credit for our continued underwriting discipline and privileged position in the market – we closed the year with an excellent combined ratio of 79.8% for non-Group business, net after retro and admin cost.

Head of VIG Re Niederlassung Deutschland

Fabian Christoph

Branch Office Frankfurt – A Commitment to Long Term Partnership

The successful development of VIG Re's branch in Germany, responsible for our non-life treaty business from clients outside of VIG Group in Germany, Austria and Switzerland expedited in 2019. The continued growth in our number of partners to now 58 clients proves our standing as sustainable and economic trusted reinsurer in the region. This and the trustful cooperation with our existing partners were the fundament for the increase of our premium income by 39.3 %.

Improving market conditions especially in the commercial and industrial segments gained momentum. But an increase in mid-size fire losses had a negative impact in various portfolios of our clients. This is valid for all DACH markets and needs to be monitored in the next years.

Especially Germany was affected by a several weather-related events. Especially storm Eberhard and the hailstorms Jörn and Klaus were causing significant losses. But despite German market experienced total losses driven by weather-related events below the average.

Snow pressure and the storm Eberhard were causing losses above the average in Austria, but reinsurers were affected merely in isolated cases. The market will be under review, nonetheless, driven by outstanding soft reinsurance conditions and a negative development of technical results in nearly all segments.

Switzerland stays a success story for VIG Re. Having started with writing business in this market in 2017, we see a very positive development in number of clients as well as in the premium income and technical results.

Patrick Chevrel

Head of Western & Southern Europe

Western & Southern Europe - Controlled Expansion

2019 was another successful year for the French Branch Office. As expected, further inroads were made with prospect clients as well as existing ones, translating into a very positive development with substantial enhancement of our portfolio and client base. In absence of significant large or Cat losses, the FY results 2019 developed positively as planned.

For Southern Europe we have managed to grow our book as well and increase our visibility and awareness in Iberia while enjoying a steady growth in Italy. There, our FY 2019 gross results were negatively impacted by above average atmospheric events.

In total, our portfolio continues to become more mature and further diversified, be it in terms of client base, lines of business or distribution channels used which, combined with our long-term commitment and increased underwriting resources, positions ourselves favourably for the years to come.

Head of Non-Life & Chief Underwriting Officer

Olaf Dietrich

Asia

VIG Re started in 2017 to underwrite business with selected business partners in Japan and South Korea. Gross Written premium in 2019 soared by 122.2% to EUR 10.8 million. Adverse development of Typhoon losses in 2019 (Faxai & Hagibis) however dented into our results with EUR 3.99 million[1], driving the technical combined ratio up to 95.8 %.

Facultative

VIG Re offers Property and Engineering facultative services since 2010 and Casualty facultative services since 2013. During 2019, the Company focused on the active development of this profit centre for the CEE markets, while for DACH and Western European markets VIG Re rather pursued very prudent underwriting policy. The profit centre has developed very positively over the past years and has established itself as one of the main contributors of profits. GWP increased to EUR 12.1 million (2018 EUR 8.9 million), while the net underwriting profit soared up to EUR 4.2 million (2018 EUR -0.2 million).

Corporate Underwriting

The Corporate Underwriting department was newly established in April 2019 to further strengthen the underwriting capabilities, monitoring portfolio management and to ensure adherence to the same underwriting standards across the different market teams. It is closely cooperating with the Underwriting Committee and risk management function in case of large or complex transactions and is responsible for setting up and monitoring the underwriting plan as well as accumulation control.

[1] Net of reinsurance and reinstatement premiums

Head of Life
& Health
Underwriting

Katarzyna Gałan

Life & Health – A New Chapter

The focus of the Life & Health department in 2019 was on the execution of the new life optimization initiative for VIG Group.

The core part of the initiative was to bundle all services related to reinsurance contracts of VIG companies at VIG Re level in order to benefit from a larger and better diversified retrocession cover. Besides that, this initiative will ensure best in class services for local VIG companies in respect of product development, underwriting and claims management while enhancing the risk management and manage retrocession costs. In addition, a new Group Life Reinsurance policy has been issued, defining minimum standards on Life reinsurance protections and selection of reinsurance partner. As part of the project a reinsurance tender was launched from which three leading retrocessionaires were selected.

We also continued to develop Life products for the Bank distribution channel, in line with VIG Group strategy.

With regard to our financial performance in 2019, we were able to grow the gross written premium in Life by 23.0% and in Health by 11.3%.

Head of Actuarial Services and Retrocession

Jan Hrevuš

Actuarial Services and Retrocession – Partial Internal Model Went Live

In December 2019, we received an approval of the Solvency II Partial internal model (PIM) which covers Non-Life and Non-SLT Health underwriting risks. The Partial internal model is holistically designed, it is directly based on the individual pricing models and due to its unique comprehensive architecture allows for detailed analyses for risk management, underwriting, retrocession and strategic planning purposes.

A second focus area for the actuarial team was the implementation of the new IFRS 17 accounting standard, for which various groups at VIG Re and at the Group level have been established.

In order to use our enhanced analytical capabilities in the most efficient way, the retrocession team of VIG Re was merged into the Actuarial Analytics department on 1 April 2019 and renamed to Actuarial Services and Retrocession.

Risk Strategy and Risk Management

As the capital requirements are expected to increase in line with the Company's growth, efficient capital utilization and an active risk optimization are the keys to ensure profitability without endangering our solvency position.

VIG Re achieves its financial goals through a concrete operational and organizational risk management structure which operates in adherence to Risk Strategy principles and is integrated in the planning process as well as in the realization of the business plan. The framework in which the Risk Strategy is applied, is supported by the Risk Bearing Capacity concept which includes certain limitations for the level and deviation of the most important risk indicators such as the solvency ratio, capital requirement and available own funds.

An integral element which combines the quantitative and qualitative Risk Management assessment as well as the strategic and business planning is the Own Risk and Solvency Assessment (ORSA) including the forward-looking assessment. The ORSA process serves as an important element in the strategic and business decisions-making in VIG Re's management processes.

Solvency II

The risk measurement provided by the partial internal model, reflects the underwritten risks in a more appropriate and adequate manner compared to standard formula, enabling VIG Re to further develop its strategy under an efficient capital management.

Following the partial internal model approval, the Company's Solvency ratio as at 31 December 2019 is 220%, significantly higher compared to standard formula results, mainly due to lower capital requirements of Non-Life underwriting risk module.

What We Achieved in 2019

Financial Result

Profit before tax for the year 2019 amounts to EUR 26.2 million, creating a shareholder return on Shareholders' equity of 14.6%. Combined ratio for the period was 96.0%, surpassing 2018 by 3.5% percentage points. Other than 2018, where the underwriting result benefited from a very benign loss development, the underwriting result in 2019 was impacted by various natural catastrophe events in Japan, but also by an increased frequency of regional atmospheric events in Europe.

The slightly weaker than planned underwriting result was however offset by strong investment result of EUR 14.6 million (+ EUR 2.6 million), accounting for a return from investment of 2.5 % (2.3 % in 2018).

Administrative and other operating expenses amounted to EUR 11 million. Main expense categories are personal cost (52%), IT related costs (23%), outsourcing and consultancy (9%).

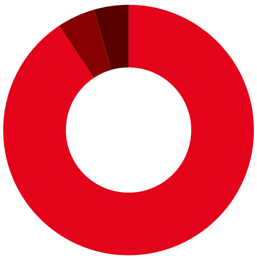
	2019	2018
Income statement in EUR '000		
Premiums written	**527 477**	**456 924**
Property & Casualty	478 096	414 568
Life	23 499	19 110
Health	25 882	23 246
Combined ratio*	**96.0%**	**92.5%**
Result from investments	**14 642**	**12 012**
Profit before tax	**26 242**	**26 176**
Profit for the period	**20 803**	**20 811**
Balance sheet in EUR '000		
Investments	**549 105**	**498 174**
Total assets	**962 676**	**845 681**
Shareholders' equity	**178 936**	**168 886**
Claims provisions	**602 157**	**529 302**

* Combined ratio is calculated for P&C and Health business segments

Premium Income

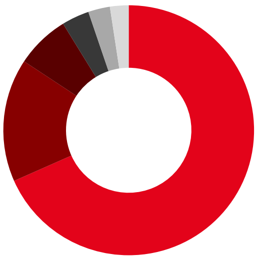
With a gross written premium of EUR 527 million (+15.4%), the Company exceeded for the first time the level of half a billion EUR. All of the business segments contributed to this growth: P&C business segment contributed with EUR 478 million (+15.3%), Health with EUR 25.9 million (+11.6%) and Life with EUR 23.5 million (+23%).

Market conditions for reinsurance stabilized in 2019, with risk adjusted premium levels slightly increasing in most lines of business and markets. VIG Re continues to adhere to a 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 the CEE markets and further progress in establishing VIG Re as a sound partner in the markets operated by our branch offices, enables VIG Re to originate new business with selected clients at sufficient technical margins.



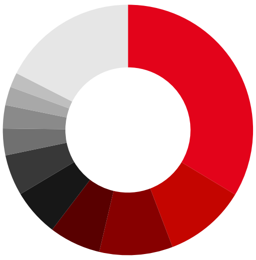
GWP per Segment (in EUR '000)

P&C	478 095
Health	25 882
Life	23 499



GWP P&C per Line of Business (in EUR '000)

Property	326 853
Motor Third Party Liability	76 135
Motor Own Damage	33 180
General Third Party Liability	16 990
Marine	13 442
Personal Accident	11 495



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

Austria	160 764
Germany	50 542
Czech Republic	45 370
Italy	31 887
Poland	29 128
Turkey	25 282
Slovakia	16 500
France	14 393
Romania	11 428
Japan	9 124
Other*	83 677

*Other represents the following countries: Albania, Armenia, Azerbaijan, Belgium, Bosnia, Bulgaria, Croatia, Estonia, Georgia, Hungary, Kazakhstan, Kosovo, Latvia, Luxembourg, Macedonia, Moldova, Montenegro, Russia, Serbia, Slovenia, South Korea, Spain, Switzerland, Ukraine.

Claims Management

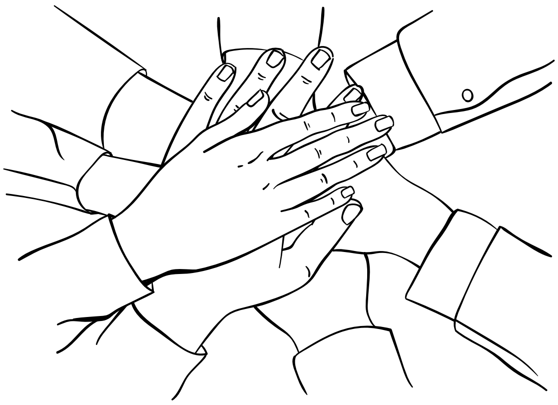
With regard to natural catastrophe losses, VIG Re was most notably impacted by the typhoon events Faxai and Hagibis in Japan, accounting for a net incurred loss[2] of EUR 1.70 million and EUR 2.29 million, respectively. For Europe, the main contributing factor was storm in Italy in July 2019 (EUR 13.2 million VIG Re incurred loss), as well as the storms Eberhard in April (EUR 1.5 million VIG Re incurred loss) and Jörn/Klaus (EUR 1.7 million VIG Re incurred loss).

Major man-made losses were reported from Hungary (fire loss in rubber producing factory, EUR 0.34 million net incurred loss); Germany (fire loss in chemical factory, EUR 0.94 million VIG Re net) and from the Czech Republic (a public liability loss for negligence whilst servicing a power plant, EUR 0.76 million VIG Re net).

Retrocession

VIG Re follows VIG Group's approach in buying retrocession on a very prudent approach. The Company is protected through various proportional and non-proportional retrocession contracts. Natural catastrophe coverage is secured on a 250 years event basis. The retrocessionaires are carefully chosen following strict security guidelines and avoiding concentrating risk in respect of individual counterparties.

[2] Net of retrocession and reinstatements premiums



Corporate Social Responsibility (CSR)

It is in the core of our undertaking to strengthen the resilience of the society by providing our clients protection against various kind of risks, such as environmental and social risks. On daily basis, we deal with environmental, social and governance issues, which we address in our business solutions. We carefully take into consideration how the decisions we make affect our employees, customers, partners, shareholders, suppliers, and communities.

As a responsibly minded and forward-looking company, VIG Re is taking a proactive approach in integrating sustainability principles into its business practices and adhere to the sustainability strategy as set out by Vienna Insurance Group.

Sustainable Business Practices

Forward-thinking management, profitable growth and financial stability are basic prerequisites for the long-term stability of the Company. We combine our economic objectives with social and environmental aspects by integrating them in our general business strategy and in our investment processes.

At VIG Re we ask for transparent and ethical behaviour consistent with sustainable development and society welfare. We emphasize the importance and expectations of our stakeholders and ensure that all activities are compliant with applicable laws and consistent with the norms of behaviour.

Trust and Responsibility

We strive for maximum customer satisfaction. We want to ensure the access to our services to a wide range of clients and offer products that provide added value.

Due to our strong market know how, efficient operating model, our dedicated team of professionals and superior technical underwriting capabilities, we are able to deliver innovative solutions tailored specifically to our customers. Our cooperation is based on the principle of sustainable relationships. We want to ensure a high level of customer satisfaction and therefore our ambition is to deliver products and services in accordance with clients' needs, taking into the consideration protection of customers' privacy. We act ethically and with integrity.

Empowering Our People

At VIG Re, we strive to create respectful, rewarding, diverse and inclusive work environment that enables our employees to achieve their goals, embrace challenges, seek out new ideas, learn and be curious – try new things without fear of failure.

Diversity and multi-culturalism are part of our identity as a Company. At VIG Re we seek the value of bringing together employees of different gender and age, from different countries and cultures. Each of our employees is unique, brings a diverse set of perspectives, work and life experiences, as well as culture differences. We promote a workplace environment of equal opportunities and commit to non-discriminatory, fair and impartial treatment of the people in all areas of our Company.

To support work-life balance and increase productivity we offer flexible work arrangements in the form of flexible working hours, extended home office and accommodate part time employment.

Professional and Personal Development

Our people have access to a range of career development and learning activities to enhance their ability to perform in their current role and prepare them for future opportunities. We encourage our employees to grow their professional expertise and promote their strengths and talents by offering a variety of trainings for reinsurance, internal and external courses, possibility to attend local and internal conferences and seminars, as well as language courses. We support participation in interesting networking programmes, mobility programmes and inspirational meetings with other successful companies.

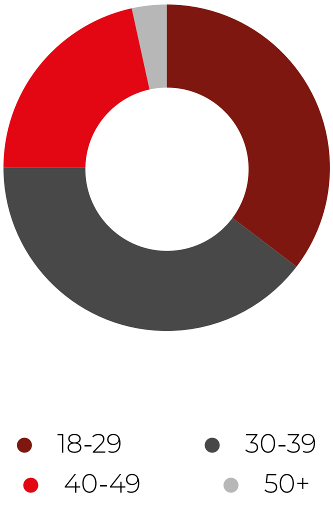
In 2019, we successfully implemented a 3 years Leadership development program which is open to all line managers to increase team cohesion and ability to identify a shared vision. The Leadership development program includes 18 workshops and individual coaching sessions in order to accelerate the professional and personal development of each manager.

Well-Being Environment

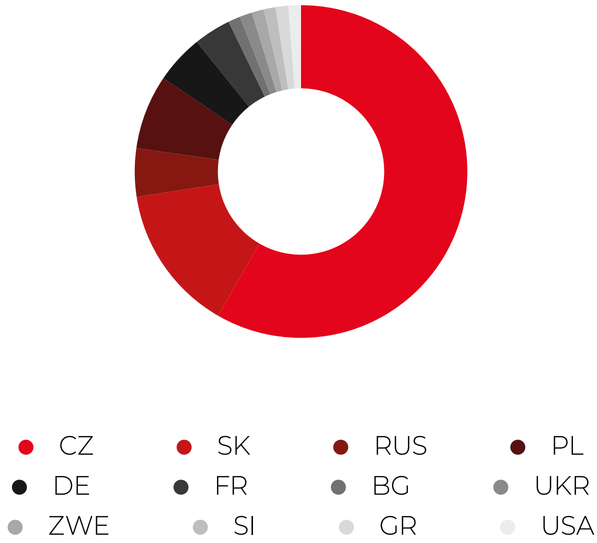
We are supporting our employee's well-being and safety while they are at work , as well as in their personal lives. In addition to our comprehensive benefits package we maintain ergonomic office furniture as chairs, stands-up desks, supportive keyboards and other IT equipment that is designed to support their posture, keep them at their best comfort, reduce potential work-related illness and create high quality of work.

In 2019 we implemented regular yoga courses in the premises of the Company free of charge.

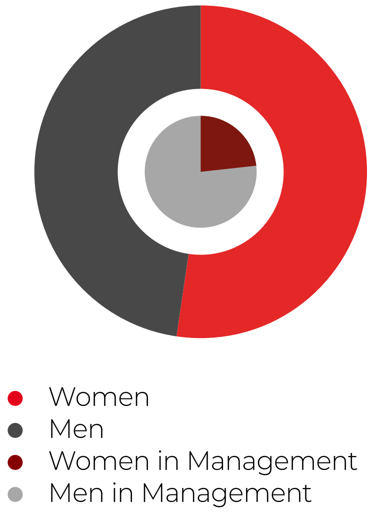
Age of Employees



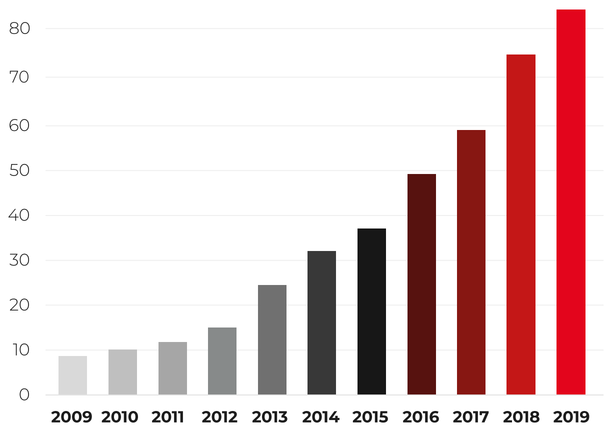
Employees Coming From



Gender



Number of Employees



Our Commitment to Society

Respectful interaction with our stakeholders and paying attention to their interest matter for us. This includes our employees, business partners, as well as the organizations we work with, and the communities in which we operate. We understand that if we want to work successfully, we must gain the trust of our shareholders. Therefore, we maintain regular, open and transparent dialogue with them.

VIG Re understands that social responsibility must be integrated in our overall business strategy and that there is a connection between prospering business and healthy community. Playing an active role in the society beyond our direct economic interests is crucial for us.

VIG Re promotes initiatives that contribute to local communities and encourage volunteering activities among its employees. Every year VIG Re organizes a Social Active Day, where all our employees have the opportunity to join for one working day volunteering for a good cause.

In 2017, VIG Re established a partnership with “Čistá řeka Sázava” initiative. This non-profit project started in 2006 with a vision of having clean rivers and the surrounding area after the floods that brought large amount of waste into Sázava region in Czech Republic. This project was one of the first in the country that draw attention to the issue of increasing amount of waste in the rivers. VIG Re is pleased to be involved with the initiative that helps to clean the environment, focuses on flood prevention measures and teaches the society how to be friendlier to the nature. In April 2019, VIG Re employees again supported the initiative in cleaning the Sázava river and its shores.

This year VIG Re has decided to strengthen its cooperation with other non-profit organizations. We donated IT equipment to “Cesta domů” – a hospice, which provides its health care services and psychological support to patients with incurable disease, as well as to their family members.

VIG Re also financially supports a project called “Týka se to také tebe” (It is up to you too) organized by the Czech town Uherské Hradište. The aim of this initiative is to increase awareness among citizens about the importance of the environment also through a photography competition, which VIG Re is sponsoring in 2020 by establishing its own category and award.

Besides volunteer work and sponsorships that focus on the environment, VIG Re has established partnerships with Charles University, Faculty of Statistics and Mathematics and with University of Economics in Prague to support their talents and education of young scholars. As part of this partnership, VIG Re has organized a variety of workshops lead by our employees, as well as supported events organized by universities, at which our employees presented and discussed different reinsurance topics.

Doing Our Part for the Environment

Climate change continues to be one of the most critical issues that has been challenging the global communities as the increasing number of natural disasters pose a major threat to them. We in VIG Re understand the urgency of this issue and we promote the ethical values, attitudes and behaviours toward environmental sustainability. Our aim is to minimize the impact of our operations on the environment and we do so by implementing a number of dedicated measures and initiatives into our corporate culture.

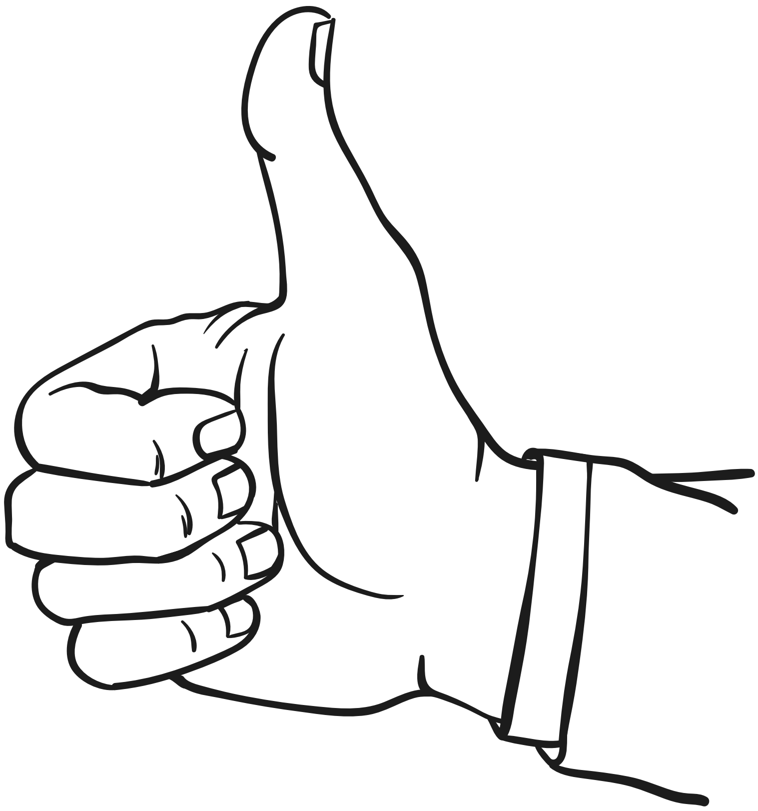
VIG Re has decided to commit to the reduction of carbon-dioxide emission and to exit the coal mining and coal power plant industry, both in respect of investment as well as in respect of providing reinsurance covers for single risks.

Besides considering the environmental impact in our business approach we also carefully think how our daily operation can influence the ecosystem. In VIG Re, we are promoting the importance of sustainability and responsibility, which is amongst others reflected in our travelling policies. We promote to use the most environmentally friendly means of transportation during the business trips such as trains over planes whenever possible and reasonable.

In addition, we encourage our employees to shift their daily commuting to work from cars to public transportation by subsidizing the costs for public transportation and creating facilities in our premises for storing the bicycles and shower facilities when biking to work. In 2019 VIG Re joined the

“Bike to Work” challenge by sponsoring their entrance fees and promoting the activity throughout the Company. In May 2019, 23 of our employees joined this challenge, formed teams and were coming to work by bikes, longboards or walking.

Throughout the whole year, VIG Re continues to monitor the number of resources used to operate its offices. On regular basis we collect the data on electricity consumption, heat use, kilometres of air travel, water and waste consumption. By the end of the year we improved the energy efficiency and reduced the electricity consumption per employee by 16.7%, heating and cooling consumption by 17.1% and waste generation by 11.6%. In our daily business environment, we are taking additional steps that helps us to reduce the waste production. We continue to recycle the waste in our offices and in order to reduce plastic waste we installed water dispensers on each floor of our offices in Prague and distributed reusable water bottles to every employee. This initiative will help us to reduce the plastic waste by approximately 6,000 water bottles per year.



Governance Bodies

General Meeting

Within the General Meeting, as the Company's supreme governance body, the shareholders exercise their rights in matters related to the Company. A General Meeting is held at least once a year, however no later than four months from the last day of the preceding accounting period.

Shareholder's Structure:

Business Name	Legal Form	Address	Share Capital	Share of Voting Rights
VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe	joint-stock company	Schottenring 30, 1010 Wien	55 %	55 %
WIENER STÄDTISCHE Versicherung AG Vienna Insurance Group	joint-stock company	Schottenring 30, 1010 Wien	15 %	15 %
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 Prague	10 %	10%
Kooperativa poisťovna, a.s., Vienna Insurance Group	joint-stock company	Štefanovičova 4, 816 23 Bratislava	10 %	10%

Board of Directors

Tomasz Rowicki

Member of the Board of Directors

Main Responsibilities*:

Assumed Reinsurance from VIG Group companies

Assumed Reinsurance from Central & Eastern Europe

Joint Responsibilities*:

Strategy

Internal Audit

Actuarial Matters

Enterprise Risk Management

Compliance

Johannes Martin Hartmann

Chairman of the Board of Directors

Main Responsibilities*:

Representation of VIG Re towards Financial Supervisory Authority, Public Authorities and Professional Associations

Assumed Reinsurance

Actuarial Services and Retrocession

Human Resources

Public Relations & Communication

Ivana Jurčíková

Member of the Board of Directors

Main Responsibilities*:

Finance, Investments

Controlling, Planning & Reporting

Reinsurance Accounting and Claims

Business Processes and IT Solutions

Board Office

Coordination of Risk Management and Compliance

Outsourcing

*as of 31.12.2019

Supervisory Board as of 31 December 2019

Peter Thirring
Chairman of the Supervisory Board

Elisabeth Stadler
1st Vice-Chairwoman of the Supervisory Board

Alain Flandrin
2nd Vice-Chairman of the Supervisory Board

Vladimír Bakeš
Member of the Supervisory Board

Peter Höfinger
Member of the Supervisory Board

Gerhard Lahner
Member of the Supervisory Board

Robert Lasshofer
Member of the Supervisory Board

Audit Committee as of 31 December 2019

František Dostálek
Chairman of the Audit Committee

Alain Flandrin
Member of the Audit Committee

Peter Thirring
Member of the Audit Committee

Business Processes & IT Solutions

During 2019, VIG Re focused on the further improvements of its core systems and implementation of new tools supporting the speed of the closing process.

One of the key decisions the Company made was to move to a new integrated business platform (IBAS) built on modern technology which enables the Company to gain more flexibility in the fast changing environment. First module of IBAS Business Partner will go live in Q2 2020. In addition, VIG Re decided to implement M-Files as a new document management system to ensure enhanced data security management. The implementation will take place in the course of 2020.

One of the major ongoing projects run by the Company is the implementation of IFRS 17. One of the major ongoing projects that we have been working on in 2019 is the implementation of IFRS 17. This implementation is part of the VIG Group wide project, which is managed centrally and we as a Company have a leading position in the reinsurance specific working groups.

Research, Science and Development

The Company does not conduct any activities in the area of Research, Science and Development.

Wiener Re

Leading Flag in Serbia

Wiener Re was founded in 2008 to provide reinsurance solution to Wiener Städtische Osiguranje, VIG Group undertaking in Serbia. After 11 years of operation in the country and expansion to Montenegro and Bosnia and Herzegovina (Republika Srpska), Wiener Re has established itself as the largest reinsurance company in the region. While the majority of the business is still generated by VIG companies, Wiener Re continues to cooperate with more than 20 cedents from the region, such as Uniqa Insurance RS, Triglav Insurance RS, Dunav Re and Sava RS.

In 2019, Wiener Re showed another year of solid performance. Gross written premium increased by 8.0% to EUR 55.8 million, profits even soared by 25% to EUR 0.5 million and combined ratio improved from 97.3% to 94.4%.

Market Environment and Outlook

Macroeconomic Environment

Continuous political uncertainties, as well as continued weaker export markets and domestic demand, caused slowdown of the European economies in 2018. Brexit formally came into force on 31 January 2020, and an initial agreement temporarily settled the trade conflict between China and the US, but is expected to be a source of continued uncertainty.

The International Monetary Fund (IMF) expects a further slowdown of the real growth rate of 2.3% in the developed economies in 2018 to 1.7% in 2019. Real growth for the eurozone is expected to slow down from 1.9% in 2018 to 1.2% in 2019.

The outbreak of the Coronavirus at the beginning of the year 2020 and the comprehensive measures adopted to curb its spread will most likely cause a severe economic recession. Although from a todays perspective it is still too early to assess for how long the measures ordered by the authorities will be in force, these have serious implications on the economy, with state budget deficits raising to unprecedent levels, companies in most effected industries like travel and transport - but also other service related industries - going out of business and unemployment raising. Apart from the direct economic impact which is likely to exceed the scale of the financial crisis 2008 /2009, this will also have an impact on the future economic, social and political setup of our society and the way we will conduct business.

VIG Re

VIG Re will adhere to its policy of strict risk management, underwriting discipline and conservative investment and protection policy which is even more important in the current environment. Together with the superior financial security, its lean and nimble operating model, its ability to offer broad risk solutions across all main lines of business the Company is well positioned to seize the opportunities in its Central and Eastern core markets and beyond.

In 2020 the Company will further invest in the digitalisation of the business model and IT solutions in order to foster the efficiency of internal processes and client interfaces. We will further intensify the dialogue with our clients in order to enhance their risk management and innovate beyond the scope of traditional (re-) insurance solutions to cope with the emerging risk landscape in a controlled way.

Financial Statements

VIG Re

Auditor’s Report

KPMG Česká republika Audit, s.r.o.
Pobřežní 1a
186 00 Praha 8
Czech Republic
+420 222 123 111
www.kpmg.cz

This document is an English translation of the Czech auditor's report.
Only the Czech version of the report is legally binding.

Independent Auditor’s Report to the Shareholders of VIG Re zajišťovna, a.s.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of VIG Re zajišťovna, a.s. ("the Company"), prepared in accordance with International Financial Reporting Standards as adopted by the European Union, which comprise the statement of financial position as at 31 December 2019, and the statement of comprehensive income, the statement of changes in equity and the cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory notes. Information about the Company is set out in Note A. 1 to the financial statements.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with the Act on Auditors, Regulation (EU) No. 537/2014 of the European Parliament and of the Council, and Auditing Standards of the Chamber of Auditors of the Czech Republic, consisting of International Standards on Auditing (ISAs) as amended by relevant application guidelines. Our responsibilities under those regulations are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Act on Auditors and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KPMG

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of provision for outstanding claims

Key audit matter	How the audit matter was addressed
The Company recognises a provision for claims incurred but not reported by the end of the period (IBNR provision) and a provision for claims incurred and reported but not settled by the end of the period (RBNS provision). Both provisions as a whole form the Provision for outstanding claims item. As at 31 December 2019 the Company recognises a provision for outstanding claims of EUR 513,827 ths. We determined the above area to be a key audit matter as the Company makes subjective and complex assumptions and judgements when determining the provision for outstanding claims. The IBNR provision is subject to actuarial calculations. Its determination is influenced by a range of factors based on the judgment of the Company regarding the used methodology, the distribution of data among homogeneous groups, the risk margin over the best estimate, treatment with non-standard values in historical data and the expected ultimate loss ratio. The RBNS provision is set based on the information about the status of claims from the confirmations or other information provided by insurers (cedents). Subsequently, employees of the Company manually retype the values from confirmations to the operating system of the Company. The risk of inaccuracy then arises for the value of the RBNS provision, stemming from potential manual errors when retyping the figures from confirmations into the system. Additional information is disclosed in Note B.11 and F.14 of the Company's financial statements.	Among other things, we performed the procedures outlined below to address this key audit matter: In cooperation with our actuarial specialist, we critically evaluated the methodology, models and assumptions used by the Company for the measurement of provisions against our knowledge of the best practice in the market and assessed any changes since the previous year. We tested the correctness of the IBNR provision calculation, critically evaluated the assumptions applied by the Company's management and discussed significant relevant year-to-year variations from our expected values. We also performed own analytical tests over the IBNR provision. For a sample of confirmations and other information, we reconciled the level of the RBNS provision reported by the cedents to the amount booked in the operating system of the Company. As part of our testing of the provision for outstanding claims we analysed in detail the result of the claim run-off test. In relation to that we assessed the sufficiency of the whole provision for outstanding claims and evaluated the adequacy of the methodology used for its determination. In addition, we assessed the adequacy of the Company's disclosures in the notes to the financial statements of the Company.

Other Information

In accordance with Section 2(b) of the Act on Auditors, other information is defined as information included in the annual report other than the financial statements and our auditor's report. The statutory body is responsible for the other information.

Our opinion on the financial statements does not cover the other information. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. In addition, we assess whether the other information has been prepared, in all material respects, in accordance with applicable laws and regulations, in particular, whether the other information complies with laws and regulations in terms of formal requirements and the procedure for preparing the other information in the context of materiality, i.e. whether any non-compliance with those requirements could influence judgments made on the basis of the other information.

Based on the procedures performed, to the extent we are able to assess it, we report that:

- the other information describing matters that are also presented in the financial statements is, in all material respects, consistent with the financial statements; and
- the other information has been prepared in accordance with applicable laws and regulations.

In addition, our responsibility is to report, based on the knowledge and understanding of the Company obtained in the audit, on whether the other information contains any material misstatement. Based on the procedures we have performed on the other information obtained, we have not identified any material misstatement.

Responsibilities of the Statutory Body, Supervisory Board and Audit Committee for the Financial Statements

The statutory body is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as the statutory body determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the statutory body is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the statutory body either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Supervisory Board, in collaboration with the Audit Committee, is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the above regulations will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the above regulations, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the statutory body.
- Conclude on the appropriateness of the statutory body's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In compliance with Article 10(2) of Regulation (EU) No. 537/2014 of the European Parliament and of the Council, we provide the following information in our independent auditor's report, which is required in addition to the requirements of International Standards on Auditing:

Appointment of Auditor and Period of Engagement

We were appointed as the auditors of the Company by the General Meeting of Shareholders on 27 April 2018 and our uninterrupted engagement has lasted for 12 years.

Consistency with Additional Report to Audit Committee

We confirm that our audit opinion on the financial statements expressed herein is consistent with the additional report to the Audit Committee of the Company, which we issued on 31 March 2020 in accordance with Article 11 of Regulation (EU) No. 537/2014 of the European Parliament and of the Council.

Provision of Non-audit Services

We declare that no prohibited services referred to in Article 5 of Regulation (EU) No. 537/2014 of the European Parliament and of the Council were provided.

Except for the statutory audit, we did not provide the Company and its controlled undertakings with any other services that have not been disclosed in notes to the financial statements or annual report.

Statutory Auditor Responsible for the Engagement

Jindřich Vašina is the statutory auditor responsible for the audit of the financial statements of VIG Re zajišťovna, a.s. as at 31 December 2019, based on which this independent auditor's report has been prepared.

Prague
31 March 2020

KPMG Česká republika Audit

KPMG Česká republika Audit, s.r.o.
Registration number 71

Jindřich Vašina
Partner
Registration number 2059

Separate Financial Statements

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STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2019

Assets in EUR '000	**Notes**	**2019**	**2018**
Intangible assets	**F.1**	**1 247**	**2 133**
Property, plant and equipment	**F.2**	**3 613**	**923**
Investment in subsidiaries	**F.3**	**6 758**	**6 758**
Financial investments	**F.4**	**542 347**	**491 416**
Financial assets held to maturity		79 130	88 249
Financial assets available for sale		357 080	295 464
Loans – Term deposits		6 200	7 050
Deposits due from cedents		99 937	100 653
Trade and other receivables	**F.5**	**121 805**	**83 801**
Ceded share of reinsurance liabilities	**F.6**	**242 586**	**234 886**
Deferred tax assets	**F.7**	**0**	**806**
Other assets	**F.8**	**409**	**357**
Deferred acquisition costs	**F.9**	**12 761**	**9 725**
Cash and cash equivalents	**F.10**	**31 150**	**14 876**
Total assets		**962 676**	**845 681**

EQUITY AND LIABILITIES in EUR '000			
Shareholders' equity	**F.11**		
Share capital		126 850	126 850
Other components of equity		8 105	1 168
Retained earnings		43 981	40 868
Total equity		**178 936**	**168 886**
Subordinated liabilities	**F.12**	**35 708**	**35 708**
Reinsurance liabilities		**625 571**	**548 505**
Unearned premiums	F.13	23 414	19 203
Outstanding claims	F.14	513 827	438 362
Life reinsurance provision	F.15	88 330	90 940
Payables	**F.16**	**116 848**	**90 144**
Deferred tax liabilities	**F.7**	**863**	**0**
Current tax liabilities	**F.27**	**2 110**	**268**
Other liabilities	**F.17**	**2 640**	**2 170**
Total liabilities		**783 740**	**676 795**
Total equity and liabilities		**962 676**	**845 681**

INCOME STATEMENT FOR THE YEAR ENDING 31 DECEMBER 2019

Income statement in EUR '000	Notes	2019	2018
Premiums	**F.18**		
Premiums written – Gross		527 477	456 924
Premiums written – Ceded		-214 473	-235 639
Premiums written – Retention		**313 004**	**221 285**
Change due to provision for unearned premiums – Gross		5 593	637
Change due to provision for unearned premiums – Ceded		-2 205	-4 050
Net earned premiums		**309 616**	**225 972**
Investment and interest income		17 257	15 837
Investment and interest expenses		-2 615	-3 825
Total investment result	**F.19**	**14 642**	**12 012**
Other income	**F.20**	**958**	**83**
Claims and insurance benefits	**F.21**		
Expenses for claims and insurance benefits – Gross		-252 567	-238 589
Expenses for claims and insurance benefits – Ceded		94 184	99 473
Claims and insurance benefits – retention		**-158 383**	**-139 116**
Change in claims and other reinsurance liabilities – Gross		-78 738	2 823
Change in claims and other reinsurance liabilities – Ceded		23 513	-6 578
Total expenses for claims and insurance benefits		**-213 608**	**-142 871**
Acquisition expenses			
Commission expenses	**F.22**	-113 245	-108 402
Other acquisition expenses		-5 578	-5 793
Change in deferred acquisition expenses	**F.22, F.23**	3 036	4 353
Commission income from retrocessionaires	**F.23**	37 345	46 150
Total acquisition expenses		**-78 442**	**-63 692**
Other operating expenses	**F.24**	**-5 441**	**-4 337**
Finance cost	**F.25**	**-1 478**	**-708**
Other expenses	**F.26**	**-5**	**-282**
Profit before tax		**26 242**	**26 177**
Tax expense	**F.27**	**-5 439**	**- 5 365**
Profit for the period		**20 803**	**20 812**
Attributable to owners of the Company		**20 803**	**20 812**

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDING 31 DECEMBER 2019

Statement of comprehensive income in EUR '000	2019			2018		
	Gross	**Tax ***	**Net**	**Gross**	**Tax ***	**Net**
Profit for the period	**26 242**	**-5 439**	**20 803**	**26 177**	**- 5 365**	**20 812**
Other comprehensive income						
Gains (losses) recognized in equity – Available for sale financial assets	8 564	-1 627	6 937	-5 188	986	-4 202
Other comprehensive income for the year	**8 564**	**-1 627**	**6 937**	**-5 188**	**986**	**-4 202**
Comprehensive income for the period	**34 806**	**-7 066**	**27 740**	**20 989**	**-4 379**	**16 610**

* Consists of both current tax and deferred tax directly recognized in the statement of comprehensive income.

SHAREHOLDERS' EQUITY AS OF 31 DECEMBER 2019

in EUR '000	**Share capital**	**Share premium**	**Available for sale reserve**	**Retained earnings**	**Shareholders' equity**
As of 1 January 2019	126 850	49	1 119	40 868	168 886
Total comprehensive income for the period			6 937	20 803	27 740
Dividends				-17 690*	-17 690
As of 31 December 2019	**126 850**	**49**	**8 056**	**43 981**	**178 936**

	Share capital	**Share premium**	**Available for sale reserve**	**Retained earnings**	**Shareholders' equity**
in EUR '000					
As of 1 January 2018	126 850	49	5 321	37 394	169 614
Total comprehensive income for the period			-4 202	20 812	16 610
Dividends				-17 338*	-17 338
As of 31 December 2018	**126 850**	**49**	**1 119**	**40 868**	**168 886**

* dividend per share was 562 EUR (in 2018: EUR 550)

CASH FLOW STATEMENT FOR THE YEAR ENDING 31 DECEMBER 2019

Cash flow statement in EUR '000	2019	2018
Profit before tax	**26 242**	**26 177**
Adjustments to profit before tax		
- net interest and other investment income	-9 268	- 6 746
- exchange differences	1 000	2 430
- depreciation	1 990	984
- change in deferred acquisition costs	-3 036	-4 355
- dividends	-1 124	-938
Cash flows from operating activities		
Change in reinsurance liabilities	77 066	9 487
Change in ceded share of reinsurance liabilities	-7 700	9 199
Change in receivables	-38 004	-5 019
Change in deposits due from cedents	-102	-4 524
Change in payables	26 704	-22 235
Change in other assets and liabilities	419	547
Interest on lease liability paid	-78	0
Income tax paid	-3 511	-2 996
Net cash flow from operating activities	**70 598**	**2 011**
Cash flows from investing activities		
Interest received	6 029	9 119
Dividends received	1 080	881
Payment for acquisition of intangible assets and property, plant and equipment	-3 794	-1 523
Cash proceeds from the sale of intangible assets and property, plant and equipment	0	36
Payment for acquisition of available for sale financial assets	-158 859	-115 715
Payment for acquisition of Loans – Term deposits	850	-2 113
Cash proceeds from the sale of available for sale financial assets	110 844	63 684
Cash proceeds from the maturity/sale of held to maturity financial assets	8 998	31 150
Net cash flow from investing activities	**-34 852**	**-14 481**
Cash flows from financing activities		
Interest paid	-1 400	0
Payment of principal of lease liabilities	-382	0
Cash proceeds from other financing activities (subordinated liabilities)	0	35 000
Dividend payment	-17 690	-17 338
Net cash flow from financing activities	**-19 472**	**17 662**
Net change in cash and cash equivalents	**16 274**	**5 192**
Reconciliation of cash and cash equivalents		
Cash and cash equivalents at beginning of period	**14 876**	**9 812**
Foreign currency translation differences on cash balances	0	-128
Net change in cash and cash equivalents	16 274	5 192
Cash and cash equivalents at end of period	**31 150**	**14 876**

SEGMENT REPORTING

The Company determines and presents operating segments based on the information that is internally provided to the Board of Directors, the Company's chief decision-making body. An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. An operating segment's operating results are reviewed regularly by the Board of Directors to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. Segment results that are reported to the Board of Directors include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly other income, other expenses and income tax expenses.

The Company has three reportable segments, as described below, which are the Company's strategic business units and are managed separately. For each of the strategic business units, the Board of Directors reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Company's reportable segments:

- Property/Casualty: car, property and liability, catastrophe and personal accident reinsurance
- Life
- Health

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies.

The disclosures under segment reporting should be read in conjunction with additional disclosures under F.18.

SEGMENT REPORTING
INCOME STATEMENT BY LINES OF BUSINESS

Income statement in EUR '000	Property/Casualty		Health		Life		Total	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
Premiums written – Gross	478 096	414 568	25 882	23 246	23 499	19 110	527 477	456 924
Premiums written – Ceded	-207 033	-230 417	-1 046	-470	-6 394	-4 752	-214 473	-235 639
Change due to provision for premiums – Net	-3 575	-4 358	-107	-34	294	-295	-3 388	-4 687
1. Net earned premiums	**267 488**	**188 509**	**24 729**	**22 810**	**17 399**	**14 653**	**309 616**	**225 972**
Interest revenue	14 010	8 415	161	52	3 087	4 709	17 257	13 176
Other income and expense from investments	-1 999	-811	-39	-9	-577	-344	-2 615	-1 164
2. Investment result	**12 011**	**7 605**	**121**	**43**	**2 510**	**4 365**	**14 642**	**12 012**
Expenses for claims and insurance benefits and change in claims and other reinsurance liabilities– Gross	-307 779	-211 033	-9 878	-12 371	-13 648	-12 361	-331 305	-235 766
Expenses for claims and insurance benefits and change in claims and other reinsurance liabilities – Ceded	114 952	91 869	399	432	2 346	594	117 697	92 895
3. Claims and insurance benefits	**-192 827**	**-119 165**	**-9 479**	**-11 939**	**-11 302**	**-11 767**	**-213 608**	**-142 871**
Commission expenses including change in deferred acquisition expenses	-94 984	-89 527	-6 475	-7 649	-8 165	-6 179	-109 624	-103 355
Other acquisition expenses	-4 718	-4 894	-270	-274	-590	-625	-5 578	-5 793
Commission income from retrocessionaires including change in deferred acquisition revenues	33 419	42 173	40	50	3 301	3 233	36 760	45 456
4. Acquisition expenses	**-66 283**	**-52 248**	**-6 705**	**-7 873**	**-5 454**	**-3 571**	**-78 442**	**-63 692**
Operating profit measured on the segment basis	**20 389**	**24 701**	**8 666**	**3 041**	**3 153**	**3 680**	**32 208**	**31 421**
5. Other operating expenses	**-4 943**	**-3 897**	**-270**	**-218**	**-228**	**-222**	**-5 441**	**-4 337**
Operating profit	**15 446**	**20 804**	**8 396**	**2 823**	**2 925**	**3 458**	**26 767**	**27 084**
6. Other income							**958**	**83**
7. Other expenses							**-5**	**-282**
8. Finance cost							**-1 478**	**-708**
Profit before tax							**26 242**	**26 177**
Income tax							**-5 439**	**-5 365**
Profit after tax							**20 803**	**20 812**

Investment result was allocated among individual segments based on the balance of reinsurance liabilities as of 31 December 2019 and 2018.

NOTES TO THE FINANCIAL STATEMENTS

A. GENERAL INFORMATION

A.1. Description of the Company

VIG RE zajišťovna, a.s. ('Company' or 'VIG Re') is the first professional reinsurance company established in the Czech Republic and is part of Vienna Insurance Group ('VIG'). VIG Re was incorporated on 18 August 2008 (ID 28445589) and has its registered office at Templová 747/5, Prague 1, postcode 110 01. VIG Re received the license to carry out reinsurance business and related activities on 8 August 2008 and has conducted the reinsurance business in property/casualty, life and health since 2009. In 2017, Company established a branch in Frankfurt a. M., Germany. In line with its strategy to strengthen investment in Western European markets, Company opened a new branch office in Paris, France starting operation on 26 November 2018. Economic data of the branch are, in accordance with the legislation of the Czech Republic, an integral part of the financial statements of the Company.

Structure of shareholders

On 27 February 2019 the Czech National Bank approved the transfer of 15% stake of the Company from Vienna Insurance Group AG, Wiener Versicherung Gruppe (VIG) to a new shareholder WIENER STÄDTISCHE Versicherung AG Vienna Insurance Group (WSV). The respective resolution of CNB came into legal force as of 2 March 2019. The entry into the Central Securities Depository Prague was made on 8 March 2019.

Shareholders as of 31 December 2019:

VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe	55%
DONAU Versicherung AG Vienna Insurance Group	10%
Kooperativa pojišťovna, a.s., Vienna Insurance Group	10%
KOOPERATIVA poisťovňa, a.s. Vienna Insurance Group	10%
WIENER STÄDTISCHE Versicherung AG Vienna Insurance Group	15%

The members of the Board of Directors were as of 31 December 2019 as follows:

Chairman:	Johannes Martin Hartmann
Member:	Ivana Jurčíková
Member:	Tomasz Rowicki

Two members of the Board of Directors must always act together in the name of the Company.

The members of the Supervisory Board as of 31 December 2019 were as follows:

Chairman:	Peter Thirring
Vice-Chairwoman:	Elisabeth Stadler
Vice-Chairman:	Alain Flandrin
Member:	Vladimír Bakeš
Member:	Peter Höfinger
Member:	Gerhard Lahner
Member:	Robert Lasshofer

A.2. Statement of Compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations as adopted by the European Union (EU) in accordance with the IAS Regulation (EC 1606/2002).

The management has reviewed those standards and interpretations adopted by the EU since the date of issue of the financial statements that were not effective at that date. An assessment of the expected impact of these standards and interpretations on the Company is shown in note C.

A.3. Basis of Preparation

Based on the current legislation (563/Sb.1991, § 19a/7), the Company keeps accounts and prepares these separate financial statements in accordance with IFRS (as adopted by the EU – refer to A.2.).

The financial statements are presented in the functional currency of the Company in euros (EUR), rounded to the nearest thousand (TEUR or EUR ’000).

The financial statements have been prepared on a historical cost basis, except for financial instruments classified as available for sale. Financial assets and liabilities and non-financial assets and liabilities that are valued at historic cost are stated at amortized cost or historic cost, as appropriate, net of any relevant impairment.

The preparation of the financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historic experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of the judgements about the carrying values of assets and liabilities that cannot readily be determined from other sources. The actual values may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in both the period of the revision and future periods if the revision affects both the current and future periods.

Judgements made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next period are as follows (reinsurance liabilities, impairment, income taxes) and discussed in the Notes.

B. SIGNIFICANT ACCOUNTING POLICIES

B.1. Intangible Assets

Purchased intangible assets are recognized in the balance sheet at acquisition cost less accumulated amortization and impairment losses. All intangible assets have a definite useful life. Amortization of an intangible asset is therefore performed over its period of use. The useful lives of significant intangible assets are between 4 and 10 years.

Intangible assets are amortized using the straight-line method.

B.2. Property, Plant and Equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its costs can be measured reliably. The cost of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

Depreciation of property and equipment to residual values is recognized in profit and loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment.

The estimated useful lives for the current and comparative periods are as follows:

Item	Useful lives of assets
Vehicles	5
Other tangible assets and equipment	4 – 6

The depreciation methods, useful lives and residual values, if not insignificant, are reassessed annually.

Leases through which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Property, plant and equipment acquired by way of finance lease is stated at an amount equal to the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within “Other income” or “Other expense” in profit or loss.

B.3. Investment in Subsidiaries

The carrying amount of investment in subsidiaries is recognized at acquisition cost less impairment.

B.4. Financial Investments

Financial investments include financial assets held to maturity, available for sale, loans and deposits due from cedents.

Financial investments are recognized on the balance sheet when the Company becomes a party to the contractual provisions of the instrument. Upon their initial recognition, the corresponding investments are valued at acquisition cost, which equals fair value plus any directly attributable transaction costs at the time of acquisition. For regular purchases and sales of financial assets, the Company's policy is to recognize them using settlement date accounting. Any change in the fair value of an asset to be received during the period between the trade date and the settlement date is accounted for in the same way as if the Company used trade date accounting.

For subsequent measurement of financial investments two valuation methods are used – amortized cost and fair value.

The fair value of financial instruments is based on their quoted market price on an active market at the balance sheet date without any deduction for transaction costs. If a quoted market price is not available or if the market for an investment is not active, the fair value of the instrument is estimated using the discounted cash flow method.

Where discounted cash flow methods are used, estimated future cash flows are based on management estimates and the discount rate is derived from market rates at the balance sheet date for instruments with similar terms and conditions.

Financial Assets Held to Maturity

Held to maturity assets are financial assets with fixed or determinable payments and fixed maturity, where the Company has the positive intent and ability to hold to maturity.

Financial assets held to maturity are valued at amortized cost using the effective interest method less any impairment losses. The amortization of premiums and discounts is recorded as interest income or expense.

Available for Sale Financial Assets

These financial investments are non-derivative financial assets that are designated as available for sale and are not classified as loans and deposits due from cedents and held to maturity financial investments. Subsequent to initial recognition, they are measured at fair value. Changes therein, other than impairment losses and foreign currency differences on available for sale monetary items, are recognized directly in other comprehensive income. When an investment is derecognized, the cumulative gain or loss in other comprehensive income is transferred to profit or loss.

Loans – Term Deposits

Loans consist mainly of deposits with financial institutions, or with third party companies in the case of financial reinsurance (B.23.). Loans and receivables (B.5.) are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market, other than being classified as available for sale. Loans and receivables are measured at amortized cost using the effective interest method and are reported net of allowances for loan losses to reflect the estimated recoverable amounts.

Deposits due from Cedents

Deposits due from cedents are receivables from cedents for cash deposits that have been retained under the terms of reinsurance agreements. Deposits due from cedents are accounted for at amortized cost less impairment.

B.5. Receivables

The receivables shown in the balance sheet primarily relate to the following receivables:

- Receivables from direct reinsurance business
- Receivables from ceded reinsurance business
- Other receivables

Receivables are recognized at fair value and subsequently measured at amortized costs less impairment.

B.6. Ceded Share of Reinsurance Liabilities

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.

B.7. Taxes

The income tax expense comprises current tax and deferred tax. The income tax associated with transactions recognized directly in Other comprehensive income (unrealized gains and losses from available for sale financial instruments) is also recognized directly in Other comprehensive income.

The current tax is calculated using the Company's taxable income and the tax rate enacted or substantially enacted by the end of reporting period.

Deferred tax is calculated using the balance sheet liability method for all temporary differences between the asset and liability values recognized in the IFRS separate financial statements and the Company tax bases for these assets and liabilities. Deferred tax is calculated using the tax rates that are expected to apply to the period when the asset is realized or the liability settled, based on the tax rates that have been enacted or substantially enacted by the end of the reporting period. Deferred tax assets are not recognized if it is not probable that the tax benefits they contain can be realized.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

B.8. Other Assets

Other assets are valued at acquisition cost less impairment losses.

B.9. Deferred Acquisition Costs

Acquisition costs comprise reinsurance commissions, brokerage for reinsurance intermediaries and other variable costs directly connected with the acquisition or renewal of reinsurance policies. Deferred acquisition costs and deferred retrocession commission revenue represent the proportion of acquisition costs incurred and revenue received that corresponds to the unearned premium reserve. Deferred acquisition costs are subject to recoverability testing at the time of policy issue and at the end of each accounting period. Deferred acquisition costs which are not deemed to be recoverable are charged to the income statement.

For deferred acquisition costs in life see point B.11. Reinsurance liabilities, Life reinsurance provision.

B.10. Cash and Cash Equivalents

Cash consists of cash on hand and demand deposits with banks and other financial institutions.
Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value.

B.11. Reinsurance Liabilities

Unearned Premiums

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.

Outstanding Claims

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.

The provision for outstanding claims is for payment obligations arising from, covered by and calculated according to reinsurance contracts. Part of the provision is for known claims for which individually calculated provisions are raised (RBNS). Another part is for claims incurred but not reported (IBNR).
The provision for outstanding claims is based on information provided by cedents and the Company's estimates. The amounts raised are the realistically estimated future amounts to be paid. They are calculated on the basis of past experience and assumptions about future developments using appropriate actuarial methods. With the exception of annuities, the Company does not discount its provisions for outstanding claims. Where applicable, provisions are disclosed net of prudent estimates for salvage and subrogation recoveries as assessed by individual cedents.

Whilst the Board of Directors considers the provision for outstanding claims and the related reinsurance recoveries to be fairly stated, the ultimate liability may differ as a result of subsequent information and events and may result in significant adjustments to the amounts provided. Adjustments to the amounts of the provisions are reflected in the financial statements for the period in which the adjustments are made. The methods used, and the estimates made are reviewed regularly.

Life Reinsurance Provision

Life reinsurance provisions are comprised of the reserves for guaranteed claims of ceding companies in life reinsurance. They are determined using actuarial methods on the basis of the present value of future payments to cedents less the present value of premium still payable by cedents. The calculation follows the reinsurance contracts and includes assumptions relating to mortality, disability, lapse rates and the guaranteed interest rate. The actuarial bases used in this context allow an adequate safety margin for the risks of change, error and random fluctuation. They correspond to those used in the premium calculation.

The life reinsurance provision comprises the sum of the reinsured part of the provisions for individual life insurance policies. The Company accounts for the provision using the zillmerization method. The zillmerization method results in the deferral of acquisition costs for life assurance contracts. These costs are included within the life provision through actuarial methods after eliminating temporary negative balances, which are capitalized and presented as deferred acquisition costs. The acquisition costs are capitalized and deferred in accordance with the prudence principle and take into account the risk of lapses and cancellations.

The provision is initially measured employing the assumptions used for calculating the corresponding premiums and remain unchanged except where liability inadequacy occurs. A liability adequacy test (LAT) is performed at each reporting date by the Company's actuaries using current estimates of future cash flows under its insurance contracts (see D). If those estimates show that the carrying amount of the provision is insufficient in the light of the estimated future cash flows, the difference is recognized in the income statement with corresponding increase to the life reinsurance provision.

Other

Other reinsurance liabilities consist mainly of the ageing provision in health and reinsurance provision for contractual non-discretionary bonuses in the non-life business. These provisions are calculated according to reinsurance contracts. The assumptions used for the calculation of the provisions are very conservative so that they are sufficient and include enough safety margins. Furthermore, in the health insurance business, yearly premium indexations in case of increases in claims expenses are usually contractually agreed with policyholders.

The ageing provision is created for those classes of non-life reinsurance where the premium amount depends on the entry age or possibly the gender of the insured. This provision represents the value of the Company's liabilities calculated using actuarial methods.

The provision for contractual non-discretionary bonuses in the non-life business covers future benefits in the form of additional payments to original policyholders or reductions in policyholders' payments, which are a result of the past performance. This provision is not recognized for contracts where the future premium is reduced by bonuses resulting from favourable past policy claim experience and such bonus is granted irrespectively of whether the past claim experience was with the reporting entity. In such a situation, the reduction in the premium reflects the expected lower future claims, rather than the distribution of past surpluses.

B.12. Provisions

A provision is created when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will occur, and a reliable estimate can be made of the amount of the obligation.

Where the effect of discounting is material, provisions are discounted. The discount rate used is the pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

B.13. Payables

Liabilities arise when the Company has a contractual obligation to deliver cash or another financial asset. They are measured at amortized cost, which will normally equal their nominal or repayment value.

B.14. Premiums

Premium written relates to business incepted during the year (irrespective of whether they relate in whole or in part to a later

accounting period), together with any differences between booked premium for prior years and those previously recognized and includes estimates of premium due but not yet received or announced to the Company. Premium revenue is recognized as and when due in terms of the reinsurance contract.

Premiums are disclosed gross of reinsurance brokerage and reinsurance commissions and exclude taxes. Estimates are included for premiums not yet announced by year end.

Outward ceded premiums are recognized as an expense.

B.15. Investment Result

Interest income and interest expense are recognized in the income statement on an accrual basis, taking into account the effective yield of the asset or liability, or an applicable floating rate. Interest income and interest expense includes the amortization of any discount or premium or other differences between the initial carrying amount of an interest-bearing instrument and its amount at maturity, calculated using the effective interest method.

Other income and expenses from financial assets comprise realized gains/losses, dividends and impairment losses. A realized gain/loss arises on derecognition of financial assets. The amount of the realized gain/loss represents the difference between the carrying value of the financial asset and the sale price, adjusted for any cumulative gain or loss that had been recognized directly in the other comprehensive income.

B.16. Claims and Insurance Benefits

All payments to cedents arising from loss events, claims settlement expenses directly related to loss events (covered by reinsurance contracts) or inter-nal costs attributable to claims settlement, are shown as expenses for claims. Expenses for claims are reduced by the income gained from recourses (this applies in particular to property/casualty reinsurance). Changes in provision for outstanding claims and other technical provisions are also shown in the expenses for claims item as well as bonuses and rebates.

Bonuses comprise all amounts chargeable for the financial year, representing the allocation of surplus or profit arising from the business as a whole or from a section of business, after the deducting amounts provided in previous years that are no longer required. Rebates comprise such amounts to the extent that they represent a partial refund of premiums resulting from the experience of individual contracts.

B.17. Acquisition Expenses

Acquisition expenses are expenses arising from the conclusion of reinsurance contracts and include direct costs such as brokerage for reinsurance intermediaries, reinsurance commissions, and indirect costs such as the administrative expenses connected with the processing of proposals, renewals, and the issuing of policies.

Acquisition expenses that vary with and are directly related to the acquisition of reinsurance policies or the renewal of existing policies are deferred (namely brokerage for reinsurance intermediaries and reinsurance commissions) – see B.9.

Reinsurance commissions and profit participations include commissions paid and payable to cedents and profit participations based on reinsurance contracts.

B.18. Other Operating Expenses (Administrative Expenses)

Administrative expenses include expenses relating to the administration of the Company. These include personnel costs, office rental expenses and other operating expenses. Personnel costs include expenses arising from employee benefits, such as salaries and wages, management remuneration and bonuses, social insurance and the costs of premium collection, portfolio administration and the processing of inwards and outwards reinsurance.

B.19. Foreign Currency Transaction

A foreign currency transaction is a transaction denominated in, or which requires settlement in, a currency other than the functional currency. The functional currency is the currency of the primary economic environment in which an entity operates. A foreign currency transaction is recorded, on initial recognition in the functional currency, by applying to the foreign currency amount the exchange rate effective at the date of the transaction. At each balance sheet date:

a) foreign currency monetary items are translated using the closing foreign exchange rate;

b) non-monetary items denominated in a foreign currency that are carried at historical cost are translated using the foreign exchange rate at the date of the original transaction;

c) and non-monetary items denominated in a foreign currency that are carried at fair value are translated using the foreign exchange rates valid at the dates the fair values were determined.

Exchange differences arising from the settlement of monetary items or from the translation of the Company's monetary items at rates different from those at which they were initially recorded or reported in previous financial statements, are recognized as 'Other income' or as 'Other expenses' in the period in which they arise.

B.20. Impairment

The carrying amounts of the Company's assets, other than deferred acquisition costs, inventories and deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The recoverable amount is measured annually, regardless of any indication of impairment, for intangible assets with an indefinite useful life and for intangible assets not yet available for use.

An impairment loss is recognized to the extent that the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in the income statement.

Individual impairment losses are losses that are specifically identified. General impairment losses are losses that are present in a portfolio of loans or receivables but not specifically identified.

The carrying amount of the subsidiary is annually tested for impairment. The Company observes if there were any events or any changes in the subsidiary business that could result in any possible impairment. The Company considers the level of other comprehensive income of the subsidiary as a key indicator for potential impairment. An impairment loss in respect of the subsidiary is not reversed in a subsequent period.

The recoverable amount of the Company's investments in held to maturity securities, loans and receivables is calculated as the present value of expected future cash flows, discounted at the original effective interest rate inherent in the asset. Receivables with a short duration are not discounted.

The recoverable amount of an available for sale asset is its current fair value. When there is objective evidence that it is impaired, the decline in fair value that had been recognized directly in other comprehensive income is recognized in the income statement.

An impairment loss in respect of a held to maturity security, loan, advance, receivable, or available for sale debt instrument is reversed through the income statement (up to the amount of the amortized cost), if the subsequent increase in the recoverable amount can be attributed objectively to an event occurring after the impairment loss was recognized.

Loans and advances are reported net of allowances for loan losses to reflect the estimated recoverable amounts. Receivables and held to maturity investments are stated at their cost less impairment losses.

The recoverable amount of other assets is the greater of their fair value less cost to sell and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In respect of other assets, an impairment loss is reversed through the income statement if there has been an increase in the recoverable amount and the increase can be objectively related to an event occurring after the date of the impairment. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount of the asset that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

B.21. Classification of Reinsurance Contracts

A reinsurance contract, whereby the Company assumes a significant insurance risk from another party (an insurance company) as a result of a provision whereby the insurance company receives compensation if a specified uncertain future event (the insured event) adver¬sely affects the insurance company, is treated as an insurance policy as defined in IFRS. A distinction is made between insurance risk and financial risk. Financial risk is the risk of a possible future change in specific interest rates, securities prices, price indices, interest rate indices, credit ratings, credit indices, or another variable, provided that, in the case of a non-financial variable, the variable is not specific to one counterparty. In many cases, particularly in the life insurance area, reinsurance policies as defined in IFRS also transfer financial risk.

Reinsurance contracts in property/casualty and health are considered as insurance contracts. Moreover, the life reinsurance contracts transfer significant insurance risk (death benefits) and therefore they are considered as insurance contracts as well.

Contracts that are legally treated as reinsurance contracts but do not transfer significant risk are presented as financial investment contracts or service contracts.

B.22. Novation

Where the Company assumes rights and obligations relating to a portfolio of insurance and co-reinsurance contracts from another reinsurer (novation), the assets and liabilities are recorded via the balance sheet only, and no premium income is recognized in respect of such transactions.

B.23. Financial Reinsurance

Financial reinsurance is a risk management tool, especially useful when the motivations of the ceding insurance company are focussed not only on managing underwriting risk but also on explicitly recognising and addressing other financially oriented risks. The use of financial reinsurance, which represents a combination of a transfer of an insignificant insurance risk and financing risk, adds value to an insurer's risk management by providing flexibility and liquidity.

B.24. Clean Cut

A clean cut agreement is usual for treaties with an accounting year based accounting system. At the end of the business year, or at the expiry of the reinsurance period, reserves are set up for losses that have been incurred but not yet finally settled, and for unearned premium. For treaties with a clean cut system, these reserves are set up in the form of portfolio bookings when final account is received at the end of the period.

B.25. Leases

Policy applicable from 1 January 2019

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16.

This policy is applied to contracts entered into, on or after 1 January 2019.

The Company determines the lease term as the non-cancellable period of a lease, together with both:

- periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option, and
- periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option

The Company recognises a right-of-use asset and a lease liability at the lease commencement date.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments,
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option;
- lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

After the commencement date, the Company measures the lease liability by:

- increasing the carrying amount to reflect interest on the lease liability,
- reducing the carrying amount to reflect the lease payments made, and
- remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease payments.

After the commencement date, the Company recognises in profit or loss, both:

- interest on the lease liability, and
- variable lease payments not included in the measurement of the lease liability in the period in which the event or condition that triggers those payments occurs.

The amount of the remeasurement of the lease liability shall be recognised as an adjustment to the right-of-use asset. However, if the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, any remaining amount of the remeasurement shall be recognised in profit or loss.

The Company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'payables' in the statement of financial position.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Policy applicable before 1 January 2019

For contracts entered into before 1 January 2019, the Company determined whether the arrangement was or contained a lease based on the assessment of whether:

- fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- the arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:
- the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
- the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
- facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

As a lessee the Company classified leases as operating leases and they were not recognised in the Company's statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease.

Changes in significant accounting policies

The Company initially applied IFRS 16 Leases from 1 January 2019.

The Company applied IFRS 16 using the modified retrospective approach and thus comparative information presented for 2018 is not restated - i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in IFRS 16 have not generally been applied to comparative information.

On transition to IFRS 16, the Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Company applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease under IFRS 16. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 January 2019.

As a lessee, the Company leases property. The Company previously classified leases as operating leases. Under IFRS 16, the Company recognises right-of-use assets and lease liabilities for all of these leases – i.e. these leases are on-balance sheet.

On transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate as at 1 January 2019 (see below). Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Company has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

The Company used a number of practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17. In particular, the Company:

- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- did not recognise right-of-use assets and liabilities for leases of low value assets;
- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

Impact on financial statements

Impact on transition

On transition to IFRS 16, the Company elected to present right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'payables' in the statement of financial position. The impact on transition is summarised below.

Impact on transition in EUR '000	1 January 2019
Right-of-use assets – Property, Plant and Equipment	2 888
Lease liabilities - Payables	2 888

When measuring lease liabilities for leases that were classified as operating leases, the Company discounted lease payments using its incremental borrowing rate at 1 January 2019. The weighted average rate applied is 2.96%.

Lease liability in EUR '000	**1 January 2019**
Off-balance operating lease commitments at 31 December 2018	3 244
Non-lease components	(58)
Lease liability recognised at 1 January 2019 (undiscounted)	3 186
Discounting effect first time application	(298)
Lease liability recognised at 1 January 2019 (discounted)	2 888

C. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED STANDARDS

The following published amendments and interpretations to existing standards are mandatory and relevant for the VIG Re accounting periods and have been applied by VIG Re since 1 January 2019.

IFRS 16 Leases

(Effective for annual periods beginning on or after 1 January 2019. Earlier application is permitted if the entity also applies IFRS 15 Revenue from Contracts with Customers.)

IFRS 16 supersedes IAS 17 Leases and related interpretations. The Standard eliminates the current dual accounting model for lessees and instead requires companies to bring most leases on-balance sheet under a single model, eliminating the distinction between operating and finance leases.

Under IFRS 16, a contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. For such contracts, the new model requires a lessee to recognise a right-of-use asset and a lease liability. The right-of-use asset is depreciated, and the liability accrues interest. This will result in a front-loaded pattern of expense for most leases, even when the lessee pays constant annual rentals.

The new Standard introduces a number of limited scope exceptions for lessees which include:

- leases with a lease term of 12 months or less and containing no purchase options, and
- leases where the underlying asset has a low value ('small-ticket' leases).

Lessor accounting shall remain largely unaffected by the introduction of the new Standard and the distinction between operating and finance leases is retained.

For more details see B.25 Leases.

Standards not yet in force

Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors

(Effective for annual periods beginning on or after 1 January 2020)

The amendments clarify and align the definition of 'material' and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS Standards.

The Company does not expect the Amendments to have a material impact on its financial statements when initially applied.

Amendments to IFRS 3 Business Combinations

(Effective for annual periods beginning on or after 1 January 2020)

These amendments are not yet endorsed by the EU.

The amendments narrowed and clarified the definition of a business. They also permit a simplified assessment of whether an acquired set of activities and assets is a group of assets rather than a business.

The Company does not expect the Amendments to have a material impact on its financial statements when initially applied.

IFRS 9 Financial Instruments (2014)

(Generally effective for annual periods beginning on or after 1 January 2018; to be applied retrospectively with some exemptions. The restatement of prior periods is not required, and is permitted only if information is available without the use of hindsight. Early application is permitted. The Company, as an insurance provider, intends to apply the exemption from adopting IFRS 9 and adopt it together with IFRS 17 for annual period beginning on 1 January 2022.)

This Standard replaces IAS 39, Financial Instruments: Recognition and Measurement, except that the IAS 39 exception for a fair value hedge of an interest rate exposure of a portfolio of financial assets or financial liabilities continues to apply, and entities have an accounting policy choice between applying the hedge accounting requirements of IFRS 9 or continuing to apply the existing hedge accounting requirements in IAS 39 for all hedge accounting.

Although the permissible measurement bases for financial assets – amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit and loss (FVTPL) – are similar to IAS 39, the criteria for classification into the appropriate measurement category are significantly different.

A financial asset is measured at amortized cost if the following two conditions are met:

- the assets is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and,
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

In addition, for a non-trading equity instrument, a company may elect to irrevocably present subsequent changes in fair value (including foreign exchange gains and losses) in OCI. These are not reclassified to profit or loss under any circumstances.

For debt instruments measured at FVOCI, interest revenue, expected credit losses and foreign exchange gains and losses are recognised in profit or loss in the same manner as for amortised cost assets. Other gains and losses are recognised in OCI and are reclassified to profit or loss on derecognition.

The impairment model in IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model, which means that a loss event will no longer need to occur before an impairment allowance is recognised.

IFRS 9 includes a new general hedge accounting model, which aligns hedge accounting more closely with risk management. The types of hedging relationships – fair value, cash flow and foreign operation net investment – remain unchanged, but additional judgment will be required.

The standard contains new requirements to achieve, continue and discontinue hedge accounting and allows additional exposures to be designated as hedged items.

Extensive additional disclosures regarding an entity's risk management and hedging activities are required.

The Company expects that the new Standard, when initially applied, will have a significant impact on its financial statements, since the classification and the measurement of the Company's financial instruments are expected to change.

At this stage it is still unclear what portion of the Company's debt securities will be measured at FVTPL, FVOCI or amortized cost as this determination will depend on the outcome of the business model test. It is expected that a significant portion of debt securities will be reclassified under IFRS 9 either into or out of FVOCI.

It is also possible that a number of equity instruments currently classified as available for sale will be measured at FVTPL under IFRS 9, but this determination will depend on an election to be made by the Company at the date of initial application. The Company has not yet decided how it will classify these instruments.

The Company is not yet able to quantify the expected impact that the initial application of IFRS 9 will have on its IFRS financial statements.

IFRS 17 Insurance Contracts

(Effective for annual periods beginning on or after 1 January 2022; to be applied prospectively. Early application is permitted. The Company does not intend to apply the standard earlier than on 1 January 2022.)

This pronouncement is not yet endorsed by the EU.

IFRS 17 replaces IFRS 4, which was brought in as an interim Standard in 2004. IFRS 4 has given companies dispensation to carry on accounting for insurance contracts using national accounting standards, resulting in a multitude of different approaches.

IFRS 17 solves the comparison problems created by IFRS 4 by requiring all insurance contracts to be accounted for in a consistent manner, benefiting both investors and insurance companies. Insurance obligations will be accounted for using current values, instead of historical cost.

The Company expects that the new Standard, when initially applied, will have a significant impact on the financial statements of the Company. There could be greater volatility in financial results and equity due to the use of current market discount rates. The Company may also need to revisit the design of their products and other strategic decisions, such as investment allocation.

Implementing will require substantial effort, and new or upgraded systems, processes and controls.

The Company is currently not yet able to quantify the expected impact that the initial application of IFRS 17 will have on its IFRS financial statements.

Other standards, interpretations and amendments to published standards as adopted by EU that are not yet effective for annual periods beginning on 1 January 2019 will have no material impact on the financial statements of the Company.

D. PRINCIPAL ASSUMPTIONS

For reported but not settled claims (RBNS), the separate case-by-case assessment with regard to the claim circumstances, information available from loss adjusters, and historical evidence of the size of similar claims provided by the cedents is used and checked. The Company's share of case reserves is reviewed regularly and is updated as and when new information arises.

The estimation of the Company's incurred but not reported claims (IBNR) is generally subject to a greater degree of uncertainty than reported claims. IBNR provisions are predominantly assessed by the Company's actuary using information provided by cedents and actuarial techniques such as chain ladder methods, whereby historical data is extrapolated in order to estimate the ultimate costs of claims.

For IBNR calculation the Company uses methods which reflect the most recent known information such as loss ratio methodology and Incremental Loss Ratio methodology (ILR), which was developed by prof. Mack.

To the extent that these methods use historical claims development information, they assume that the historical claims development pattern will occur again in the future. There are reasons why this may not be the case, which, insofar as they can be identified, have been allowed for by modifying the methods. Such reasons include:

a) economic, legal, political and social trends (resulting in different than expected levels of inflation);

b) changes in the reinsurance contracts mix;

c) random fluctuations and large losses.

IBNR provisions are initially estimated as gross, and a separate calculation is carried out to estimate the size of reinsurance recoveries.

Retrocession share of IBNR provision is calculated as a proportion of gross IBNR provision for retrocession contracts that have a specified cession percentage. The Company calculates not only the IBNR on the estimated mean level, but also calculates an additional margin IBNR. The margin IBNR reflects the historical volatility embedded in the claims triangles and also serves as a security cushion balancing the uncertainty of estimations of the assumption's parameters.

The a priori estimated mean loss ratio and the estimated development factors are the two assumptions which have the greatest effect on setting of the IBNR level. To limit the volatility of the forecasted ultimate claims in time the Company systematically mitigates the uncertainty embedded in those assumptions.

The a priori estimated mean loss ratio is an estimated mean value which represents the ratio of expected ultimate claims incurred to premiums earned and is estimated for each new reinsurance contract acceptance on an individual basis. The Company has made significant investments into the pricing tools in the last years and for each reinsurance acceptance a stochastic actuarial model is created. The individual stochastic models serve as a basis for the Solvency II partial internal model and due to that reason the Company´s modelling approaches have been discussed regularly during technical meetings with the regulator. Due to the nature of reinsurance business a significant uncertainty is associated with the a priori estimated mean loss ratio on an individual contract level, however, this uncertainty is considerably mitigated on the whole portfolio level due to the more than one thousand accepted reinsurance contracts by the Company on an yearly basis.

The estimated development factors used for ILR reserving methodology are predominantly calculated on aggregated claims triangles based on accounting data. Each triangle is created for a homogenous group of reinsurance contracts with minimum split per Solvency II line of business. To limit the uncertainty on a whole portfolio level, the Company performs an in-depth segmentation analysis annually where the homogeneity of calculation groups is further reviewed in view of the nature of the reinsurance contracts (Clean Cut, Losses Occurring and Risk Attaching basis), country of cedent and any similarities in reserving and cash flow characteristics. As the first accounting data come from the underwriting year 2009, the Company also uses the renewal information from the individual cedents for estimations of the development factors wherever appropriate, this concerns especially to the long tail business.

The volatility of the Company´s estimated ultimate claims is also further protected against significant impact of changes in these key assumptions by the complex retrocession program.

Annuities

In MTPL reinsurance and other third party liability lines, part of the claims payment may be in the form of an annuity. The provision for such claims is established as the present value of expected future claims payments. The key assumptions involved in the calculation are the discount rate, the expected increase in wages and disability pensions, which influence the amount of annuities to be paid. The ultimate annuity claims are dependent on national legislation and the development of social and political factors beyond the Company's control.

Liability Adequacy Test – Non-Life

Liability adequacy test is performed gross of reinsurance. The undiscounted best estimate gross of reinsurance is compared to the IFRS reserve net of IFRS DAC and gross of reinsurance. The undiscounted best estimate gross of reinsurance is calculated according to Solvency 2 methodology.

Any excess of best estimate over the IFRS reserve net of IFRS DAC and gross of reinsurance leads to LAT reserve creation.

Liability Adequacy Test – Life

The liability adequacy test is performed gross of reinsurance. The best estimate gross of reinsurance is compared to the IFRS reserve net of IFRS DAC and gross of reinsurance. The best estimate gross of reinsurance is calculated as Statutory Reserve net of statutory DAC and gross of reinsurance less present value of future profits (gross of tax). Present value of future profits is calculated under the Market Consistent Embedded Value calculation.

Any excess of best estimate over the IFRS reserve net of IFRS DAC and gross of reinsurance leads to LAT reserve creation.

E. RISK REPORTING

E.1. Risk Management

E.1.1. Introduction

The Company is a member of VIG and is compliant with the Group risk management structure. The risk management processes apply to the entire VIG Group and thus to the Company.

The Company's core competence is dealing with risk pro¬fessionally. The Company's underwriting business is assuming risks from its clients using a variety of reinsurance contract types. Based on its activity as a reinsurance company, VIG Re is exposed to underwriting risk resulting from underwriting Life, Non-Life and Health reinsurance business, market risk stemming from the investments and also general risks such as the counterparty default risk, concentration risk, operational risk. One of the primary responsibilities of risk management is to ensure that the Company's activities are compliant with the Risk Strategy.

E.1.2. Risk Management Objectives and Methods

Risk in VIG Re is understood as the possibility of non-achievement of an explicitly formulated or implicitly resultant goal. A risk that can have a significant negative impact on the Company's solvency of financial position is considered material. Risk management processes are defined in order to identify, analyse, evaluate, monitor, report and control these risks. The Company's Risk Strategy distinguishes between accepted risks, conditionally accepted risks, and not accepted risks, defining the risk mitigating techniques that can be applied.

Within this context VIG Re defines risk categories covering all possible sources of risks, which are further split into sub categories during further Risk Management processes.

- Underwriting risk: The core business of VIG Re is the underwriting of insurance risks transferred from an insurance company to VIG Re. Underwriting risk stems from the Company's Non-Life, Life and Health reinsurance obligations.
- Credit risk: This risk quantifies the potential loss due to a potential adverse development in the value of assets and financial instruments related to the unexpected default of counterparties and debtors.
- Market risk: 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, immovable property prices and exchange rates.
- Liquidity risk: Liquidity risk reflects the risk that necessary financial resources cannot be provided in time, without additional costs, to fulfil the company's short- and long-term due payment obligations.
- Strategic risks: Strategic risk stems from the risk of adverse business development related to inappropriate business and investment decisions, or to inadequate communication and implementation of goals, or to a lack of adjustment capacity to changes in the economic environment, or to conflicting business objectives.
- Operational risks: This covers risks that are related to potential loss arising from inadequate or failed internal processes, or from personnel and systems, or from external events.

Risk management in VIG and VIG Re is governed by internal standards (polices, guidelines and directives).

VIG Re's Risk Management system further develops the Company's governance culture and values. The system is based on specific principles ensuring effective performance of all activities. The principles include but are not limited to avoidance of conflicts of interest, clear allocation of responsibilities, four eyes principle. The principles are applied in all activities the Company needs for its operation regardless of whether such activities are carried out directly by the Company or are outsourced.

The internal structure of the Risk Management system is structured in three lines of defence, which reflects the Risk Management principles. The essence of this structure lies in transparent segregation of employees' responsibilities into each line of defence, conflicts of interests prevention and application of effective controls.

E.1.3. Organizational Units and Departments Involved in Risk Management and Control in VIG Re

The overall responsibility of the risks assumed by VIG Re resides with the Board of Directors. Asset Risk Management is supported by other VIG Group companies in the Czech Republic according to the Company's Outsourcing Policy. The responsibilities for the risk categories are allocated as follows:

Risk management: The team is responsible for the implementation and assessment of the internal control system, monitoring and reporting to the Board of Directors on the adherence of risk tolerance and risk appetite of the Company. All relative Solvency II requirements, Own Risk and Solvency Assessment, Solvency Capital Requirement analyses are carried out by Risk Management.

Corporate Underwriting: The department monitors the Company's underwriting risk profile ensuring compliance with the Company's Underwriting Standards and Risk Strategy.

Actuarial Services and Retrocession: The department develops the methodology and tools used for reinsurance modelling which are the source of Premium and Catastrophe risk in the Company's Partial Internal Model. In addition, it is responsible for calculations related to technical provisions and reserve risk. The department also assesses the Company's natural accumulation exposure and is responsible for retrocession efficiency analyses.

Controlling: Controlling, reporting and Planning department manages the Company's planning process, monitors and controls the Company's business development by comparing plans and reinsurance contracts signed and is also responsible for data quality management.

Internal Audit: The Company outsources Internal Audit to VIG internal audit department. The internal audit department systematically monitors operating and business processes, the internal controlling system of all operational corporate areas, and the functionality and adequacy of risk management. The internal audit department operates continuously and reports directly to the Board of Directors.

The Company also identifies the holders of governance functions and their responsibilities as specified in the governance system of the Solvency II framework, which are Internal Audit, Compliance, Risk management and Actuarial functions.

E.2. Underwriting Risk

Underwriting risk reflects the underwriting process including the collection of data, technical assessment of the underlying portfolios, modelling and pricing of the reinsurance contracts, reserving, and the conclusion of reinsurance contracts. It is mitigated by the compliance with the underwriting guidelines and directives of the Company and the governance of quantitative limits, including accumulation control.

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

VIG Re's objective is to maintain strict underwriting policy that, in combination with its very solid financial security and its in-depth understanding of local market standards, provide a strong value proposition to its clients.

In order to achieve this, VIG Re follows a disciplined underwriting policy which is defined in detail in VIG Re's underwriting guidelines. The Company monitors and controls its accumulation risks, especially in the area of natural catastrophe exposure. As part of the risk management strategy, underwriting limits are defined by class of business and underwriting authorities are allocated "ad personam" according to the level of the underwriter's professional expertise.

In respect of business originating from VIG Group companies, VIG Re assumes up to 100% of the respective contracts. In the event of significant underlying exposures, for instance from natural catastrophe, VIG Re acts as an aggregator not retaining a material risk position.

The Company adheres conservative approach towards reinsurance protection, surpassing the VIG reinsurance rules. VIG Re's reinsurance panel is carefully chosen in compliance with VIG security guidelines.

E.2.1. Underwriting Risk Categories

The Company offers services for the following lines of business:

Property & Casualty

Property & Casualty underwriting risk arises from Non-life reinsurance obligations, in relation to the perils covered and the processes followed in the conduct of the business.

Property reinsurance: For property reinsurance contracts frequency of large losses (for example Fire, Terrorism) and unknown accumulations (for example business interruption, CBI) are significant factors which can increase losses significantly. In respect of natural catastrophe reinsurance contracts, climate change gives rise to more frequent and severe extreme weather events and their consequences.
The Company usually assumes one-year reinsurance policies and thus has the right to re-price the risk on renewal. It also has the ability to impose deductibles and reject fraudulent claims. The greatest likelihood of significant losses on these contracts arises from windstorm and flood perils. The Company buys retrocession cover according to accumulation analysis.

Casualty reinsurance: The frequency and severity of claims can be affected by several factors. The most significant are the increasing amounts of awards for damage suffered and the increasing numbers of cases coming to court that were inactive or latent for a long period of time. The estimated inflation is also a significant factor due to the long period of time typically required to settle these cases.

The Company manages these risks through its underwriting strategy, adequate reinsurance arrangements, and proactive claims management.

Life

Life underwriting risk arises from life reinsurance obligations, in relation to the risks covered and the processes followed in the conduct of the business.

The largest risk for Life underwriting risk is lapse risk. For most risks, the Company follows the primary insurer approach to risk, however applying its own assumptions in the calculation. The Company underwrites life risk with limits per person, therefore the exposure is limited in this respect.

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

The Company has achieved a significant degree of diversification by operating internationally across Europe covering a range of different lines of business. Long-term relations with clients ensure mitigation of unexpected losses over time.

The Company's underlying life business is underwritten using the mutually agreed conditions. The underwriting conditions are precisely defined for every Line of business by setting the maximum sum insured and required medical underwriting procedure.

Health

The Company has limited exposure to Health risk, predominantly from Group business. Generally, processes for steering and risk mitigation of this risk follows principles of Non-life underwriting risk. The Company does not face Similar to life techniques (SLT) health underwriting risk.

Health Non-Similar to Life techniques (NSLT) risk is arising from health reinsurance obligations, pursued on a technical basis which is similar to Non-Life business, in relation to the risks covered and processes used in the conduct of business. This includes the health premium and reserve risk and the NSLT health lapse risk.

Health catastrophe risk is the risk of loss, or of adverse change in the value of insurance and reinsurance liabilities, resulting from significant uncertainty of pricing and provisioning assumptions related to outbreaks of major epidemics, as well as the unusual accumulation of risks under such extreme circumstances. This extends to mass accidents, pandemics and concentration risks. Health catastrophe exposure arise mainly form the VIG Group Personal Accident program. Health catastrophe exposure arise mainly form the VIG Group Personal Accident program.

E.2.2. Retrocession Guidelines

In order to mitigate the underwriting risks the Company pursues a prudent underwriting philosophy and portfolio management using the diversification benefits when assuming underwriting risks from different lines of business and geographies while monitoring potential concentration risks. In order to further mitigate the assumed underwriting risk, the Company uses Retrocession, i.e. reinsurance protection of its assumed reinsurance contracts as a central instrument to hedge especially against major loss events.

The retrocession guidelines and protection structure are jointly determined each year by the Board of Directors and approved by the Supervisory Board of VIG Re, ensuring compliance with the VIG Security Guidelines.

The reinsurance guidelines define the following principles:

- Retrocession contracts shall ensure that the Company's capital is not overexposed. This is achieved through assessing the impact on solvency capital position and underwriting result.
- The Company purchases sufficient protection according to underwriting limits and accumulation analyses. The Company hedges against major loss events, both natural catastrophe and man-made, on the basis of an assumed 1 in 250 years return period (i.e. value of risk quantile of 99.6%).
- The retrocession program shall ensure that the net retention resulting from a single event is not higher than the net underwriting capacity as defined in the Underwriting Guidelines. The Company's net retention shall not exceed 3% of the Company's equity.
- The mitigation of an underwriting risk must ensure that a failure of a single retrocessionaire does not threaten the financial stability of the Company.
- Before a retrocession contract is concluded, a potential retrocessionaire has to be approved as business partner. Limitations apply in respect of liability per lines of business which can be reinsured with a single retrocessionaire. Retrocessionaires not pre-approved according to the VIG Reinsurance Guideline Security List of the or exceeding the limits set out in the Cession Limitation table are subject to approval of the VIG Security Committee.

E.2.3. Concentration Risk

The highest risk exposure the Company faces is stemming from European Flood risk scenario, followed by Windstorm risk scenario at 99.5 % quantile, naturally arising from its exposure in CEE and DACH regions. Non-Life concentration risk is stemming from lack of diversification. The Company faces underwriting concentration risk from natural catastrophe events caused by natural perils or single risk accumulation from various assumed portfolios. Accumulation control for natural catastrophe events is monitored continually especially during the renewal period resulting in a comprehensive retrocession program. The Company is governed by underwriting policies and guidelines and sets underwriting limits on single exposures in order to manage the risk from single risk accumulation. In addition, particular retrocession treaties cover single active treaties or portfolios of active treaties. The portfolios may contain treaties from several reserving segments, several lines of business and proportional or non-proportional business.

E.3. Credit Risk

Credit risk reflects the risk of loss, or adverse change in the value of assets and financial instruments related to the unexpected default of counterparties and debtors.

E.3.1. Credit Risk from Financial Investments

The Company invests in debt securities, bond funds, equity funds and deposits, taking into account the overall risk position of the Company and the Investment and Risk strategy. For more about the investment strategy, see below.

In managing risks related to credit quality, a distinction must be made between "liquid" or "marketable" risks (e.g. exchange-listed bonds) and "bilateral" risks such as, for example, time deposits and loans. Risks relating to the former are limited at the portfolio level by means of rating and diversification limits. Consideration is only given to those issuers or contracting parties whose credit quality or reliability can be assessed by VIG Re, whether on the basis of an analysis performed by the Company or credit assessments/ratings from recognized sources.

According to the Company Investment and Risk strategy, financial investments (debt securities and term deposits) are made mainly in investments with a rating range of AAA to BBB according to defined limits. There are also specific limits for investments in different asset categories (term deposits, bonds etc.). Investments outside the limits set in the strategy can only made in individual cases and in accordance with decisions made by the Board of Directors and Supervisory Board.

The goals are to achieve the greatest possible diversification among individual issuers, to avoid accumulation risks, to ensure good average credit quality, to control foreign currency gap and to make the majority of investments in mid- to long-term maturities according to the liabilities duration.

Deposits retained on assumed reinsurance serve directly as collateral for technical provisions, covering business assumed from cedents in reinsurance. They do not trigger any cash flows and may not be used by the cedent independently. The credit risk is therefore limited. The amount of and changes in deposits retained on assumed reinsurance in the balance sheet year generally derive from the values for the changes in the related technical provisions for the reinsured business. Deposits retained on assumed reinsurance business thus do not have a fixed maturity date, as their release is generally dependent on run-off of the corresponding provisions.

E.3.2. Credit Risk – Receivables due from Cedents

The Company assumes business with those issuers or contracting parties whose credit quality or reliability can be assessed by the Company. Before entering a business relationship, especially before submitting a legal binding offer to enter a contractual relationship, a business partner has to be assessed through a client due diligence process.

E.3.3. Credit Risk – Reinsurers Share in Reinsurance Liabilities and Amounts due from Reinsurers in Respect of Claims already Paid (Retrocession)

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.

E.3.4. Credit Risk Exposure

The tables below provide a detailed analysis of the Company's exposure to credit risk.

Credit risk exposure in EUR '000	**Trade and other receivables**		**Other financial assets**	
	2019	**2018**	**2019**	**2018**
Individually impaired:				
Gross amount	858	847	0	0
Carrying amount	0	0	0	0
Collectively impaired:				
Gross amount	0	0	0	0
Carrying amount	0	0	0	0
Past due but not impaired:				
Carrying amount				
Up to 30 days after maturity	44	59	0	0
31 days to 90 days after maturity	7 124	1 619	0	0
91 days to 180 days after maturity	3 312	858	0	0
181 days to 1 year after maturity	2 004	898	0	0
1 year to 2 years after maturity	947	1 055	0	0
Neither past due nor impaired – carrying amount	**108 374**	**79 312**	**816 083**	**741 178**
Total carrying amount	**121 805**	**83 801**	**816 083**	**741 178**

Individually impaired receivables are primarily represented by balance owed by broker Reunion AG that were fully impaired in 2017 due to financial difficulties of the company. VIG Re filed court proceedings in 2017 to recover the receivables.

The credit quality of neither past due nor impaired financial assets is monitored per individual case. The Company closely monitors each counter party and evaluates its credit quality.

Cash and cash equivalents are neither individually nor collectively impaired.

Credit risk exposure in EUR '000	**2019**					
Standard & Poor's rating	**AAA**	**AA**	**A**	**B / BB / BBB**	**No Rating**	**Carrying value in balance sheet**
Financial investments*	33 702	130 764	156 757	54 939	66 248	442 410
Deposits due from cedents	0	84 075	10 050	0	5 812	99 937
Cash and cash equivalents	0	0	0	0	31 150	31 150
Receivables from reinsurance and ceded share of reinsurance liabilities	0	32 503	262 036	3 784	65 593	363 916
Other receivables	0	0	0	0	475	475
Total	**33 702**	**247 342**	**428 843**	**58 723**	**169 278**	**937 888**
In %	3.59	26.38	45.74	6.26	18.03	100.00

* Except for deposits due from cedents

Credit risk exposure in EUR '000	2018					
Standard & Poor's rating	**AAA**	**AA**	**A**	**B / BB / BBB**	**No Rating**	**Carrying value in balance sheet**
Financial investments*	30 918	138 728	123 268	20 737	77 112	390 763
Deposits due from cedents	0	89 168	7 801	0	3 684	100 653
Cash and cash equivalents	0	0	0	0	14 876	14 876
Receivables from reinsurance and ceded share of reinsurance liabilities	0	142 482	132 345	5 650	37 969	318 446
Other receivables	0	0	0	0	241	241
Total	**30 918**	**370 378**	**263 414**	**26 387**	**133 882**	**824 979**
In %	3.75	44.90	31.93	3.20	16.22	100.00

* Except for deposits due from cedents

The most important financial investments are in bonds issued or guaranteed by the governments of the EU countries where VIG Re operates (Czech Republic, Slovakia, Poland and Austria). Nevertheless, the Company is exposed to credit-related losses that may occur as a result of future negative development in the European Union and/or of any of the rest bond portfolio issuers.

E.4. Liquidity Risk

Liquidity risk refers to the risk of the Company being unable to realize investments and other assets in order to settle their financial obligations when they become due. Liquidity risk may arise because the actual payout structure of liabilities differs from that assumed in asset-liability management, for example due to a lengthening or acceleration of the period to pay claims of a line of business or of a particular region.

The Company regularly assesses its liquidity position, by processing short-term and mid-term overviews of expected inflows and outflows. Long-term Asset and Liability cashflows are also analysed. This enables the Treasury department to properly manage the Company's funds in order to ensure sufficient cash to fulfil its liabilities at any point in time.

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

The Investment and Risk Strategy, Asset and Liability management as well as the liquidity buffer defined, enable the Company to settle its financial obligations in timely manner (including the lease liabilities).

The contractual maturities of relevant assets (measured in the same way as in the financial statements) as monitored by the Company are provided below:

Expected remaining contractual maturities of assets in EUR '000	**2019**					
	Up to one year	**From one to five years**	**From five to ten years**	**More than ten years**	**Not specified**	**Carrying value in balance sheet**
Financial investments	**57 721**	**119 839**	**212 221**	**61 679**	**90 887**	**542 347**
Financial assets held to maturity	34 310	17 205	27 615	0	0	79 130
Financial assets available for sale	11 763	83 505	159 564	11 361	90 887	357 080
Loans – Term deposits	0	0	0	6 200	0	6 200
*Deposit due from cedents **	11 648	19 129	25 042	44 118	0	99 937
Trade and other receivables	**122 663**	**0**	**0**	**0**	**-858**	**121 805**
Ceded share of reinsurance liabilities *	**125 960**	**53 575**	**36 497**	**26 554**	**0**	**242 586**
Cash and cash equivalents	**31 150**	**0**	**0**	**0**	**0**	**31 150**
Total	**337 494**	**173 414**	**248 718**	**88 233**	**90 029**	**937 888**

*expected timing of cash flows

The following table provides details of the expected maturity profile of the Company's obligations with respect to its financial liabilities and estimated cash flows of recognized insurance contract liabilities. The table includes both interest and principal cash flows.

Expected remaining contractual maturities of liabilities in EUR '000	**2019**				
	Up to one year	**From one to five years**	**From five to ten years**	**More than ten years**	**Carrying value in balance sheet**
Subordinated liabilities	**708**	**0**	**35 000**	**0**	**35 708**
Reinsurance liabilities*	**270 859**	**140 284**	**112 715**	**101 713**	**625 571**
Unearned premiums	23 414	0	0	0	23 414
Outstanding claims	240 820	122 618	90 632	59 757	513 827
Life reinsurance provision	6 625	17 666	22 083	41 956	88 330
Payables	**109 916**	**1 537**	**2 991**	**2 404**	**116 848**
Current tax liabilities	**2 110**	**0**	**0**	**0**	**2 110**
Other liabilities	**2 640**	**0**	**0**	**0**	**2 640**
Total	**386 233**	**141 821**	**150 706**	**104 117**	**782 877**

*expected timing of cash flows

The contractual maturities of relevant assets (measured in the same way as in the financial statements) as monitored by the Company are provided below:

Expected remaining contractual maturities of assets in EUR '000	**2018**					
	Up to one year	**From one to five years**	**From five to ten years**	**More than ten years**	**Not specified**	**Carrying value in balance sheet**
Financial investments	**35 050**	**124 556**	**212 974**	**48 774**	**70 062**	**491 416**
Financial assets held to maturity	9 255	51 400	27 594	0	0	88 249
Financial assets available for sale	7 354	54 188	161 431	2 429	70 062	295 464
Loans – Term deposits	4 761	26	0	2 263	0	7 050
*Deposit due from cedents **	13 680	18 942	23 949	44 082	0	100 653
Receivables from reinsurance	**83 560**	**0**	**0**	**0**	**0**	**83 560**
Ceded share of reinsurance liabilities *	**93 078**	**51 283**	**52 048**	**38 477**	**0**	**234 886**
Cash and cash equivalents	**14 876**	**0**	**0**	**0**	**0**	**14 876**
Current tax assets	**0**	**0**	**0**	**0**	**0**	**0**
Other receivables	**241**	**0**	**0**	**0**	**0**	**241**
Total	**226 805**	**175 839**	**265 022**	**87 251**	**70 062**	**824 979**

*expected timing of cash flows

The following table provides details of the expected maturity profile of the Company's obligations with respect to its financial liabilities and estimated cash flows of recognized insurance contract liabilities. The table includes both interest and principal cash flows.

Expected contractual maturities of liabilities in EUR '000	**2018**				
	Up to one year	**From one to five years**	**From five to ten years**	**More than ten years**	**Carrying value in balance sheet**
Subordinated liabilities	**708**	**0**	**35 000**	**0**	**35 708**
Reinsurance liabilities*	**206 826**	**122 710**	**113 799**	**105 170**	**548 505**
Unearned premiums	19 203	0	0	0	19 203
Outstanding claims	180 782	104 526	91 069	61 985	438 362
Life reinsurance provision	*6 841*	*18 184*	*22 730*	*43 185*	*90 940*
Payables	**87 121**	**669**	**1 254**	**1 100**	**90 144**
Current tax liabilities	**268**	**0**	**0**	**0**	**268**
Other liabilities	**2 170**	**0**	**0**	**0**	**2 170**
Total	**297 093**	**123 379**	**150 053**	**106 270**	**676 795**

*expected timing of cash flows

E.5. Market Risk

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, immovable property prices and exchange rates.

The Company invests in debt securities, bond and equity funds and term deposits according to its Investment and Risk Strategy. When determining exposure volumes and limits, the risk inherent in the specified categories and the market risks are of fundamental importance. Asset Risk Management guidelines are defined on a centralized basis and are mandatory for all VIG Group companies.

The Investment and Risk Strategy of the Company establishes the below mentioned principles:

- The Company invests only in types of assets, for which it can recognize, measure, monitor, manage and control the related risks accordingly by own means.
- VIG Re achieves a proper balance between invested assets and technical provisions while maintaining a balanced risk-return profile.
- The asset allocation is made by defining acceptable limits for each asset class in order to limit the risk related to different industries and groups.
- VIG Re maintains a high liquidity position with money market and short term bond funds and liquid AFS securities which leads to stable returns and low volatility.
- 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.
- The Company's market risk exposure is defined firstly by interest rate risk and equity risk, followed by spread (covered in Credit risk) and currency risk. Concentration risk, given the diversified investment portfolio of VIG Re, is rather insignificant.

E.5.1. Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the level or volatility of foreign exchange rates. Foreign exchange risk arises from both assets and liabilities denominated in another currency than the functional currency.

The Company exposure to foreign currency risk within the investment portfolios supporting the Company's euro zone reinsurance and investment operations, arises primarily from purchased investments and assumed reinsurance contracts that are denominated or payable in currencies other than Euros. Currency risk is limited by regularly updated and approved Investment and risk strategy. There are defined maximum allocation limits for each specified foreign currency. Through Asset management unit, the Company matches FX exposure coming from assets and liabilities and the resulting GAPs close to minimum.

The tables below summarize the Company's exposure to foreign currency exchange rate risk as of 31 December. The Company's assets and liabilities at carrying amounts are included in the table, categorized by currency at their carrying amount:

Currency in EUR '000	2019		
	Total Assets	**Total Liabilities**	**Net Amount**
EUR	844 014	665 912	178 102
TRY	24 738	25 774	-1 036
PLN	22 666	22 860	-194
CZK	21 980	20 379	1 601
JPY	21 211	21 470	-259
USD	8 515	6 931	1 584
HUF	8 398	9 146	-748
CHF	3 616	3 712	-96
RUB	1 987	1 608	379
Other	5 551	5 948	-397
Total	**962 676**	**783 740**	**178 936**

A 10% negative movement in exchange rates against EUR can cause a total loss of 83 TEUR.

Biggest positive change is a EUR/CZK change, which can cause a loss of 160 TEUR. On the other side biggest negative change, which is TRY/EUR can cause a profit of 104 TEUR.

Currency in EUR '000	2018		
	Total Assets	**Total Liabilities**	**Net Amount**
EUR	772 961	591 246	181 715
PLN	21 860	22 069	-209
CZK	18 425	20 203	-1 778
TRY	12 455	14 065	-1 610
HUF	8 548	8 611	-63
USD	7 627	7 529	98
JPY	443	6 971	-6 528
Other	3 362	6 101	-2 739
Total	**845 681**	**676 795**	**168 886**

E.5.2. Interest Rate Risk

For VIG Re, interest rate risk arises from all assets and liabilities, which are sensitive to changes in the term structure of interest rates or interest rate volatility.

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

Interest rate risk stemming from asset side is governed by the Investment and Risk Strategy though clearly defined limits regarding eligible investments, maturity and issuer types.

The tables below summarize the Company's exposure to interest rate risk as of 31 December.

Interest rate risk 2019 in EUR '000	Effective interest rate	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Not specified	Total
Financial instruments								
Financial assets available for sale – debt securities	1.31%	5 816	5 947	22 361	61 144	170 925	0	266 193
Financial assets available for sale – investment funds and shares in other related parties		0	0	0	0	0	90 887	90 887
Financial assets held to maturity – debt securities	4.47%	19 633	14 676	17 206	0	27 615	0	79 130
Loans – Term deposits	2.53%	0	0	0	0	6 200	0	6 200
Deposit due from cedents	4.14%	0	11 648	19 129	0	69 160	0	99 937
Cash and cash equivalents	0.00%	31 150	0	0	0	0	0	31 150
Total financial assets		**56 599**	**32 271**	**58 696**	**61 144**	**273 900**	**90 887**	**573 497**

Interest rate risk 2018 in EUR '000	Effective interest rate	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Not specified	Total
Financial instruments								
Financial assets available for sale – debt securities	0.98%	0	7 354	6 853	47 335	163 860	0	225 402
Financial assets available for sale – investment funds		0	0	0	0	0	70 062	70 062
Financial assets held to maturity – debt securities	4.43%	2 068	7 186	34 203	17 197	27 595	0	88 249
Loans – Term deposits	13.93%	4 761	0	0	26	2 263	0	7 050
Deposit due from cedents	4.07%	0	13 680	18 942	0	68 031	0	100 653
Cash and cash equivalents	0.00%	14 876	0	0	0	0	0	14 876
Total financial assets		**21 705**	**28 220**	**59 998**	**64 558**	**261 749**	**70 062**	**506 292**

E.5.3. Equity Risk

Equity risk arises from the level or volatility of market prices for equities. Exposure to equity risk refers to all assets and liabilities whose value is sensitive to changes in equity prices.

The exposure in equity risk arises mainly from the Company's investments in investment funds portfolio.

E.5.4. *Sensitivity Analysis*

The market risk of the Company's financial assets is monitored and measured on a continuous basis using a Value at Risk ('VaR') analysis. Value at Risk takes into account the interdependencies between market risk variables.

VaR represents the potential losses from adverse changes in market factors for a specified time period and confidence level. This approach calculates the VaR using a parametric method. The VaR is calculated daily at a 99% confidence level and for a period of 60 working days.

The assumptions on which the VaR model is based give rise to certain limitations, especially the following:

- A 99 percent confidence level does not reflect losses that may occur beyond this level.
- VaR is a statistical estimation and therefore it is possible that there could be a greater number of days in any given period in which losses could exceed the calculated VaR implied by the confidence level.
- The measure is a 'point in time' calculation reflecting positions recorded as of 31 December.
- The methodology is applicable to instruments with a linear relationship between position value and market rates.
- VaR is calculated on an end-of-day basis and does not reflect exposures that may arise on positions during the trading day.
- The VaR measure is dependent upon the Company's position and the volatility of market prices. The VaR of an unchanged position reduces if the market price volatility declines, and vice versa.

The VaR positions of the financial investments were as follows:

VaR including HTM as of 31 December in EUR '000	**2019**	**2018**
Market value of portfolio	455 597	392 564
Parametrical VaR 60d; 99%	16 532	9 332
Relative VaR (%) 60d; 99%	3.63%	2.38%

The VAR including HTM is calculated on the total portfolio including held to maturity positions. The HTM positions do not have a direct impact on market risk exposure.

VaR excluding HTM as of 31 December in EUR '000	**2019**	**2018**
Market value of portfolio	351 074	290 376
Parametrical VaR 60d; 99%	11 968	4 973
Relative VaR (%) 60d; 99%	3.41%	1.71%

The VaR excluding HTM is calculated on the available for sale portfolio.

The VaR figures can be interpreted as giving a 1% probability that the portfolio will fall in value by more than 16 532 TEUR (whole portfolio) or 11 968 (AFS portfolio) TEUR over a 60-day period, assuming markets are normal and there is no trading. The accuracy of the VaR model is regularly monitored.

E.6. Capital Management

The Company operates in the insurance/reinsurance sector, which is a regulated industry therefore has to comply with all regulations stipulated through the Insurance Act No. 277/2009 Coll. and Regulation No. 306/2016 Coll., including the solvency requirements relating to capital. The capital of the Company is managed also in compliance with quantitative levels and limits of own funds as set out in Commission Delegated Regulation (EU) 2015/35 from 10th October 2014 and Directive 2009/138/EC.

The methodology for Solvency Capital Requirement calculation is defined in the above mentioned legislation. The Company has developed a Partial Internal Model for Non-Life Underwriting risk and Health Non-Similar to Life techniques Underwriting risk (excluding Health Catastrophe). The Company applied for regulator's approval in June 2019 and received the approval letter from Österreichische Finanzmarketaufsich (FMA) dated 10 December 2019, therefore the model will be used for the 2019 year-end calculation. For all the rest risk modules the Company used the Standard Formula approach.

The Capital management process starts with the assessment of the capital adequacy. During the capital adequacy assessment, the Risk Management Function analyses outputs of plan and projection (Solvency II Balance Sheet, Own funds, SCR) as well as current solvency position.

The industry's regulator is the Czech National Bank, which monitors the capital requirements for the Company.

The Company closely monitors its compliance with the regulatory capital requirements. The current calculation base with respect to capital requirements is based on the Solvency II principles, which replaced the system of regulatory capital calculation – Solvency I in 2016.

The Company has sufficient capital based on the Solvency II principles. For further information please refer to SFCR report.

F. NOTES ON THE FINANCIAL STATEMENTS

F.1. *Intangible Assets*

Intangible assets in EUR '000	**2019**	**2018**
Software and licenses	1 247	2 133
Total intangible assets	**1 247**	**2 133**

Intangible assets 2019 in EUR '000	**License**	**Software**	**Total**
Balance as of 1 January	1 786	3 766	5 551
Additions	0	495	495
Balance as of 31 December	**1 785**	**4 261**	**6 046**
Balance as of 1 January	1 588	1 830	3 418
Amortization	179	1 202	1 381
Balance as of 31 December	**1 767**	**3 032**	**4 799**
Book value as of 1 January	**197**	**1 936**	**2 133**
Book value as of 31 December	**18**	**1 229**	**1 247**

Intangible assets 2018 in EUR '000	**License**	**Software**	**Total**
Balance as of 1 January	1 778	2 907	4 685
Additions	7	859	866
Balance as of 31 December	**1 785**	**3 766**	**5 551**
Balance as of 1 January	1 414	1 160	2 574
Amortization	174	670	844
Balance as of 31 December	**1 588**	**1 830**	**3 418**
Book value as of 1 January	**364**	**1 747**	**2 111**
Book value as of 31 December	**197**	**1 936**	**2 133**

F.2. Property, Plant and Equipment

Property, plant and equipment – 2019 in EUR '000	**Vehicles**	**Buildings (RoU)**	**Other**	**Total**
Balance as of 1 January	**118**	**2 888**	**1 150**	**4 156**
Additions	0	0	425	425
Disposals	0	0	7	7
Balance as of 31 December	**118**	**2 888**	**1 568**	**4 574**
Balance as of 1 January	**61**	**0**	**284**	**345**
Depreciation	15	417	191	623
Disposals	0	0	7	7
Balance as of 31 December	**76**	**417**	**468**	**961**
Book value as of 1 January	**57**	**0**	**866**	**923**
Book value as of 31 December	**42**	**2 471**	**1 100**	**3 613**

Property, plant and equipment – 2018 in EUR '000	Vehicles	Other	Total
Balance as of 1 January	**109**	**575**	**684**
Additions	45	575	620
Disposals	36	0	36
Balance as of 31 December	**118**	**1 150**	**1 268**
Balance as of 1 January	82	160	242
Depreciation	15	124	139
Disposals	36	0	36
Balance as of 31 December	**61**	**284**	**345**
Book value as of 1 January	**27**	**415**	**442**
Book value as of 31 December	**57**	**866**	**923**

The Company recognised Right-of-use assets on January 2019 in the amount of 2 888 TEUR in 'Property, plant and equipment', as described in F.28.

F.3. Investments in Subsidiaries

Investment in subsidiaries in EUR '000	31.12.2019	Country	NAV	Cost of investment	Impairment losses	Net cost of investment	Proportion of ownership interest	Proportion of voting power
Wiener Re a.d.o. Serbia	6 758	Serbia	7 622	6 758		6 758	100%	100%
Total	**6 758**			**6 758**				

Investment in subsidiaries in EUR '000	31.12.2018	Country	NAV	Cost of investment	Impairment losses	Net cost of investment	Proportion of ownership interest	Proportion of voting power
Wiener Re a.d.o. Serbia	6 758	Serbia	7 333	6 758		6 758	100%	100%
Total	**6 758**			**6 758**				

Investment in subsidiaries in EUR '000	Date of acquisition	Proportion of ownership	Assets acquired	Liabilities acquired
Wiener Re a.d.o. Serbia	22.7.2010	99%	20 445	14 137
Wiener Re a.d.o. Serbia	17.3.2017	1%	454	383
Total			**20 899**	**14 520**

Wiener Re a.d.o. Serbia was acquired in 2010 from WIENER STÄDTISCHE Versicherung AG Vienna Insurance Group.

F.4. Financial Investments

Financial investments in EUR '000	2019	2018
Available for sale financial assets	357 080	295 464
Held to maturity financial assets	79 130	88 249
Loans and receivables	106 137	107 703
Total	**542 347**	**491 416**

F.4.1. Financial Assets Available for Sale

Financial assets available for sale in EUR '000	**2019**	**2018**
Debt securities		
Government bonds	197 741	188 119
Covered bonds	9 978	10 012
Corporate bonds	17 804	16 043
Bonds from banks	40 669	11 228
Investment funds	84 345	65 059
Shares	530	0
Shares in other related parties	6 012	5 003
Total	**357 080**	**295 464**

Financial assets available for sale 2019	**Amortized value/ Purchase price**	**FX differences**	**Unrealized gains or losses**	**Impairment**	**Fair value**
Debt securities	257 014	-183	9 361	0	266 192
Investment funds	83 762	0	584	0	84 346
Shares	530	0	0	0	530
Shares in affiliated non-consolidated companies	6 012	0	0	0	6 012
Total	**347 318**	**-183**	**9 945**	**0**	**357 080**

Financial assets available for sale 2018	**Amortized value/ Purchase price**	**FX differences**	**Unrealized gains or losses**	**Impairment**	**Fair value**
Debt securities	222 374	-241	3 269	0	225 402
Investment funds	66 947	0	-1 888	0	65 059
Shares in affiliated non-consolidated companies	5 003	0	0	0	5 003
Total	**294 324**	**-241**	**1 381**	**0**	**295 464**

Fair value hierarchy – 2019 in EUR '000	**Level 1**	**Level 2**	**Level 3**	**Total**
Balance as of 1 January	**280 128**	**10 333**	**5 003**	**295 464**
Reclassification to level	4 276	0	0	**4 276**
Reclassification from level	0	-4 276	0	**-4 276**
Additions	152 330	5	6 530	**158 865**
Disposals	-105 631	0	0	**-105 631**
Changes in value recognised in profit and loss	-230	48	0	**-182**
Changes in value recognised directly in equity	8 307	257	0	**8 564**
Balance as of 31 December	**339 180**	**6 367**	**11 553**	**357 080**

Fair value hierarchy – 2018 in EUR '000	**Level 1**	**Level 2**	**Level 3**	**Total**
Balance as of 1 January	**234 105**	**0**	**15 500**	**249 605**
Reclassification to level	0	10 497	0	**10 497**
Reclassification from level	0	0	10 497	**10 497**
Additions	113 915	10	0	**113 925**
Disposals	62 638	0	0	**62 638**
Changes in value recognised in profit and loss	-88	-153	0	**-241**
Changes in value recognised directly in equity	-5 166	-21	0	**-5 187**
Balance as of 31 December	**280 128**	**10 333**	**5 003**	**295 464**

Level 1 represents quoted prices in active markets for identical assets or liabilities (close/traded exchange prices, net asset values for opened-ended funds that are redeemable at any time, that report a daily NAV and that can be redeemed at this NAV)

Level 2 represents marked-to-market – the comparable financial instrument is calculated using valuation techniques for which all significant inputs are based on observable market data.

Level 2 Pricing method	**Used for**	**Fair value**	**Input parameters observable**
Present value method	Bonds	Theoretical price	Issuer, sector and rating-dependent yield curves
Hull-White present value method	Bonds	Theoretical price	Maturity dependent implied volatilities rating-dependent yield curves
Hull-White present value method	Bonds	Theoretical price	Issuer, sector and rating-dependent yield curves

Level 3 represents an investment where the inputs for the asset valuation are not observable market data (issuer, sector and rating-dependent yield curves of non-government bonds).

This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. The financial instruments allocated to this level of the fair value hierarchy include investment share in an unlisted real estate companies (11 553 TEUR in 2019; 5 003 TEUR in 2018) measured in purchase price (as its fair value cannot be reliably measured).

For fair value measurements in Level 3, if changing one or more of the inputs to reasonably possible alternative assumptions would significantly change the fair value, then the entity states that fact and discloses, through the class of financial instruments, the effect of those changes. For this purpose, significance is judged with respect to profit or loss, and total assets or total liabilities, or, when changes in fair value are recognized in other comprehensive income, total equity. In our view, reasonably possible alternative assumptions are those that could reasonably have been included in the valuation model as of the reporting date based on the circumstances at the reporting date.

Reclassification – 2019 in EUR '000	**Level 2 to Level 1**
Debt securities	
Amortized value	4 109
FX differences	110
Unrealized gains or losses	57
Total	**4 276**
Number	**3**

Investments, which were in the past measured by VIG model (level 2) are currently priced on active markets and their valuation is acquired from Bloomberg (Level 1).

Reclassification – 2018 in EUR '000	**Level 3 to Level 2**
Debt securities	
Amortized value	10 335
FX differences	408
Unrealized gains or losses	-246
Total	**10 497**
Number	**3**

The assessment of the impact of non-observable inputs (sector and rating specific spreads) has changed in the year 2018 which lead to change in classification (level 3 to level 2).

F.4.2. Financial Assets Held to Maturity

Financial assets held to maturity in EUR '000	**2019**	**2018**
Debt securities		
Government bonds	68 448	77 549
Corporate bonds	10 682	10 700
Total	**79 130**	**88 249**

Financial assets held to maturity – 2019 in EUR '000	**Carrying amount**	**Fair value**
Debt securities		
Government bonds	68 448	77 169
Corporate bonds	10 682	11 358
Total	**79 130**	**88 527**

Financial assets held to maturity – 2018 in EUR '000	**Carrying amount**	**Fair value**
Debt securities		
Government bonds	77 549	88 770
Corporate bonds	10 700	11 765
Total	**88 249**	**100 535**

F.4.3. All financial assets held to maturity are allocated to the Level 1 of the fair value hierarchy. Loans and Deposits

Loans and deposits in EUR '000	**2019**	**2018**
Loans – Term deposits	6 200	7 050
Deposits due from cedents	99 937	100 653
Total	**106 137**	**107 703**

Deposits due from cedents in relation to reinsurance liabilities in EUR '000			**2019**
Assets		**Liabilities**	
Deposits due from cedents	99 937	Unearned premiums	3 634
		Outstanding claims	8 083
		Life reinsurance provision	88 220
Total gross	**99 937**		**99 937**

Deposits due from cedents in relation to reinsurance liabilities in EUR '000			**2018**
Assets		**Liabilities**	
Deposits due from cedents	100 653	Unearned premiums	3 922
		Outstanding claims	5 812
		Life reinsurance provision	90 919
Total gross	**100 653**		**100 653**

Deposits due from cedents serve directly as collateral for technical provisions covering business assumed from cedents in reinsurance. They do not trigger any cash flows and may not be used by the cedent independently. The credit risk is therefore limited. The amount of and changes in deposits retained on assumed reinsurance during the period generally derive from the values for the changes in the related technical provisions for the reinsured business.

Deposits due from cedents thus do not have a fixed maturity date, their release is generally being dependent on the run-off of the corresponding provisions.

The book value of deposits due from cedents represents their fair value.

All loans and deposits are allocated to the Level 3 of the fair value hierarchy.

F.5. Trade and Other Receivables

Receivables in EUR '000	**2019**	**2018**
Receivables arising out of assumed reinsurance – cedents	83 160	56 798
Receivables arising out of reinsurance operations – retrocession	39 027	27 609
Trade and other receivables	134	18
Prepayments	342	223
Total gross	**122 663**	**84 648**
Impairment	858	847
Total net	**121 805**	**83 801**

The book value of trade and other receivables represents their fair value.

All Trade and Other Receivables are allocated to the Level 3 of the fair value hierarchy.

F.6. Ceded Share of Reinsurance Liabilities

Ceded share of reinsurance liabilities in EUR '000	**2019**	**2018**
Unearned premiums	11 530	9 700
Outstanding claims	230 499	224 629
Life reinsurance provision – retrocession	557	557
Total	**242 586**	**234 886**

F.7. Deferred Tax

The deferred tax credits and liabilities recognized relate to the amounts of temporary differences in balance sheet items listed in the following table. The differences were already valued using applicable tax rates.

Deferred tax	**2019**		**2018**	
Balance sheet position	**Deferred tax assets**	**Deferred tax liabilities**	**Deferred tax assets**	**Deferred tax liabilities**
Property, plant and equipment	5	0	1	0
Intangible assets	42	0	0	37
Revaluation differences	0	-1 288	519	0
RoU and lease liabilities	9	0	0	0
Provisions	369	0	323	0
Total	**425**	**-1 288**	**843**	**37**
Net Balance	**-863**		**806**	

Movement in deferred tax	**2019**	**2018**
Net deferred tax assets/(liability) – opening balance	806	172
Deferred tax (expense)/income for the period – through Profit or Loss	138	115
Change in revaluation differences	-1 807	519
- Tax from AFS investments	181	466
- Deferred tax through Other Comprehensive Income	-1 627	985
Net deferred tax asset/(liability) – closing balance	**-863**	**806**

In accordance with the accounting method described in B.7., the amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date which is 19% for the year in question (2018: 19%).

F.8. Other Assets

Other Assets in EUR '000	**2019**	**2018**
Prepaid expenses	409	357
Total	**409**	**357**

F.9. Deferred Acquisition Costs

Development of DAC in EUR '000	**2019**	**2018**
Book value – opening balance	**9 725**	**5 370**
Costs deferred during the current year	6 739	6 134
DAC released during the current year	3 703	1 781
FX translation	1	2
Book value – closing balance	**12 761**	**9 725**

F.10. Cash and Cash Equivalents

Cash and cash equivalents in EUR '000	**2019**	**2018**
Cash and cash equivalents	4	4
Cash at bank	31 146	14 872
Total	**31 150**	**14 876**

F.11. Shareholders' Equity

Share capital in EUR '000	**2019**	**2018**
Authorized number of shares		
25 000 of 4 078.32 EUR shares	101 958	101 958
6 500 of 3 829.66 EUR shares	24 892	24 892
Issued number of shares		
25 000 of 4 078.32 EUR shares	101 958	101 958
6 500 of 3 829.66 EUR shares	24 892	24 892
Total	**126 850**	**126 850**

F.12. Subordinated Liabilities

Subordinate liabilities in EUR '000	2019	2018
Nominal value	35 000	35 000
Accrued interests	708	708
Total	**35 708**	**35 708**

Company borrowed subordinated loan with ten years maturity and interest rate 4% from Vienna Insurance Group AG Wiener Versicherung Gruppe in June 2018.

F.13. Unearned Premiums

Unearned premium provision – 2019 in EUR '000	Gross	Reinsurance	Net
Book value – opening balance	**19 203**	**9 700**	**9 503**
Premium written during the current year	527 477	214 473	313 004
Less premium earned during the current year	-521 884	-212 267	-309 617
Effect of clean cut	-1 384	-1 206	-177
FX translation	2	830	-828
Book value – closing balance	**23 414**	**11 530**	**11 884**

The Company booked portfolio entries of provisions as explained in B.24.

Unearned premium provision – 2018 in EUR '000	Gross	Reinsurance	Net
Book value – opening balance	**17 451**	**8 092**	**9 359**
Premium written during the current year	456 924	235 639	221 285
Less premium earned during the current year	-457 561	-231 589	-225 972
Effect of clean cut	2 457	-2 046	4 503
FX translation	-68	-396	328
Book value – closing balance	**19 203**	**9 700**	**9 503**

F.14. Outstanding Claims

Provisions (RBNS, IBNR) – 2019 in EUR '000	Gross	Reinsurance	Net
Book value – opening balance	**438 362**	**224 629**	**213 732**
Claims incurred	333 866	117 696	216 170
Less claims paid	-252 567	-94 184	-158 383
Effect of clean cut	-4 679	-16 900	12 221
FX translation	-811	-487	-324
Book value – closing balance	**513 827**	**230 497**	**283 330**

Claims development table – Property/casualty on a gross basis in EUR '000	UY 2019	UY 2018	UY 2017	UY 2016	UY 2015	UY 2014	UY 2013	UY 2012	UY 2011	UY 2010 +	Total
Estimate of total cumulative claims at the end of the year	291 659	198 010	293 745	190 331	205 507	225 203	248 954	99 028	69 418	361 347	
One year later		217 253	305 337	178 940	236 188	251 289	257 699	115 795	82 973	390 199	
Two years later			312 647	180 291	239 441	237 267	254 582	115 588	79 040	394 256	
Three years later				177 471	237 164	258 181	249 393	112 776	75 586	376 792	
Four years later					233 378	259 619	247 119	109 294	74 521	368 043	
Five years later						257 303	245 487	107 477	74 039	365 088	
Six years later							244 876	108 904	70 630	361 574	
Seven years later								108 635	70 968	359 990	
Eight years later									70 308	359 144	
Nine years later										358 643	
Ten years later										153 201	
Estimate of cumulative claims	**291 659**	**217 253**	**312 647**	**177 471**	**233 378**	**257 303**	**244 876**	**108 635**	**70 308**	**358 453**	**2 271 984**
Cumulative payment	104 148	132 351	234 963	144 174	199 135	236 092	228 614	92 443	61 259	326 136	1 759 315
Value recognized in balance sheet	**187 511**	**84 902**	**77 684**	**33 297**	**34 243**	**21 211**	**16 262**	**16 192**	**9 049**	**32 317**	**512 668**

The Company booked portfolio entries of provisions as explained in B.24. Existing portfolio transfers from novation are considered to be in the underwriting year in which they come into the Company's portfolio.

Outstanding claims relating to health (5 240 TEUR) and life (4 400 TEUR) and FX differences (-8 481 TEUR) are not included in the above table due to their relative insignificance.

Provisions (RBNS, IBNR) – 2018 in EUR '000	Gross	Reinsurance	Net
Book value – opening balance	**429 453**	**235 437**	**194 016**
Claims incurred and reported	236 597	92 648	143 949
Less claims paid	-238 589	-99 473	-139 116
Effect of clean cut	14 007	-1 103	15 110
FX translation	-3 106	-2 880	-227
Book value – closing balance	**438 362**	**224 629**	**213 732**

Claims development table – Property/casualty on a gross basis in EUR '000	**UY 2018**	**UY 2017**	**UY 2016**	**UY 2015**	**UY 2014**	**UY 2013**	**UY 2012**	**UY 2011**	**UY 2010**	**UY 2009**	**Total**
Estimate of total cumulative claims at the end of the year	198 010	293 745	190 331	205 507	225 203	248 954	99 028	69 418	206 227	155 120	
One year later		305 337	178 940	236 188	251 289	257 699	115 795	82 973	214 401	175 798	
Two years later			180 291	239 441	237 267	254 582	115 588	79 040	217 175	177 081	
Three years later				237 164	258 181	249 393	112 777	75 586	209 765	167 027	
Four years later					259 619	247 119	109 294	74 521	206 395	161 648	
Five years later						245 487	107 477	74 039	206 019	159 069	
Six years later							108 904	70 630	204 691	156 883	
Seven years later								70 968	203 769	156 221	
Eight years later									204 909	154 235	
Nine years later										153 391	
Estimate of cumulative claims	**198 010**	**305 337**	**180 291**	**237 164**	**259 619**	**245 487**	**108 904**	**70 968**	**204 909**	**153 391**	**1 964 080**
Cumulative payment	78 505	201 797	137 163	189 952	212 983	226 951	90 877	60 584	182 287	142 459	1 523 558
Value recognized in balance sheet	**119 505**	**103 540**	**43 128**	**47 212**	**46 636**	**18 536**	**18 027**	**10 384**	**22 622**	**10 932**	**440 522**

The Company booked portfolio entries of provisions as explained in B.24. Existing portfolio transfers from novation are considered to be in the underwriting year in which they come into the Company's portfolio.

Outstanding claims relating to health (2 551 TEUR), life (2 955 TEUR) and FX differences (-7 666 TEUR) are not included in the above table due to their relative insignificance.

F.15. Life Reinsurance Provision

Development in 2019 in EUR '000	Gross	Reinsurance	Net
Book value – opening balance	**90 940**	**557**	**90 383**
Additions	450	0	450
Disposals	3 060	0	3 060
Book value – closing balance	**88 330**	**557**	**87 773**

Development in 2018 in EUR '000	Gross	Reinsurance	Net
Book value – opening balance	**92 114**	**556**	**91 558**
Additions	2 273	1	2 272
Disposals	-3 447	0	-3 447
Book value – closing balance	**90 940**	**557**	**90 383**

F.16. Payables

Payables in EUR '000	2019	2018
Payables arising out of reinsurance operations – cedents	86 417	68 624
Payables arising out of reinsurance operations – retrocession	24 273	20 112
Trade payables	464	540
Wages and salaries	251	255
Social security and health insurance and tax payables	220	178
Lease liabilities	2 505	0
Other payables	2 718	434
Total	**116 848**	**90 144**

F.17. Other Liabilities

Other liabilities in EUR '000	2019	2018
Accruals	2 640	2 170
Total	**2 640**	**2 170**

F.18. Premium

Premium written - Reinsurance premium 2019 in EUR '000	Property/ Casualty	Health	Life	Total
Gross				
Austria	160 764	15 612	8 645	185 021
Germany	50 542	3 163	4 930	58 635
Czech Republic	45 370	107	55	45 532
Italy	31 887	4	0	31 891
Poland	29 128	0	1 018	30 146
Turkey	25 282	4 210	0	29 492
Slovakia	16 500	717	6 839	24 056
France	14 393	18	0	14 411
Romania	11 428	23	91	11 543
Serbia	8 685	473	66	9 224
Japan	9 124	0	32	9 156
Croatia	8 699	0	110	8 809
Bulgaria	8 391	0	29	8 420
Hungary	7 439	234	316	7 989
Switzerland	6 785	0	0	6 785
Other*	43 677	1 321	1 370	46 368
Premium written	**478 095**	**25 882**	**23 499**	**527 477**
Retroceded premium	**-207 033**	**-1 046**	**-6 394**	**-214 473**
Premium written – Retained	**271 062**	**24 836**	**17 105**	**313 004**

*) Other represents the following countries: Albania, Armenia, Belgium, Bosnia, Estonia, Georgia, Greece, Kazakhstan, Kosovo, Latvia, Luxembourg, Macedonia, Moldova, Montenegro, Russia, Slovenia, South Korea, Spain, Ukraine.

Premium written – Reinsurance premium 2018 in EUR '000	Property/ Casualty	Health	Life	Total
Gross				
Austria	150 524	15 221	9 144	174 889
Czech Republic	43 099	0	58	43 157
Germany	38 100	2 844	3 294	44 238
Italy	36 079	8	0	36 087
Poland	24 471	0	948	25 419
Turkey	19 222	4 103	0	23 325
Slovakia	16 455	0	3 768	20 223
Romania	12 837	0	16	12 853
Lithuania	11 728	0	51	11 779
Serbia	7 974	426	38	8 438
Hungary	6 353	213	400	6 966
Other*	47 726	431	1 393	49 550
Premium written	**414 568**	**23 246**	**19 110**	**456 924**
Retroceded premium	**-230 417**	**-470**	**-4 752**	**-235 639**
Premium written – Retained	**184 151**	**22 776**	**14 358**	**221 285**

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

In 2019 the Company wrote premium of 337 832 TEUR from VIG Group companies and 189 645 TEUR from external parties (in 2018 322 106 TEUR from VIG Group companies and 134 818 TEUR from external parties).

Premium written – Reinsurance premium 2019 in EUR '000	Gross	Ceded	Net
Property/Casualty			
Motor Third Party Liability	76 135	-28 834	47 301
Motor Own Damage	33 180	-565	32 615
Personal Accident	11 495	-6 297	5 198
General Third Party Liability	16 990	-2 384	14 606
Property	326 853	-163 437	164 013
Marine	13 442	-6 113	7 329
Premium written	**478 095**	**-207 630**	**270 465**

Premium written – Reinsurance premium 2018 in EUR '000	Gross	Ceded	Net
Property/Casualty			
Motor Third Party Liability	59 281	-22 997	36 284
Motor Own Damage	44 009	-455	43 554
Personal Accident	9 385	-5 841	3 544
General Third Party Liability	11 760	-2 016	9 744
Property	278 741	-192 481	86 260
Marine	11 392	-6 627	4 765
Premium written	**414 568**	**-230 417**	**184 151**

F.19. Investment Result

Investment Income in EUR '000	2019	2018
Interest income		
Loans and term deposits	184	16
Deposits due from cedents	5 023	5 686
Financial investments held to maturity	3 589	4 437
Financial investments available for sale	3 713	3 037
Total interest income	**12 509**	**13 176**
Gains from the disposal of financial investments		
Financial investments available for sale	4 718	2 626
Total gains from disposals of investments	**4 718**	**2 626**
FX gains	**0**	**0**
Kick-back and other fees	**30**	**35**
Total	**17 257**	**15 837**

Investment expense in EUR '000	2019	2018
Losses from disposal of investments	131	1 579
Management fees	414	393
FX losses	505	813
Interests from retrocession operations	1 565	1 040
Total	**2 615**	**3 825**

F.20. Other Income

Other income in EUR '000	2019	2018
Foreign currency gains	958	73
Income from sale of inventory	0	10
Total	**958**	**83**

F.21. Claims and Insurance Benefits

Expenses for claims and insurance benefits – 2019 in EUR '000	**Gross**	**Retrocession**	**Net**
Property/casualty/health			
Expenses for insurance claims			
Claims and benefits	237 723	93 027	144 696
Changes in provision for outstanding claims	79 502	22 066	57 436
Subtotal	**317 225**	**115 093**	**202 132**
Changes in mathematical reserve	88	0	88
Changes in other insurance liabilities	344	257	87
Total non-life expenses for claims and insurance benefits	**317 657**	**115 350**	**202 307**
Life			
Expenses for insurance claims			
Claims and benefits	14 844	1 157	13 687
Changes in provision for outstanding claims	1 503	1 190	313
Subtotal	**16 347**	**2 347**	**14 000**
Changes in mathematical reserve	-2 699	0	-2 699
Changes in other insurance liabilities	0	0	0
Total life expenses for claims and insurance benefits	**13 648**	**2 347**	**11 301**
Total	**331 305**	**117 697**	**213 608**

Expenses for claims and insurance benefits – 2018 in EUR '000	**Gross**	**Retrocession**	**Net**
Property/casualty/health			
Expenses for insurance claims			
Claims and benefits	225 101	98 790	126 311
Changes in provision for outstanding claims	-2 038	-6 735	4 697
Subtotal	**223 063**	**92 055**	**131 008**
Changes in mathematical reserve	0	0	0
Changes in other insurance liabilities	342	246	96
Total non-life expenses for claims and insurance benefits	**223 405**	**92 301**	**131 104**
Life			
Expenses for insurance claims			
Claims and benefits	13 488	683	12 805
Changes in provision for outstanding claims	47	-89	136
Subtotal	**13 535**	**594**	**12 941**
Changes in mathematical reserve	-1 174	0	-1 174
Changes in other insurance liabilities	0	0	0
Total life expenses for claims and insurance benefits	**12 361**	**594**	**11 767**
Total	**235 766**	**92 895**	**142 871**

F.22. *Acquisition Expenses*

Commission expenses 2019 in EUR '000	**Property/ Casualty**	**Health**	**Life**	**Total**
Reinsurance commission – Fix	55 852	2 071	7 296	65 219
Reinsurance commission – Sliding scale	29 295	-931	0	28 364
Reinsurance commission – Profit commission	10 749	5 742	3 171	19 662
Deferred acquisition expenses	-913	-407	-2 302	-3 622
Total	**94 984**	**6 475**	**8 165**	**109 623**

Commission expenses 2018 in EUR '000	**Property/ Casualty**	**Health**	**Life**	**Total**
Reinsurance commission – Fix	45 850	1 835	7 192	54 877
Reinsurance commission – Sliding scale	28 907	935	0	29 842
Reinsurance commission – Profit commission	15 064	5 389	3 230	23 683
Deferred acquisition expenses	-293	-511	-4 243	- 5 047
Total	**89 528**	**7 648**	**6 179**	**103 355**

F.23. *Commission Income from Retrocessionaires*

Commission income from retrocessionaires in EUR '000	**2019**	**2018**
Reinsurance commissions	34 463	44 294
Profit commissions	2 882	1 857
Deferred acquisitions revenues	-586	-694
Total	**36 759**	**45 457**

F.24. *Other Operating Expenses*

Other operating expenses in EUR '000	**2019**	**2018**
Personnel expenses	1 816	1 185
Mandatory social security contributions and expenses	480	341
Depreciation of property, plant and equipment	206	120
Depreciation of leasing assets	417	0
Amortization of intangible assets	1 381	894
Rental expenses	100	468
Services	88	88
Allocation/Release of receivable adjustments	11	26
Other administrative and IT expenses	942	1 215
Total	**5 441**	**4 337**

Information about fees paid to auditors for statutory audit services are disclosed in consolidated financial statements of parent company VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe. In 2019 Company has paid a SFCR audit fee of TEUR 23 247 (2018: TEUR 0).

Management and employee statistics Number of members	2019	2018
Management – BoD	3	3
Other employees	78	73
Total	**81**	**76**

Personal expenses in EUR '000	2019	2018
Wages and salaries	1 681	1 074
Mandatory social security contribution expenses	480	341
Other social security expenses	135	111
Total	**2 296**	**1 526**

Board of Directors and Supervisory Board compensation in EUR '000	2019	2018
Board of Directors compensation	838	838
Supervisory Board compensation	95	95
Total	**933**	**933**

F.25. Finance Cost

Finance Cost in EUR '000	2019	2018
Interest expenses from subordinated liabilities	1 400	708
Interest on lease liabilities	78	0
Total	**1 478**	**708**

F.26. Other Expenses

Other expenses in EUR '000	2019	2018
Foreign currency losses	3	265
Gifts	0	16
Court fees	0	0
Payment differences	2	1
Total	**5**	**282**

F.27. Tax Expense

Tax expense in EUR '000	2019	2018
Current taxes		
- Actual taxes current period	5 628	5 011
- Actual taxes related to other periods	-232	3
Total current taxes	**5 397**	**5 014**
Deferred taxes (F.7)	**43**	**351**
- Tax from AFS investments	181	466
- Deferred tax (expense)/income for the period – through Profit or Loss	138	115
Other income tax	**0**	**0**
Total taxes	**5 439***	**5 365***

* Tax calculated based on tax base in CZK (currency used for tax purposes). The final tax is then recalculated using the EUR/CZK FX rate as of 31 December 2019 and 31 December 2018.

Tax rate reconciliation in EUR '000	2019	2018
Expected tax rate in %	19	19
Profit before tax	26 242	26 177
Expected tax expense	**4 986**	**4 974**
Adjusted for tax effects due to:		
- Tax exempt income	-1 781	-552
- Non-deductible expenses – other	1 896	448
- Income exempted from tax	0	0
- Expense exempted from tax	96	102
- Taxes from previous years	-232	3
- Changes in tax rates	0	0
Other adjustments	0	0
- FX differences**	474	390
Income tax expense	**5 439**	**5 365**
Effective tax rate in %	20.73	20.49

** FX effect caused by difference between functional currency (EUR) and currency used for calculating tax duty and preparing the tax return (CZK).

F.28. Leases

Property, plant and equipment' comprise owned and leased assets that do not meet the definition of investment property.

Property, plant and equipment in EUR '000	2019
Property, plan and equipment owned	1 142
Right-of-use assets, except for investment property	2 471
Total	**3 613**

The Company leases its head office building in Prague, the Czech Republic and office premises of its branches in Frankfurt a. M., Germany and Paris, France. Information about leases for which the Company is a lessee is presented below.

Right-of-use assets

Buildings in EUR '000	2019
Balance at 1 January	2 888
Depreciation charge for the year	-417
Balance at 31 December	**2 471**

There were no additions to right-of-use assets during 2019.

Lease liabilities

Lease Liability in EUR '000	2019
Maturity analysis – contractual undiscounted cash flows	
Less than one year	460
One to five years	**1 789**
More than five years	**476**
Total undiscounted lease liabilities at 31 December	**2 725**
Lease liabilities included in the statement of financial position at 31 December	**2 505**
Current	**394**
Non-current	**2 111**

Lease liabilities are presented in 'Payables' in the statement of financial position.

Amounts recognised in profit or loss

Amounts recognised in profit or loss in EUR '000	2019
Interest on lease liabilities	-78
Depreciation charge for the year	-417

Amounts recognised in the statement of cash flows

Amounts recognised in the statement of cash flows in EUR '000	2019
Total cash outflow for leases	-460

F.29. Related Parties

The related party transactions were made on terms equivalent to those that prevail in arm's length transactions.

F.29.1. Shareholders

Shareholders as of 31 December 2019:

VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe	55%
DONAU Versicherung AG Vienna Insurance Group	10%
Kooperativa pojišťovna, a.s., Vienna Insurance Group	10%
KOOPERATIVA poisťovňa, a.s. Vienna Insurance Group	10%
WIENER STÄDTISCHE Versicherung AG Vienna Insurance Group	15%

The ultimate parent of the Company is VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe (VIG).

Transactions with the parent company in EUR '000	**2019**	**2018**
Balance sheet		
Receivables	14 982	8 651
Outstanding claims	51 968	56 404
Liabilities	1 690	5 501
Income statement		
Premiums written	16 258	17 284
Change due to provision for premiums	0	79
Expenses for claims and insurance benefits	-17 497	-11 503
Change in claims and other reinsurance liabilities	589	-24
Commission expenses	-132	-835
Other operating expenses	-693	-248

Transactions between the Company and its parent relate to reinsurance/retrocession contracts and servicing contracts related to back office.

Transactions with other entities with joint control or significant influence* in EUR '000	**2019**	**2018**
Balance sheet		
Deposits due from cedents	1 260	327
Receivables	67 120	4 612
Unearned premiums	5 364	2 376
Premium reserve	353	327
Outstanding claims	71 425	57 543
Liabilities	16 267	35 673
Income statement		
Premiums written	198 359	83 099
Change due to provision for premiums	-486	120
Investment and interest income/expense	55	14
Expenses for claims and insurance benefits	-98 696	-41 289
Change in claims and other reinsurance liabilities	18 658	10 484
Commission expenses	-38 700	-15 642
Intergroup outsourcing	-508	-867

*Donau Versicherung AG, Kooperativa pojišťovna, a.s., Kooperativa poisťovna, a.s., Wiener Städtidsche Versicherung AG

Transactions between the Company and entities with joint control relate to reinsurance/retrocession contracts and servicing contracts related to back office.

F.29.2. Subsidiaries

The Company has one subsidiary: Wiener Re a.d.o. Serbia (for details B.3.).

Transactions with subsidiaries in EUR '000	**2019**	**2018**
Balance sheet		
Receivables	631	951
Unearned premiums	408	359
Outstanding claims	5 951	5 812
Liabilities	823	626
Income statement		
Premiums written	10 696	9 926
Change due to provision for premiums	-49	336
Investment and interest income	438	382
Expenses for claims and insurance benefits	-5 746	-5 023
Change in claims and other reinsurance liabilities	-140	-4 297
Commission expenses	-2 946	-3 239

Transactions between the Company and its subsidiaries relate to reinsurance/retrocession contracts and servicing contracts related to back office.

F.29.3. Key Management Personnel of the Entity and its Parent

Key management personnel are those persons with authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity. The key management personnel are comprised of the Board of Directors and the Supervisory Board, together with members of the Board of Directors of VIG. Close family members of key management personnel are also deemed to be related parties. The Company has no transactions with family members of key management personnel and key management personnel except for the compensation mentioned in F.24.

Other Related Parties

Other related parties comprise fellow subsidiaries, associates and joint ventures of the ultimate parent company.

Transactions between the Company and other related parties are based only on reinsurance contracts.

Transactions with other related parties in EUR '000	**2019**	**2018**
Balance sheet		
Deposits due from cedents	7 696	10 972
Receivables	13 462	20 095
Unearned premiums	12 648	11 188
Premium reserve	599	1 249
Outstanding claims	112 692	143 787
Liabilities	37 505	36 024
Income statement		
Premiums written	112 519	152 914
Change due to provision for premiums	1 085	-478
Miscellaneous earnings/expenditures of investment	106	187
Expenses for claims and insurance benefits	-54 742	-78 945
Change in claims and other reinsurance liabilities	-12 156	16 285
Commission expenses	-20 291	-68 091

Transactions between the Company and other related parties relate to reinsurance/retrocession contracts.

F.30. Fair Value of Financial Assets and Liabilities

Financial assets in EUR '000	31.12.2019		31.12.2018	
	Fair value	**Carrying amount**	**Fair value**	**Carrying amount**
Financial investments	**452 190**	**442 410**	**402 996**	**390 763**
Financial assets held to maturity	88 527	79 130	100 535	88 249
Financial assets available for sale	357 080	357 080	295 464	295 464
Loans – Term deposits	6 584	6 200	6 997	7 050
Receivables	**121 805**	**121 805**	**83 801**	**83 801**
Cash and cash equivalents	**31 150**	**31 150**	**14 876**	**14 876**
Total financial assets	**605 145**	**595 365**	**501 673**	**489 440**
Financial liabilities	**Fair value**	**Carrying amount**	**Fair value**	**Carrying amount**
Subordinated liabilities	35 708	35 708	35 708	35 708
Payables	116 848	116 848	90 144	90 144
Other liabilities	2 640	2 640	2 170	2 170
Total financial liabilities	**155 196**	**155 196**	**128 022**	**128 022**

The fair value of financial assets besides loans is determined through either an observable market price or a price calculated by discounting cash flow. The price calculated by discounting cash flow is equal to the present value of future cash flows discounted by a risk free yield curve and an appropriate credit spread. The appropriate credit spread is obtained from a reference bond with the same rating, from the same industry sector, and with similar maturity, seniority and issuer.

The deposits due from cedents amounting to 99 937 TEUR (in 2018 amounting to 100 653 TEUR), which are part of the financial investments, serve directly as an advance payment of future liabilities covering assumed business from cedents. These deposits do not trigger any cash flows and may not be used by the cedent independently. The credit risk is therefore limited and stating the fair value is not relevant. Furthermore, the deposits due from cedents do not have a fixed maturity date and their release depends on the corresponding provision.

The expected contractual maturities of other financial assets and liabilities are up to 1 year. Therefore, the fair value of these assets and liabilities represents their carrying amount.

Financial assets and liabilities except for HTM and part of AFS investments are classified to level 3 in fair value hierarchy. The instruments are measured by valuation technique which includes inputs not based on observable data.

F.31. IFRS 9 Disclosure

Fair value analysis of the financial assets:

Financial assets in EUR '000	31.12.2019		31.12.2018	
	SPPI	**Other***	**SPPI**	**Other***
Financial investments	**95 111**	**357 080**	**107 532**	**295 464**
Financial assets held to maturity	88 527	0	100 535	0
Financial assets available for sale	0	357 080	0	295 464
Loans – Term deposits	6 584	0	6 997	0
Other receivables	**475**	**0**	**241**	**0**
Cash and cash equivalents	**31 150**	**0**	**14 876**	**0**
Total financial assets	**126 736**	**357 080**	**122 649**	**295 464**

*Financial instruments that do not meet SPPI criteria or financial instruments that meet SPPI criteria but are held for trading or managed on a fair value basis.

SPPI in EUR '000	2019				
	Balance as of 1 January	**Changes in additions, disposals and amortized value**	**Changes in FX difference**	**Changes in unrealized gains and losses**	**Balance as of 31 December**
SPPI	**122 649**	**4 032**	**0**	**55**	**126 736**
Financial assets held to maturity	100 535	-12 063	0	55	88 527
Loans – Term deposits	6 997	-413	0	0	6 584
Other receivables	241	234	0	0	475
Cash and cash equivalents	14 876	16 274	0	0	31 150
Other*	295 464	51 854	-182	9 944	357 080
Financial assets available for sale	295 464	51 854	-182	9 944	357 080

*Financial instruments that do not meet SPPI criteria or financial instruments that meet SPPI criteria but are held for trading or managed on a fair value basis.

SPPI financial assets rating categories:

Credit risk exposure - SPPI in EUR '000			2019			
Standard & Poor's rating	**AAA**	**AA**	**A**	**B / BB / BBB**	**No Rating**	**Carrying value in balance sheet**
Financial assets	0	28 476	50 654			79 130
Loans – Term deposits					6 200	6 200
Other receivables					475	475
Cash and cash equivalents					31 150	31 150
Total	**0**	**28 476**	**50 654**	**0**	**37 825**	**116 956**
In %	0.00	24.35	43.31	0.00	32.34	100.00

Credit risk exposure - SPPI in EUR '000			2018			
Standard & Poor's rating	**AAA**	**AA**	**A**	**B / BB / BBB**	**No Rating**	**Carrying value in balance sheet**
Financial assets	3 056	31 472	53 721			88 249
Loans – Term deposits					7 050	7 050
Other receivables					241	241
Cash and cash equivalents					14 876	14 876
Total	**3 056**	**31 472**	**53 721**	**0**	**22 167**	**110 416**
In %	2.76	28.50	48.65	0.00	20.09	100.00

Credit risk exposure - Other in EUR '000			2019			
Standard & Poor's rating	**AAA**	**AA**	**A**	**B / BB / BBB**	**No Rating**	**Carrying value in balance sheet**
Financial assets – debt securities	33 702	102 288	106 103	24 630		266 722
Financial assets – investment funds					90 357	90 357
Total	**33 702**	**102 288**	**106 103**	**24 630**	**90 357**	**357 079**
In %	9.44	28.65	29.71	6.90	25.30	100.00

Credit risk exposure - Other in EUR '000			2018			
Standard & Poor's rating	**AAA**	**AA**	**A**	**B / BB / BBB**	**No Rating**	**Carrying value in balance sheet**
Financial assets – debt securities	27 862	107 256	69 546	20 738		225 402
Financial assets – investment funds					70 062	70 062
Total	**27 862**	**107 256**	**69 546**	**20 738**	**70 062**	**295 464**
In %	9.43	36.30	23.54	7.02	23.71	100.00

Company assessed credit risk on financial assets that meet SPPI criteria as not significant at the end of the reporting period in compliance with IFRS 9 requirements.

F.32. Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. Therefore, accounting estimates might not be equal to the actual results. Significant estimates and assumptions are summarized below.

F.32.1. Assumptions Used in Reinsurance Liabilities and Reinsurance Assets

The Company uses certain assumptions when calculating its insurance liabilities and insurance assets. The process used to determine the assumptions that have the greatest effect on the measurement of the items in the Company's financial statements, and the effects of changes in the assumptions that would have a material effect on the recognized amounts, are discussed in part D.

F.32.2. Impairment of Loans and Receivables

At each balance sheet date the Company assesses whether there is objective evidence that any loan, receivable or reinsurance assets are impaired. They are impaired if there is objective evidence of impairment as a result of one or more events that have occurred since their initial recognition and the resulting loss event (or events) has an impact on the estimated future cash flows that can be reliably estimated (e.g., significant financial difficulty for the issuer or obligor; a breach of contract, such as default on interest or principal payments).

The Company first individually assesses whether objective evidence of impairment exists for any loans or receivables that are individually significant, and individually or collectively for any loans, receivables and reinsurance assets that are not individually significant. For the purposes of the collective evaluation of impairment, loans and receivables are grouped on the basis of similar credit risk characteristics.

F.32.3. Income Taxes

Judgement is required in determining the provision for income taxes. If the final tax outcome is different from the amounts that were initially recorded, such difference impacts the income tax and deferred tax in the period in which such determination is made.

F.32.4. Fair value of Financial Instruments

The fair value of financial instruments that are not traded on an active market is determined using valuation techniques. The Company uses its judgement to select a variety of methods and makes assumptions that are mainly based on the market conditions existing at each balance sheet date.

F.32.5. Contract Classification

When entering into an arrangement, certain judgement is used to determine the appropriate classification of the contracts entered in terms of International Financial Reporting Standards. In the application of management's judgement, the management considers the substance of the contractual arrangement rather than the legal terms, especially with regard to contractual arrangements that are complex in nature. The application of the substance of the arrangement includes the consideration of all information available when the contract becomes binding.

F.33. Consolidated Statements

Based on Act on Accounting No. 563/1991 Coll, as amended, par. 22aa, the Company does not have to prepare its consolidated financial statements, as the Company is fully consolidated by VIG holding.

F.34. Subsequent Events

The Company's management is not aware of any other event that has occurred since the balance sheet date that would have a material impact on the financial statements.

On 1 January 2020, the Act No. 364/2019 Coll., on technical provisions taxation came into effect. In 2020, technical provisions for tax calculation purposes will be defined in accordance with the Solvency II directive instead of the accounting standards as before. The amount of the technical provisions pursuant to Solvency II is provided in the Solvency and Financial Condition Report.

The spread of COVID-19 has resulted in an exceptional situation that is examining the design and operation of our management and internal control system. As part of the business continuity management process, our priority is primarily to protect the health of our employees, ensure the processes associated with providing reinsurance services and maintain a standard level of service for our business partners.

The company has further identified specific risks related to COVID-19, quantifies them and sets up monitoring to capture warning signals in a timely manner. With regard to underwriting risks, we primarily monitor risks related to business interruption, medical and life insurance. Although pandemic cover is in general explicitly excluded from the reinsurance contract and often also by the original policy, some incidental cover may prevail. We expect insurance companies may allow for ex gratia payments. In the area of market risks, this is mainly the evolution of share prices, bonds and market liquidity. Operational (operational) risks include, in particular, insufficient human resources, unavailability of our premises, unavailability of supplies and unavailability of information and communication technologies. Risks monitored also include a threat to the company's liquidity or imminent business risks related, for example, payment discipline.

In view of the development of the spread of the disease and its impact on the operation and continuity of the company's business, we are not aware of any impact on the results of the 2019 financial statements or any material impact threatening the further functioning of the company in 2020. Based on the standard stress tests carried out, the Company is convinced of a sufficient amount of its capital.

The financial statements were authorized by the Board of Directors of the Company on 31 March 2020.

Johannes Martin Hartmann
Chairman of the Board of Directors

Ivana Jurčíková
Member of the Board of Directors

Report of the Board of Directors

on relations between the controlling party and the controlled party and between the controlled party and other parties controlled by the same controlling party

in accordance with Section 82 of the Act No. 90/2012 Coll., on Business Companies and Cooperatives (on Business Corporations), as amended (hereinafter the "Act on Business Corporations").

Financial period from 1st January 2019 to 31st December 2019 is the vesting period of this Report on relations between the controlling party and the controlled party and between the controlled party and other parties controlled by the same controlling party (hereinafter the "Report on Relations")

I. Structure of relations

VIG RE zajišťovna, a.s., a company with its registered office at Templová 747/5,

110 01 Prague 1, Id. No.: 28445589, registered in the Commercial Register maintained with the Municipal Court in Prague, Section B, File 14560 (hereinafter "**VIG Re**"), is the **controlled person**.

VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe, a company with its registered office at Schottenring 30, Vienna 1010, Austria, registered in the Commercial Register maintained with the Commercial Court in Vienna, Section FN, File 75687 F (hereinafter "**VIG AG**"), is the **controlling person**.

II. Role of the company in the group

VIG AG is the leading person of the Vienna Insurance Group (hereinafter "**VIG Group**"), having the legal form of a joint-stock company.

VIG Re is a part of the VIG Group and engages especially in reinsurance activities under the Insurance Act.

III. Method and means of controlling

VIG AG holds shares of VIG Re in the aggregate nominal value of 55 % of the registered capital, whereby it fully controls VIG Re, especially by making decisions at the General Meeting.

VIG AG's shares in other subsidiaries, expressed in percent of the registered capital, are specified in Annex 2 to this Report (hereinafter "**VIG Group Companies**").

IV. Overview of mutual agreements between VIG Re and VIG Group Companies valid in the year 2019

The list of agreements between VIG Re and VIG Group Companies is enclosed in Annex 1 to this Report.

V. Overview of actions undertaken during the previous financial period at the instigation or in the interest of VIG AG or other VIG Group Companies

In 2019, no legal acts or other measures were undertaken in the interest or at the instigation of related parties. VIG Re only paid off the relevant dividend to the controlling person and other shareholders, in line with resolution of General Meeting.

VI. Assessment of the harm incurred and its compensation

VIG Re did not suffer any harm in 2019 based on agreements concluded between VIG Re on the one hand and VIG AG and other VIG Group Companies on the other.

VII. Confidentiality

Information and facts that form business secrets of the VIG Group Companies as well as information that has been designated as confidential by any VIG Group Company are deemed confidential within the VIG Group. Furthermore, confidential information also includes any information obtained in the course of trade that could be, in itself or in connection with other information or facts, to the detriment of any of the VIG Group Companies.

With a view to avoiding any harm to VIG Re, this Report on Relations does not comprise financial details of any performance or counter-performance under the concluded contracts and agreements.

VIII. Evaluation of the relations and risks within the VIG Group

The VIG Group is one of the leading insurance and reinsurance operators on the European market. VIG Re thus has access to know-how, inter alia, in the fields of Solvency II, audit, compliance and information technology. It is possible to conclude that VIG Re prevailingly benefits from the relationships within the VIG Group.

IX. Conclusion

This Report on Relations was drawn up by the Board of Directors of the controlled person, VIG RE zajišťovna, a.s., for the period from 1 January 2019 to 31 December 2019 and will be presented for review to the Supervisory Board. Given that VIG Re is required by valid law to prepare an Annual Report, this Report on Relations will form an integral part of the Annual Report. The Annual Report will be submitted for audit to audit firm KPMG Česká republika Audit, s.r.o.

In Prague, on 31 March 2020

Johannes Martin Hartmann
Chairman of the Board of Directors

Ivana Jurčíková
Member of the Board of Directors

Annex 1 to the Report on Related Parties 2019

Overview of mutual agreements between VIG Re and VIG Group Companies

Contracts and Agreements in effect for VIG AG and VIG Re in 2019
Re-insurance contracts between VIG Re and VIG AG
Contracts and Agreements in effect for VIG Re and other Controlled Parties, where the Controlling party is VIG AG in 2019
Subordinated Loan Agreement between VIG Re and VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe
Agreement on sharing of costs between VIG Re and Kooperativa pojišťovna, a.s., Vienna Insurance Group
Agreement on sharing of costs between VIG Re and VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe
Agreement on sharing of costs between VIG Re and InterRisk Versicherungs-AG Vienna Insurance Group
Lease contract between VIG Re and Kooperativa pojišťovna, a.s., Vienna Insurance Group
Lease contract between VIG Re and InterRisk Versicherungs-AG Vienna Insurance Group
Insurance contracts between VIG Re and Kooperativa pojišťovna, a.s., Vienna Insurance Group
Loan Agreement between VIG Re and KKB Real Estate SIA
Re-insurance contracts between VIG Re and BTA Baltic Insurance Company AAS, Riga
Re-insurance contracts between VIG Re and ASIGURAREA ROMANEASCA - ASIROM VIENNA INSURANCE GROUP S.A., Bucharest
Re-insurance contracts between VIG Re and "BULSTRAD LIFE VIENNA INSURANCE GROUP" EAD, Sofia
Re-insurance contracts between VIG Re and INSURANCE JOINT-STOCK COMPANY "BULSTRAD VIENNA INSURANCE GROUP", Sofia
Re-insurance contracts between VIG Re and Compania de Asigurari "DONARIS VIENNA INSURANCE GROUP" Societate pe Actiuni, Chisinau
Re-insurance contracts between VIG Re and Compensa Life Vienna Insurance Group SE, Tallinn
Re-insurance contracts between VIG Re and Compensa Towarzystwo Ubezpieczen Na Zycie Spolka Akcyjna Vienna Insurance Group, Warsaw
Re-insurance contracts between VIG Re and Compensa Towarzystwo Ubezpieczen Spolka Akcyjna Vienna Insurance Group, Warsaw
Re-insurance contracts between VIG Re and Compensa Vienna Insurance Group, akcine draudimo bendrove, Vilnius
Re-insurance contracts between VIG Re and Česká podnikatelská pojišťovna, a.s., Vienna Insurance Group, Prague
Re-insurance contracts between VIG Re and DONAU Versicherung AG Vienna Insurance Group, Vienna
Re-insurance contracts between VIG Re and CAL ICAL "Globus", Kiev
Re-insurance contracts between VIG Re and Stock Company for Insurance and Reinsurance MAKEDONIJA Skopje Vienna Insurance Group, Skopje
Re-insurance contracts between VIG Re and Joint Stock Company International Insurance Company IRAO, Tbilisi
Re-insurance contracts between VIG Re and InterRisk Lebensversicherungs-AG Vienna Insurance Group, Wiesbaden

Re-insurance contracts between VIG Re and InterRisk Towarzystwo Ubezpieczen Spolka Akcyjna Vienna Insurance Group, Warsaw
Re-insurance contracts between VIG Re and InterRisk Versicherungs-AG Vienna Insurance Group, Wiesbaden
Re-insurance contracts between VIG Re and INTERSIG VIENNA INSURANCE GROUP Sh.A., Tirana
Re-insurance contracts between VIG Re and Joint Stock insurance company WINNER - Vienna Insurance Group, Skopje
Re-insurance contracts between VIG Re and Joint Stock Company Insurance Company GPI Holding, Tbilisi
Re-insurance contracts between VIG Re and Komunálna Poistovna a.s. Vienna Insurance Group, Bratislava
Re-insurance contracts between VIG Re and KOOPERATIVA poisťovňa, a.s. Vienna Insurance Group, Bratislava
Re-insurance contracts between VIG Re and Kooperativa pojišt'ovna, a.s. Vienna Insurance Group, Prague
Re-insurance contracts between VIG Re and Insurance Company Nova Ins EAD, Sofia
Re-insurance contracts between VIG Re and OMNIASIG VIENNA INSURANCE GROUP S.A., Bucharest
Re-insurance contracts between VIG Re and Private Joint-Stock Company "INSURANCE COMPANY "KNIAZHA LIFE VIENNA INSURANCE GROUP", Kiev
Re-insurance contracts between VIG Re and PRIVATE JOINT-STOCK COMPANY "UKRAINIAN INSURANCE COMPANY "KNIAZHA VIENNA INSURANCE GROUP", Kiev
Re-insurance contracts between VIG Re and Private Joint-Stock Company "Insurance company" Ukrainian insurance group", Kiev
Re-insurance contracts between VIG Re and Ray Sigorta Anonim Sirketi, Istanbul
Re-insurance contracts between VIG Re and Sigma Interalbanian Vienna Insurance Group Sh.a., Tirana
Re-insurance contracts between VIG Re and UNION Vienna Insurance Group Biztosító Zrt., Budapest
Re-insurance contracts between VIG Re and Wiener Osiguranje Vienna Insurance Group ad, Banja Luka
Re-insurance contracts between VIG Re and Wiener osiguranje Vienna Insurance Group dioničko društvo za osiguranje, Zagreb
Re-insurance contracts between VIG Re and WIENER RE akcionarsko društvo za reosiguranje, Beograd, Belgrade
Re-insurance contracts between VIG Re and WIENER STÄDTISCHE VERSICHERUNG AG Vienna Insurance Group, Vienna
Re-insurance contracts between VIG Re and Joint Stock Insurance Company WINNER LIFE - Vienna Insurance Group, Skopje
Re-insurance contracts between VIG Re and Seesam Insurance Company AAS
Re-insurance contracts between VIG Re and Vienna Life Towarzystwo Ubezpieczeń na Życie S.A. Vienna Insurance Group, Warsaw
Re-insurance contracts between VIG Re and Wiener TU S.A, Vienna Insurance Group, Warsaw, Poland

Annex to the Related Parties Report 2019

Related parties to VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe.

Company	Country	The current capital share in %
Consolidated companies		
"BULSTRAD LIFE VIENNA INSURANCE GROUP" JOINT STOCK COMPANY	Bulgaria	100.00
"Compensa Services" SIA	Latvia	100.00
"Compensa Vienna Insurance Group", ADB	Lithuania	100.00
"Grüner Baum" Errichtungs- und Verwaltungsges.m.b.H.	Austria	100.00
AB "Compensa Services"	Lithuania	100.00
Anděl Investment Praha s.r.o.	Czechia	100.00
Anif-Residenz GmbH & Co KG	Austria	100.00
arithmetica Consulting GmbH	Austria	100.00
ASIGURAREA ROMANEASCA - ASIROM VIENNA INSURANCE GROUP S.A.	Romania	99.70
ATBIH GmbH	Austria	100.00
BCR Asigurari de Viata Vienna Insurance Group S.A.	Romania	93.98
Blizzard Real Sp. z o.o.	Poland	100.00
BTA Baltic Insurance Company AAS	Latvia	90.83
Bulgarski Imoti Asistans EOOD	Bulgaria	100.00
Businesspark Brunn Entwicklungs GmbH	Austria	100.00
CAL ICAL "Globus"	Ukraine	100.00
Camelot Informatik und Consulting Gesellschaft m.b.H.	Austria	95.00
CAPITOL, akciova spoločnost'	Slovakia	100.00
CENTER Hotelbetriebs GmbH	Austria	80.00
Central Point Insurance IT-Solutions GmbH	Austria	100.00
Česká podnikatelská pojišťovna, a.s., Vienna Insurance Group	Czechia	100.00
Compania de Asigurari "DONARIS VIENNA INSURANCE GROUP" Societate pe Actiuni	Moldova	99.99
Compensa Life Vienna Insurance Group SE	Estonia	100.00
Compensa Towarzystwo Ubezpieczen Na Zycie Spolka Akcyjna Vienna Insurance Group	Poland	99.97
Compensa Towarzystwo Ubezpieczen Spolka Akcyjna Vienna Insurance Group	Poland	99.94
CP Solutions, a.s.	Czechia	100.00

DBLV Immobesitz GmbH	Austria	100.00
DBLV Immobesitz GmbH & Co KG	Austria	100.00
DBR-Liegenschaften GmbH & Co KG	Germany	100.00
DBR-Liegenschaften Verwaltungs GmbH	Germany	100.00
Deutschmeisterplatz 2 Objektverwaltung GmbH	Austria	100.00
Donau Brokerline Versicherungs-Service GmbH	Austria	100.00
DONAU Versicherung AG Vienna Insurance Group	Austria	100.00
DVIB GmbH	Austria	100.00
ELVP Beteiligungen GmbH	Austria	100.00
Floridsdorf am Spitz 4 Immobilienverwertungs GmbH	Austria	100.00
Gesundheitspark Wien-Oberlaa Gesellschaft m.b.H.	Austria	100.00
Insurance Company Nova Ins EAD	Bulgaria	100.00
Insurance Company Vienna osiguranje d.d., Vienna Insurance Group	Bosnia and Herzegovina	100.00
INSURANCE JOINT-STOCK COMPANY "BULSTRAD VIENNA INSURANCE GROUP"	Bulgaria	100.00
InterRisk Lebensversicherungs-AG Vienna Insurance Group	Germany	100.00
InterRisk Towarzystwo Ubezpieczen Spolka Akcyjna Vienna Insurance Group	Poland	100.00
InterRisk Versicherungs-AG Vienna Insurance Group	Germany	100.00
INTERSIG VIENNA INSURANCE GROUP Sh.A.	Albania	89.98
Joint Stock Company Insurance Company GPI Holding	Georgia	90.00
Joint Stock Company International Insurance Company IRAO	Georgia	100.00
Joint Stock Insurance Company WINNER-Vienna Insurance Group	Macedonia	100.00
Kaiserstraße 113 GmbH	Austria	100.00
KALVIN TOWER Ingatlanfejlesztesi es Beruhazasi Korlatolt Felelössegü Tarsasag	Hungary	100.00
Kapitol pojišt'ovací a finanční poradenství, a.s.	Czechia	100.00
KOMUNALNA poisťovna, a.s., Vienna Insurance Group	Slovakia	100.00
KOOPERATIVA poist'ovna, a.s., Vienna Insurance Group	Slovakia	98.47
Kooperativa, pojišt'ovna, a.s., Vienna Insurance Group	Czechia	97.28
LD Vermögensverwaltung GmbH	Austria	100.00
Limited Liability Company "UIG Consulting"	Ukraine	100.00
LVP Holding GmbH	Austria	100.00
MAP Bürodienstleistung Gesellschaft m.b.H.	Austria	100.00
MC EINS Investment GmbH	Austria	100.00
MH 54 Immobilienanlage GmbH	Austria	100.00
Nußdorfer Straße 90-92 Projektentwicklung GmbH & Co KG	Austria	100.00
OMNIASIG VIENNA INSURANCE GROUP S.A.	Romania	99.50
Palais Hansen Immobilienentwicklung GmbH	Austria	56.55
Passat Real Sp. z o.o.	Poland	100.00
Pension Assurance Company Doverie AD	Bulgaria	92.58
PFG Holding GmbH	Austria	89.23

PFG Liegenschaftsbewirtschaftungs GmbH & Co KG	Austria	92.88
Porzellangasse 4 Liegenschaftsverwaltung GmbH & Co KG	Austria	100.00
Private Joint-Stock Company "INSURANCE COMPANY "KNIAZHA LIFE VIENNA INSURANCE GROUP"	Ukraine	97.80
Private Joint-Stock Company "Insurance company" Ukrainian insurance group"	Ukraine	100.00
PRIVATE JOINT-STOCK COMPANY "UKRAINIAN INSURANCE COMPANY "KNIAZHA VIENNA INSURANCE GROUP"	Ukraine	99.99
PROGRESS Beteiligungsges.m.b.H.	Austria	70.00
Projektbau GesmbH	Austria	100.00
Projektbau Holding GmbH	Austria	90.00
Rathstraße 8 Liegenschaftsverwertungs GmbH	Austria	100.00
Ray Sigorta Anonim Sirketi	Turkey	94.96
Schulring 21 Bürohaus Errichtungs- und Vermietungs GmbH & Co KG	Austria	100.00
SECURIA majetkovosprávná a podielová s.r.o.	Slovakia	100.00
Seesam Insurance AS	Estonia	100.00
Senioren Residenz Fultererpark Errichtungs- und Verwaltungs GmbH	Austria	100.00
Senioren Residenz Veldidenapark Errichtungs- und Verwaltungs GmbH	Austria	66.70
SIA "Urban Space"	Baltic States	100.00
SIGMA INTERALBANIAN VIENNA INSURANCE GROUP Sh.A.	Albania	89.05
Stock Company for Insurance and Reinsurance MAKEDONIJA Skopje Vienna Insurance Group	Macedonia	94.26
SVZ GmbH	Austria	100.00
SVZD GmbH	Austria	100.00
SVZI GmbH	Austria	100.00
T 125 GmbH	Austria	100.00
TBI BULGARIA EAD in Liquidation	Bulgaria	100.00
TECHBASE Sciene Park Vienna GmbH	Austria	100.00
twinformatics GmbH	Austria	100.00
UNION Vienna Insurance Group Biztositó Zrt.	Hungary	98.64
Untere Donaulände 40 GmbH & Co KG	Austria	100.00
Vienibas Gatve Investments OÜ	Estonia	100.00
Vienibas Gatve Properties SIA	Latvia	100.00
Vienna Life Towarzystwo Ubezpieczen na Zycie S.A. Vienna Insurance Group	Poland	100.00
Vienna-Life Lebensversicherung AG Vienna Insurance Group	Liechtenstein	100.00
VIG-AT Beteiligungen GmbH	Austria	100.00
VIG FUND, a.s.	Czechia	100.00
VIG ND, a.s.	Czechia	100.00
VIG Offices 1, s.r.o.	Slovakia	100.00
VIG Properties Bulgaria AD	Bulgaria	99.97
VIG RE zajišt'ovna, a.s.	Czechia	100.00
VIG REAL ESTATE DOO	Serbia	100.00

VIG Real Estate GmbH	Austria	100.00
VIG Services Ukraine, LLC	Ukraine	100.00
VITEC Vienna Information Technology Consulting GmbH	Austria	51.00
WGPV Holding GmbH	Austria	100.00
WIBG Holding GmbH & Co KG	Austria	100.00
WIBG Projektentwicklungs GmbH & Co KG	Austria	100.00
Wiener Osiguranje Vienna Insurance Group ad	Bosna a Hezcegovina	100.00
Wiener osiguranje Vienna Insurance Group dionicko drustvo za osiguranje	Croatia	97.82
WIENER RE akcionarsko drustvo za reosiguranje, Beograd	Serbia	100.00
WIENER STÄDTISCHE OSIGURANJE akcionarsko drustvo za osiguranje Beograd	Serbia	100.00
WIENER STÄDTISCHE VERSICHERUNG AG Vienna Insurance Group	Austria	97.75
Wiener Towarzystwo Ubezpiezen Spolka Akcyjna Vienna Insurance Group	Poland	100.00
WIENER VEREIN BESTATTUNGS- UND VERSICHERUNGSSERVICE-GESELLSCHAFT M.B.H.	Austria	100.00
WILA GmbH	Austria	100.00
WINO GmbH	Austria	100.00
WNH Liegenschaftsbesitz GmbH	Austria	100.00
WSBV Beteiligungsverwaltung GmbH & Co KG	Austria	100.00
WSV Beta Immoholding GmbH	Austria	100.00
WSV Immoholding GmbH	Austria	100.00
WSV Triesterstraße 91 Besitz GmbH & Co KG	Austria	100.00
WSV Vermögensverwaltung GmbH	Austria	100.00
WWG Beteiligungen GmbH	Austria	87.07
WNH Liegenschaftsbesitz GmbH, Vienna	Rakousko	100.00
WOFIN Wohnungsfinanzierungs GmbH, Vienna	Rakousko	100.00
WSBV Beteiligungsverwaltung GmbH & Co KG, Vienna	Rakousko	100.00
WSV Beta Immoholding GmbH, Vienna	Rakousko	100.00
WSV Immoholding GmbH, Vienna	Rakousko	100.00
WSV Vermögensverwaltung GmbH, Vienna	Rakousko	100.00
WWG Beteiligungen GmbH, Vienna	Rakousko	87.07
Companies consolidated using the equity method		
"Schwarzatal" Gemeinnützige Wohnungs- und Siedlungsanlagen-GmbH	Austria	100.00
AB Modřice, a.s.	Czechia	100.00
AIS Servis, s.r.o.	Czechia	100.00
Alpenländische Heimstätte, gemeinnützige Wohnungsbau- und Siedlungsgesellschaft m.b.H.	Austria	94.84
Beteiligungs- und Immobilien GmbH	Austria	25.00

Beteiligungs- und Wohnungsanlagen GmbH	Austria	25.00
ČPP Servis, s.r.o.	Czechia	100.00
CROWN-WSF spol. s.r.o.	Czechia	30.00
ERSTE drustvo s ogranicenom odgovornoscu za upravljanje obveznim i dobrovljnim mirovinskim fondovima	Croatia	25.30
Erste gemeinnützige Wohnungsgesellschaft Heimstätte Gesellschaft m.b.H.	Austria	99.77
FinServis Plus, s.r.o.	Czechia	100.00
GLOBAL ASSISTANCE, a.s.	Czechia	100.00
Gemeinnützige Industrie-Wohnungsaktiengesellschaft	Austria	55.00
Gemeinnützige Mürz-Ybbs Siedlungsanlagen-GmbH	Austria	99.92
Gewista-Werbegesellschaft m.b.H.	Austria	33.00
Global Expert, s.r.o.	Czechia	100.00
HOTELY SRNÍ, a.s.	Czechia	100.00
Main Point Karlín II., a.s.	Czechia	100.00
NEUE HEIMAT Oberösterreich Gemeinnützige Wohnungs-und SiedlungsgesmbH	Austria	99.82
Neuland gemeinnützige Wohnbau-Gesellschaft m.b.H.	Austria	61.00
Pražská softwarová s.r.o	Czechia	100.00
S - budovy, a.s.	Czechia	100.00
SOZIALBAU gemeinnützige Wohnungsaktiengesellschaft	Austria	54.17
SURPMO, a.s.	Czechia	100.00
Sanatorium Astoria, a.s.	Czechia	100.00
Towarzystwo Ubezpieczen Wzajemnych "TUW"	Poland	52.16
Urbanbau Gemeinnützige Bau-, Wohnungs- und Stadterneuerungsgesellschaft m.b.H.	Austria	51.46
VBV - Betriebliche Altersvorsorge AG	Austria	23.71
Österreichisches Verkehrsbüro Aktiengesellschaft	Austria	36.58
Unconsolidated companies		
"Assistance Company "Ukrainian Assistance Service" LLC	Ukraine	100.00
"Eisenhof" Gemeinnützige Wohnungsgesellschaft m.b.H.	Austria	20.13
"Neue Heimat" Stadterneuerungsgesellschaft m.b.H.	Austria	79.51
Akcionarsko drustvo za zivotno osiguranje Wiener Städtische Podgorica, Vienna Insurance Group	Montenegro	100.00
ALBA Services GmbH	Austria	48.87
Amadi GmbH	Germany	100.00
AQUILA Hausmanagement GmbH	Austria	97.75
AREALIS Liegenschaftsmanagement GmbH	Austria	48.87
Autosig SRL	Romania	99.50
B&A Insurance Consulting s.r.o.	Czechia	48.45
Benefia Ubezpieczenia Spolka z ograniczona odpowiedzialnoscia	Poland	99.94
Brunn N68 Sanierungs GmbH	Austria	48.87
Bulstrad Trudova Meditzina EOOD	Bulgaria	100.00

CAPITOL BROKER DE PENSII PRIVATE S.R.L.	Romania	98.18
CAPITOL INTERMEDIAR DE PRODUSE BANCARE S.R.L.	Romania	98.18
CAPITOL INTERMEDIAR DE PRODUSE DE LEASING S.R.L.	Romania	98.18
CARPLUS Versicherungsvermittlungsagentur GmbH	Austria	97.75
Compensa Dystrybucja Spolka z ograniczona odpowiedzialnoscia	Poland	99.98
DV Asset Management EAD	Bulgaria	100.00
DV CONSULTING EOOD	Bulgaria	100.00
DV Immoholding GmbH	Austria	100.00
DV Invest EAD	Bulgaria	100.00
DVIB alpha GmbH	Austria	100.00
DVS Donau-Versicherung Vermittlungs- und Service-Gesellschaft m.b.H.	Austria	100.00
EBS Wohnungsgesellschaft mbH Linz	Austria	24.44
EBV-Leasing Gesellschaft m.b.H.	Austria	72.32
EGW Datenverarbeitungs-Gesellschaft m.b.H.	Austria	71.92
EGW Liegenschaftsverwertungs GmbH	Austria	71.92
EGW Wohnbau gemeinnützige Ges.m.b.H.	Austria	71.92
Erste Bank und Sparkassen Leasing GmbH	Austria	47.90
Erste Biztositasi Alkusz Kft	Hungary	98.64
European Insurance & Reinsurance Brokers Ltd.	Great Britain	100.00
EXPERTA Schadenregulierungs-Gesellschaft mbH	Austria	99.44
Finanzpartner GmbH	Austria	48.87
Foreign limited liability company "InterInvestUchastie"	Belarus	100.00
GELUP GmbH	Austria	32.58
GGVier Projekt-GmbH	Austria	53.76
Glamas Beteiligungsverwaltungs GmbH & Co "Beta" KG	Austria	28.51
Global Assistance Polska Spolka z ograniczona odpowiedzialnoscia	Poland	99.99
GLOBAL ASSISTANCE SERVICES s.r.o.	Czechia	100.00
GLOBAL ASSISTANCE SERVICES SRL	Romania	99.70
GLOBAL ASSISTANCE SLOVAKIA s.r.o.	Slovakia	99.11
Global Services Bulgaria JSC	Bulgaria	100.00
Hausservice Objektbewirtschaftungs GmbH	Austria	20.72
HORIZONT Personal-, Team- und Organisationsentwicklung GmbH	Austria	98.29
Hotel Voltino in Liquidation	Croatia	97.82
Immodat GmbH	Austria	20.72
IMOVE Immobilienverwertung- und -verwaltungs GmbH	Austria	20.72
InterRisk Informatik GmbH	Germany	100.00
ITIS Spolka z ograniczona odpowiedzialnosczia	Poland	49.01
JAHORINA AUTO d.o.o.	Bosna a Hezcegovina	100.00
Jahorina Konseko Progres a.d. in Liquidation	Bosnia and Herzegovina	28.00

Joint Stock Company "Curatio"	Georgia	90.00
Joint Stock Insurance Company WINNER LIFE - Vienna Insurance Group Skopje	Macedonia	100.00
KUPALA Belarusian-Austrian Closed Joint Stock Insurance Company	Belarus	98.26
KWC Campus Errichtungsgesellschaft m.b.H.	Austria	48.87
Lead Equities II Auslandsbeteiligungs AG	Austria	21.59
Lead Equities II.Private Equity Mittelstandsfinanzierungs AG	Austria	21.59
LiSciV Muthgasse GmbH & Co KG	Austria	28.51
Money & More Pénzügyi Tanácsadó Zártkörüen Müködö Részvénytársaság	Hungary	98.64
PFG Liegenschaftsbewirtschaftungs GmbH	Austria	73.96
POLISA - ZYCIE Ubezpieczenia Spolka z ograniczona odpowieszialnoscia	Poland	99.97
Privat Joint-Stock Company "OWN SERVICE"	Ukraine	100.00
Renaissance Hotel Realbesitz GmbH	Austria	40.00
Risk Consult Bulgaria EOOD	Bulgaria	51.00
Risk Consult Polska Sp.z.o.o.	Poland	68.15
RISK CONSULT Sicherheits- und Risiko- Managementberatung Gesellschaft m.b.H.	Austria	51.00
Risk Expert Risk ve Hasar Danismanlik Hizmetleri Limited Sirketi	Turkey	64.19
Risk Experts Risiko Engineering GmbH	Austria	12.24
Risk Experts s.r.o.	Slovakia	51.00
Risk Logics Risikoberatung GmbH	Austria	51.00
Rößlergasse Bauteil Drei GmbH	Austria	100.00
Rößlergasse Bauteil Zwei GmbH	Austria	97.75
S. C. SOCIETATEA TRAINING IN ASIGURARI S.R.L.	Romania	98.46
S.C. CLUB A.RO S.R.L.	Romania	99.72
S.C. Risk Consult & Engineering Romania S.R.L.	Romania	51.00
S.O.S.- EXPERT d.o.o. za poslovanje nekretninama	Croatia	100.00
SB Liegenschaftsverwertungs GmbH	Austria	40.26
Senioren Residenzen gemeinnützige Betriebsgesellschaft mbH	Austria	97.75
serviceline contact center dienstleistungs-gmbh	Austria	97.75
Slovexperta, s.r.o.	Slovakia	98.51
Soleta Beteiligungsverwaltungs GmbH	Austria	28.51
Sparkassen-Versicherungsservice Gesellschaft m.b.H.	Austria	97.75
Spoldzielnia Uslugowa VIG EKSPERT W WARSZAWIE	Poland	99.97
TAUROS Capital Investment GmbH & Co KG	Austria	19.55
TAUROS Capital Management GmbH	Austria	24.93
TBI Info OOD	Bulgaria	20.00
TOGETHER CCA GmbH	Austria	24.71
twinfaktor GmbH	Austria	74.16
UAB "Compensa Life Distribution"	Lithuania	100.00
UNION-Erted Ellatasszervezö Korlatold Felelössegü Tarsasag	Hungary	67.33

Versicherungsbüro Dr. Ignaz Fiala Gesellschaft m.b.H.	Austria	47.90
Vienna Insurance Group Polska Spolka z ograniczona odpowiedzialnoscia	Poland	99.99
Vienna International Underwriters GmbH	Austria	100.00
Viesure innovation center GmbH	Austria	98.87
VIG AM Services GmbH	Austria	100.00
VIG Asset Management, a.s.	Czechia	100.00
VIG Management Service SRL	Romania	98.46
VIG Offices, s.r.o.	Slovakia	98.47
VIG Services Bulgaria EOOD	Bulgaria	100.00
VIG Services Shqiperi Sh.p.K.	Albania	89.52
VÖB Direkt Versicherungsagentur GmbH	Austria	48.87
WAG Wohnungsanlagen Gesellschaft m.b.H.	Austria	24.44
Wien 3420 Aspern Development AG	Austria	23.92
Wiener Städtische Donau Leasing GmbH	Austria	97.75
WOFIN Wohnungsfinanzierungs GmbH	Austria	20.72
WSBV Beteiligungsverwaltung GmbH	Austria	97.75
WSVA Liegenschaftbesitz GmbH	Austria	97.75
WSVB Liegenschaftbesitz GmbH	Austria	97.75

Declaration by the Board of Directors

We declare that the information stated in this annual report corresponds to the actual situation and that no fundamental information that could influence a correct and precise assessment has been omitted.

31 March 2020

Johannes Martin Hartmann
Chairman of the Board of Directors

Tomasz Rowicki
Member of the Board of Directors

Ivana Jurčíková
Member of the Board of Directors