SOLVENCY AND FINANCIAL CONDITION REPORT 2024

VIG Re
VIENNA INSURANCE GROUP

200 YEARS | WIENER STÄDTISCHE VERSICHERUNGSVEREIN

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Summary

The purpose of this document, the Solvency Financial Condition Report (hereinafter "the Report") is to respond to the public disclosure requirements as defined by the Solvency II Regulation. The elements of the disclosure relate to business performance, governance, risk profile, solvency and capital management.

VIG RE zajišťovna, a.s. (hereinafter also "VIG Re" or "the Company") is a member of Vienna Insurance Group ("VIG") was incorporated on 18 August 2008 after receiving the license to carry out reinsurance business and related activities on 8 August 2008. It has its headquarters at Templová 747/5, Prague 1 and has conducted reinsurance business in non-life, life and health lines of business since 2009.

VIG Re is responsible for managing the Group reinsurance programs of Vienna Insurance Group and assumes reinsurance from insurance undertakings outside of VIG Group mainly from Continental Europe and East Asia.

VIG Re adheres to a prudent risk management policy with focus on underwriting discipline, operational excellence, a prudent investment policy and fostering talents that all together gives rise to a high-performance culture and ensure a resilient business model. Along with a strong capital position, its nimble operating model and the ability to offer broad risk solutions across all main lines of business, the Company is well positioned to seize opportunities in its markets.

It should be noted that sums and percentages calculations may include minor deviations due to rounding effects. The Solvency Financial Condition Report 2024 was approved by the Board of Management on 2nd April 2025.

Business and Performance

The year 2024 concluded on a positive note for the reinsurance industry, characterized by favourable market conditions. These conditions were driven by risk repricing, restructuring of reinsurance programs, and tighter terms and conditions, leading to improved alignment between cedants and reinsurers. VIG Re leveraged the challenging market environment as an opportunity for profitable growth. Strengthening its position as a leading reinsurer in Central and Eastern Europe, the Company expanded its value proposition in other Continental European and mature Asian markets. In the financial year 2024, VIG Re reported insurance revenue of EUR 892.7 million compared with EUR 819.4 million a year earlier (9% year-over-year growth). Property & Casualty business contributed with EUR 791.1 million while Life & Health with EUR 101.6 million.

The results of 2024 demonstrated VIG Re's ability to deliver sustainable underwriting profitability. The annual combined ratio for 2024 of 89.6% represents an improvement of 1.2 percentage points compared to 2023. This figure is particularly impressive given that 2024 marked another year of above-average catastrophe losses for the insurance industry. This strong underwriting result, combined with solid investment returns, resulted in a 10.2% annualized return on equity for the year.

The Company's business activities per material lines of business and regions are set out in chapter A.

System of Governance

The Company's system of governance as defined in the internal standards encompasses integral elements, such as an integrated risk management system, the internal control system and the four key functions (actuarial function, compliance function, risk management function, internal audit function).

Continuous improvement of the risk management and steering as well as a high integration of risk considerations in the planning, business and decision-making processes throughout the Company are paramount to VIG Re's Risk Strategy.

An integral element which combines the quantitative and qualitative risk management results and the strategic and business planning is the forward-looking Own Risk and Solvency Assessment (ORSA) as an important element in the integrated planning process and impacting the strategic and business decisions-making in the VIG Re management processes.

Persons who effectively run the Company, key function holders and persons with material impact on the Company's risk profile are fit and proper for their positions. The remuneration system is in accordance with Solvency II Regulation and the Company's business and risk strategy.

Risk Profile

In the context of VIG Re's main activity operating as a reinsurance company, underwriting risk is the core risk of the Company's profile. The Company is mostly exposed to non-life underwriting risk and to a moderate extent to life and health underwriting risk.

VIG Re maintained a consistent and disciplined execution of its strategy that mitigates underwriting risk by adhering to a prudent policy, including underwriting limits, accumulation control, and retrocession. The Company uses a partial internal model for the non-life underwriting risk and NSLT health underwriting risk.

Market risk is governed by VIG Re's Investment and Risk Strategy which sets a balanced risk/return-profile and limits for asset allocation. To manage counterparty default risk VIG Re distributes its reinsurance protection programs over a diversified panel of financially solid reinsurance companies, in compliance with VIG Security Guidelines. In the area of operational risk, procedures, controls and emergency plans areas are in place to ensure sustainable reinsurance services.

The Solvency Capital Requirement increased from EUR 164 million in 2023 to EUR 212 million in 2024 in line with the Company's underwriting and investment portfolio growth.

Detailed information for VIG Re's risk profile and its key procedures of risk mitigation is provided in chapter C.

Valuation for Solvency Purposes

The valuation of assets and liabilities for Solvency II purposes is performed on a fair value (market value) basis. In case IFRS values appropriately reflect the fair value, these are used for Solvency purposes as well. Chapter D further elaborates on the main differences between statutory reports according to IFRS standards and Solvency II valuation separately for each item.

Capital Management

The Company's own funds comprise of the ordinary share capital, the share premium, the reconciliation reserve and subordinated liabilities. Eligible own funds amount to EUR 406 million in 2024, increased by approximately EUR 43 million compared to prior year. The increase is driven mainly by a share capital increase of EUR 50 million.

As mentioned, in 2024, the Company received a share capital increase of EUR 50 million which increases the unrestricted Tier 1 own funds.

The solvency ratio amounted to 192% in 2024 and was therefore around 28 percentage points lower than in the previous year. The decrease in the solvency ratio is mainly due to the increase in solvency capital requirement, driven by the portfolio growth as well as the effects of natural catastrophe events that temporarily increase counterparty default risk and operational risk.

BUSINESS AND PERFORMANCE

A.1 BUSINESS

A.1.1 Name and Legal Form of the Undertaking

VIG RE zajišťovna, a.s. is a company incorporated in the Czech Republic in the form of a joint-stock company, registered in the Commercial Register maintained with the Municipal Court in Prague, file no. B 14560 and with identification no. 28445589.

The address of the registered office and official webpage is as follows:

Templová 747/5
110 01 Prague 1
Czech Republic
www.vig-re.com

This Report covers VIG Re on a solo basis.

The Company has a licence to pursue the following activities:

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

- Activities related to reinsurance activities under the Insurance Act:
  - investigation of reinsurance events,
  - mediation activities undertaken in connection with reinsurance activities,
  - consulting services related to reinsurance,
  - educational activities for reinsurance intermediaries and independent assessors of reinsurance events.

The aforementioned activities were performed by the Company as of the date of this report. Performance of these activities was not limited or suspended by the Czech National Bank during the vesting period.

Underwriting Territories

Figure 1 - Underwriting Territories

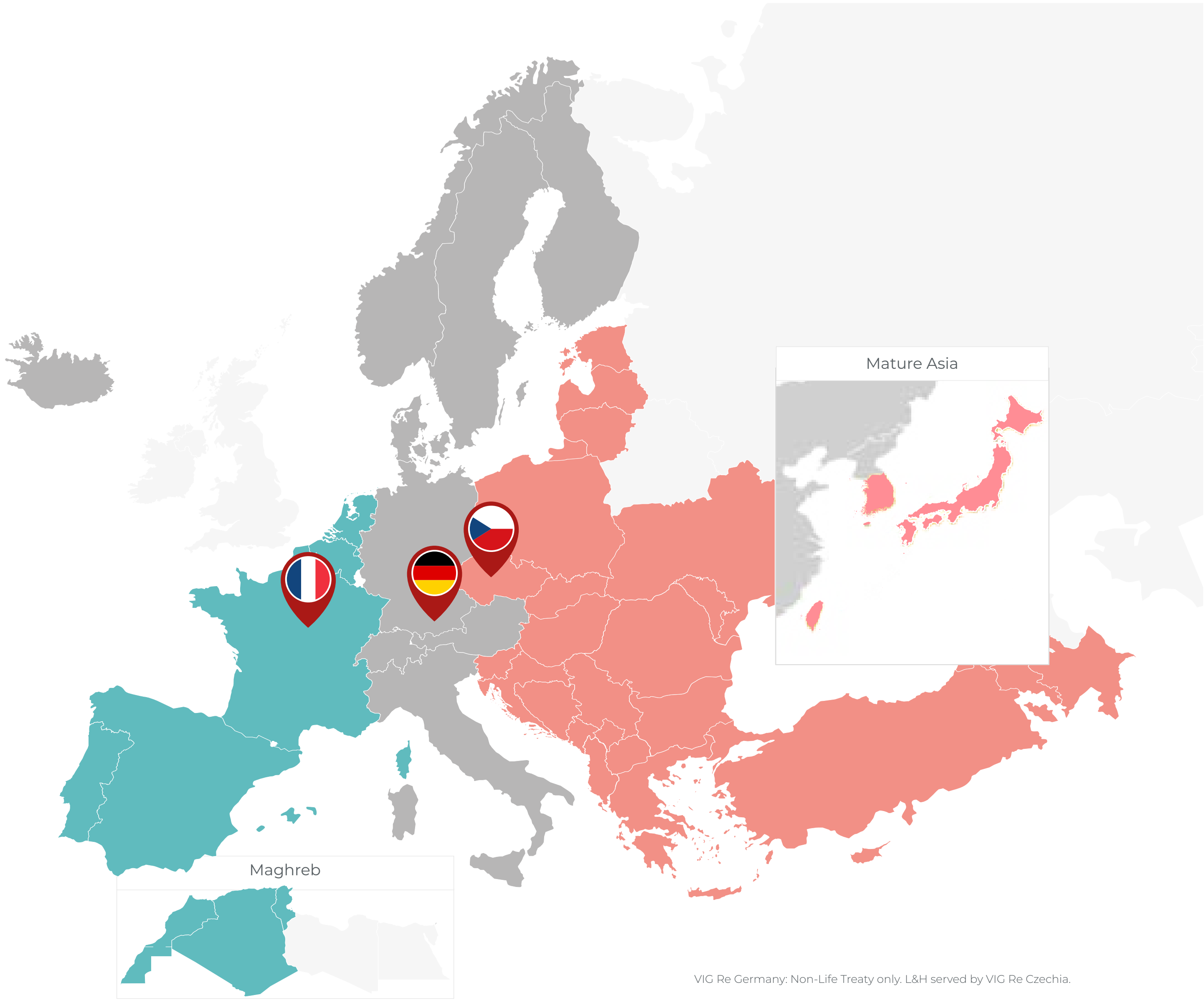


Figure 1 shows the underwriting territories from which the Company assumed property and casualty reinsurance in 2024. These would include most Continental European countries as well as Japan, South Korea, Morocco, Tunisia, Algeria and Taiwan. Moreover, in line with the 'VIG Re Strategy 2025', new underwriting territories have been added and the Company is further extending its footprint in life, facultative as well as obligatory natural catastrophes reinsurance offerings.

A.1.2 Name of the Supervisory Authority Responsible for the Financial Supervision of the Undertaking and Group

The Company is subject to supervision by Česká národní banka (Czech National Bank).
The contact details are follows:

Česká národní banka I Na Příkopě 28 I 115 03 Prague I Czech Republic I www.cnb.cz

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

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

A.1.3 External Auditor of the Undertaking

KPMG Česká republika Audit, s.r.o. is the Company's external auditor.
The auditor's contact details are as follows:

KPMG Česká republika Audit, s.r.o. I Pobřežní 648/1a I 186 00 Praha 8 I Czech Republic I www.kpmg.cz

A.1.4 Holders of Qualifying Holdings in the Undertaking

Table 1 - Shareholders of the Undertaking

Business Name	Legal Form	Address	Share Capital
VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe	joint-stock company	Schottenring 30, 1010 Wien	55%
Donau Versicherung AG Vienna Insurance Group	joint-stock company	Schottenring 15, 1010 Wien	10%
Kooperativa pojišťovna, a.s., Vienna Insurance Group	joint-stock company	Pobřežní 665/21, 186 00 Praha 8	10%
Kooperativa poisťovňa, a.s. Vienna Insurance Group	joint-stock company	Štefanovičova 4, 816 23 Bratislava	10%
WIENER STÄDTISCHE Versicherung AG Vienna Insurance Group	joint-stock company	Schottenring 30, 1010 Wien	15%

A.1.5 Legal Structure

VIG Re is a member of VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe. Detailed list of related parties is available in the annual report of the Company under Annex 2 to the Report on Related Parties.

In line with its strategic focus on Continental European reinsurance markets, the Company established a branch office in Frankfurt am Main, Germany, in September 2017 (relocated to Munich in 2023 to enhance the business opportunities for the branch underwriting portfolio) and in Paris, France, in November 2018. The economic information of the branches is, in accordance with the legislation of the Czech Republic, an integral part of the financial statements of the Company.

VIG Re has a subsidiary in Wiener RE a.d.o. Beograd, which was acquired from WIENER STÄDTISCHE Versicherung AG Vienna Insurance Group. Wiener Re is a reinsurance company based in Belgrade and is currently active in Serbia and the adjacent countries Bosnia and Herzegovina, Montenegro and North Macedonia. VIG Re has also share in VIG FUND, a.s operating in the area of real estate management.

Table 2 - VIG Re Shares 2024

Business Name	Legal Form	Address	Share Capital
Wiener RE a.d.o. Beograd	joint-stock company	Resavska 23, 11000 Belgrade	100%
VIG FUND, a.s	joint-stock company	Templová 747/5, 110 00 Praha 1	3.13%

Table 3 - VIG Re Shares 2023

Business Name	Legal Form	Address	Share Capital
Wiener RE a.d.o. Beograd	joint-stock company	Resavska 23, 11000 Belgrade	100%
VIG FUND, a.s	joint-stock company	Templová 747/5, 110 00 Praha 1	3.13%

A.2 UNDERWRITING PERFORMANCE

A.2.1 Underwriting Performance in 2024

Market Environment

The year 2024 marked a positive momentum for the reinsurance industry, characterized by favourable market conditions. These conditions were driven by risk repricing, restructuring of reinsurance programs, and tighter terms and conditions.

Risk repricing and program restructuring contributed to pricing adjustments in natural catastrophe (NatCat) reinsurance globally. These adjustments were driven by structural changes and an increased supply of capital relative to demand. However, there are early indications that the pricing momentum for NatCat may have peaked due to the excess supply of capital, although pricing remains at high levels. The elevated number of weather-related events and a more complex risk landscape are expected to continue going forward. The post-presidential election in the US, higher inflation and interest rates, rising geopolitical tensions, supply chain vulnerabilities, cyber risks, civil unrest, and potential loss aggregation all contribute to the risk that the reinsurance industry may provide capacity at too low prices, potentially leading to market softening despite the challenging environment.

Higher fixed-income asset returns bolstered reinsurer profitability in 2024. However, inflation continued to pressure loss reserves, prompting further reserve strengthening, particularly in long-tail lines. Inflation increased insurance values and stimulated demand for reinsurance, while recent catastrophic events prompted model adjustments.

Looking ahead to 2025, the favourable market conditions for reinsurers are expected to persist with continued risk repricing, program restructuring, and tighter terms and conditions. However, the uncertain risk landscape and economic factors will require careful navigation. In summary, the high-risk momentum necessitates a cautious approach to capital deployment and risk management in 2025. The industry shall balance the favourable market conditions with the complexities of the evolving risk landscape to ensure sustained profitability and stability.

Business Performance 2024

VIG Re accepts reinsurance contracts under both Property & Casualty and Life & Health segments.
The insurance revenue in accordance with the IFRS 17 principles rose by 9% in 2024 closing at EUR 892.7 million which is mainly attributed to growth of the Property & Casualty segment. Property & Casualty remains the key business segment both in respect of revenue and profitability.

Table 4 - Insurance revenue from reinsurance contracts issued (in EUR '000)

	2024	2023
Property & Casualty	791,092	724,378
Life	38,224	39,490
Health*	63,353	55,533
Insurance revenue	**892,669**	**819,401**

* Including WST multiline treaty

The key lines of business in the financial year 2024 measured by insurance revenue are as follows: non-proportional property reinsurance (EUR 378 million), fire and other damage to property insurance (EUR 250.1 million) and non-proportional casualty reinsurance (EUR 97.1 million). Other lines of business are non-proportional health reinsurance (EUR 52.5 million), life (EUR 38.2 million) along with the remaining lines of business account for less than 10% of the total insurance revenue.

VIG Re's net underwriting result rose to EUR 33.2 million in 2024 up from EUR 31.7 million in prior reporting year.

Table 5 - Net underwriting result (in EUR '000)

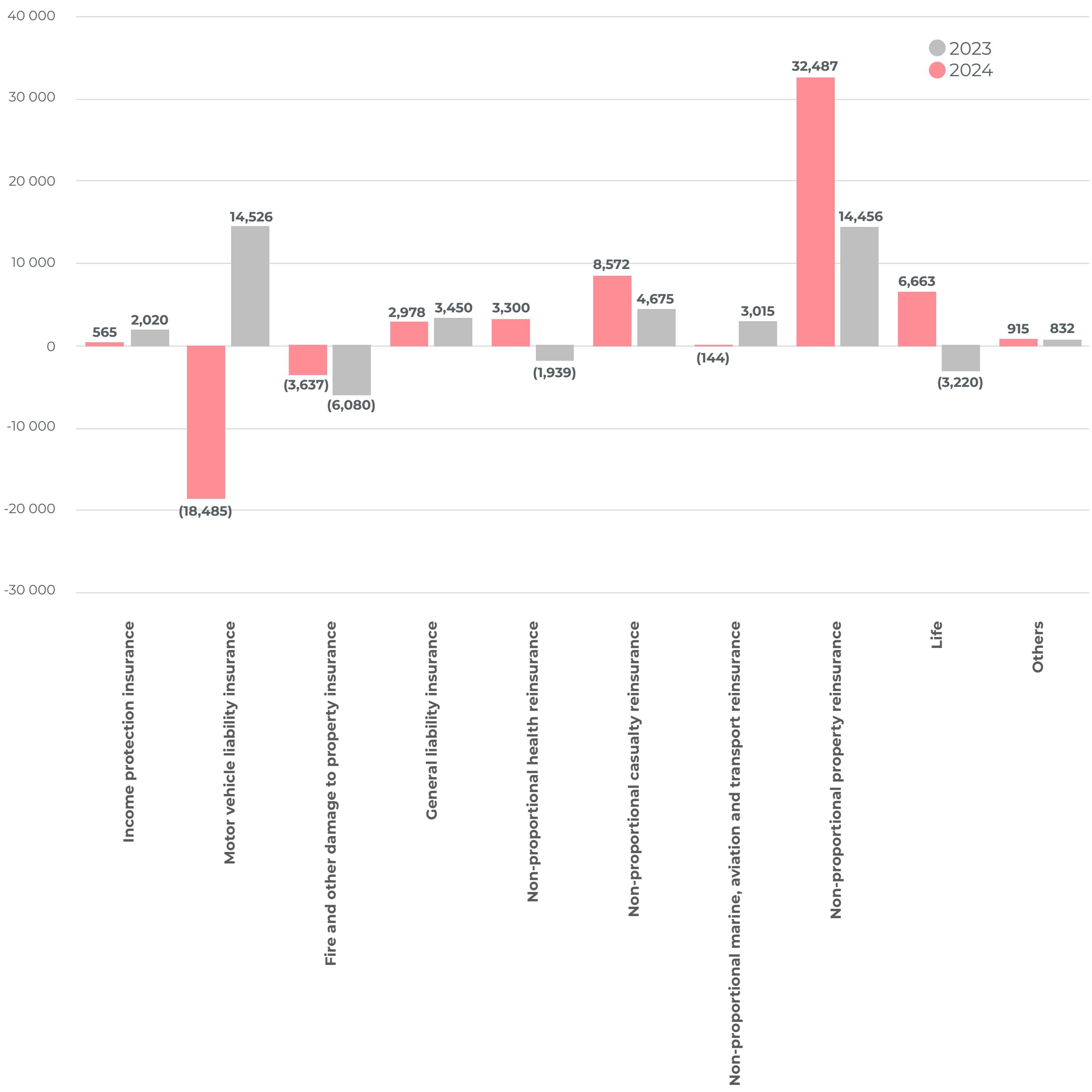
	2024	2023
Insurance service result* (1)	**49,735**	**41,472**
Property & Casualty	35,636	45,771
Life	6,957	(3,334)
Health	7,142	(965)
Insurance finance income or expenses* (2)	**(16,521)**	**(9,736)**
Property & Casualty	(14,710)	(10,271)
Life	(294)	114
Health	(1,517)	421
Net underwriting result (1) + (2)	**33,214**	**31,735**

* Including result from reinsurance contracts held

As of year-end 2024, Property & Casualty segment recognised positive net underwriting results mainly from the following lines of business: proportional and non-proportional property reinsurance (EUR 28.9 million), non-proportional casualty reinsurance (EUR 8.6 million) and non-proportional health reinsurance (EUR 3.3 million). This performance is essentially attributed to organic portfolio growth complemented by favourable loss development in 2024 along with a lower LIC position related to the past annual cohorts despite the major NatCat event Boris flood. It should be pointed out that the profit recognition within the property lines of business is, to some extent, affected by an allocation of the multi-line retrocession treaties covering both proportional and non-proportional lines of business. In contrary, the underwriting result of motor vehicle liability reinsurance line of business deteriorated from previous year as a result of revision of estimates from prior years. The Life & Health segment recognised a positive result of EUR 14.1 million mainly due to improvement in reported losses from previous year.

The overall insurance service result improved from previous year in particular for Life & Health segments at the same time partially reduced by worse performance of the Property & Casualty segment. The insurance finance expense increased by EUR 6.8 million mainly due to a higher interest accretion on reinsurance liabilities.

Figure 2 - Net underwriting result by Line of Business (in EUR '000)



* Others include the following LoBs: Medical expense insurance, Other motor insurance, Marine, aviation and transport insurance, Credit and suretyship insurance, Legal expenses insurance, Miscellaneous financial loss insurance.

Breakdown of the net underwriting result by geographical areas is presented as follows:

Table 6 - Net underwriting result by geographical area (in EUR '000)

	2024	2023
EMEA	8,685	7,837
Asia–Pacific	23,232	23,764
Americas	1,298	134
Other	0	0
Net underwriting result	**33,214**	**31,735**

The underwriting result improved across all geographical areas due to the reasons as commented above.

A.3 INVESTMENT PERFORMANCE

A.3.1 Investment Performance in 2024

Bonds and equities delivered positive performance in 2024 despite rising geopolitical tensions. Central banks started the cycle of interest rate cuts during the year after unprecedented pace of rate hikes in previous two years. Bond yields in Europe and other developed markets moved sideways as the pace of cuts has been slowed down by persistent inflation threats. Equities, risk assets and credit spreads had positive trend for almost entire year profiting from strong US economy and reported company earnings. The technology sector was the main driver of equity performance. Real estate market and especially office space segment continued its underperformance also in 2024.

VIG Re investments were primarily channelled into fixed income supported by the attractive yields. Most of the investments occurred in the first quarter of 2024, as there was increased amount of available liquidity stemming from available cash from capital increase. Focus was laid on high issuer quality and good ratings, targeting average maturity of 4 years. Additionally, bond transactions in non-EUR currencies for FX-ALM purposes took place. VIG Re increased its exposure to equity funds and alternative investments by investing into funds and increase of commitments according to the Investment and Risk Strategy 2024.

Table 7 - Investments (in EUR '000)

Investments	2024	2023
Property, plant & equipment held for own use	**4,454**	**2,257**
Investments	**737,919**	**635,233**
Holdings in related undertakings, including participations	**8,971**	**9,005**
Participations in fully consolidated insurance companies	0	0
Participations in fully consolidated non-insurance companies	8,971	9,005
Equities	**1,588**	**953**
Equities - listed	0	0
Equities - unlisted	1,588	953
Bonds	**671,614**	**602,160**
Government bonds	305,487	331,291
Corporate bonds	366,127	270,869
Collective Investments Undertakings	**23,671**	**13,779**
Deposits other than cash equivalents	**32,075**	**9,336**
Loans & mortgages	**27,586**	**22,140**
Deposits to cedants	**127,922**	**135,828**
Cash and cash equivalents	**34,337**	**48,080**
Total	**932,217**	**843,538**

Increase in total value of investments is driven by additional investments from available cash from capital increase EUR 50m, new technical reserves and value appreciation of the investment portfolio.

The investment result per asset class for 2024 and 2023 is presented in the tables below:

Table 8 - Investment Result of Individual Assets Classes 2024 (in EUR '000)

Asset category	Dividends	Interest	Net Gains and Losses	Unrealised Gains and Losses
Government Bonds	0	8,374	(53)	2,224
Corporate Bonds	0	7,885	(128)	6,023
Equity instruments	210	0	450	(65)
Collective investments undertakings	520	0	0	209
Cash and deposits	0	2,842	(72)	(433)
Mortgages and loans	0	769	0	768
Other investments	0	0	0	(1,017)
Total	**730**	**19,870**	**197**	**7,709**

Table 9 - Investment Result of Individual Assets Classes 2023 (in EUR '000)

Asset category	Dividends	Interest	Net Gains and Losses	Unrealised Gains and Losses
Government Bonds	0	3,921	(200)	8,052
Corporate Bonds	0	6,457	(687)	11,249
Equity instruments	767	0	0	166
Collective investments undertakings	398	0	(6,237)	(1,545)
Cash and deposits	0	1,219	(45)	(2,291)
Mortgages and loans	0	(1,614)	(370)	(1,334)
Other investments	0	0	(559)	0
Total	**1,166**	**9,983**	**(8,098)**	**14,297**

The revenues fully reflect the structure of the assets and their prudent risk profile. Increase of interest from government and corporate bonds was related to higher investment volume in this asset category, and higher average yields (also impacted by foreign currency investments especially TRY). Impact of foreign currencies is also visible in higher interest from cash and deposits. Net gains and losses are negatively influenced by matured bonds affected by currency devaluation in some currencies primarily KRW, TRY, JPY and CHF. On the other hand, this negative effect was compensated by realization of profits, mainly from bond interest.

Unrealized gains and losses were affected largely by decreasing yields, spreads widening and consequently increased valuations of the bond portfolio. The expense overview related to investment activity in 2024 and 2023 is shown in the following table:

Table 10 - Expenses Related to Investment Activity (in EUR '000)

	2024	2023
Interest from deposits to retrocessionaires	205	54
Expenses of asset management and securities	670	552
Interest expenses of subordinated debt	2,233	2,202
Depreciation and costs of property	0	0
Other expenses	0	0
Expenses of investment activity	**3,108**	**2,807**

The expenses of investment activity increased due to increase of asset management expenses tied to total investment volumes and number of transactions.

A.4 PERFORMANCE OF OTHER ACTIVITIES

There is no other material information related to other Activities.

A.5 ANY OTHER INFORMATION

There is no other material information related to business performance.

SYSTEM OF GOVERNANCE

B.1 GENERAL INFORMATION ON THE SYSTEM OF GOVERNANCE

The Company's system of governance is defined by valid and applicable law, a set of internal rules, procedures and reporting lines as governed by the documents of the Company (Articles of Association, Rules of Procedure of the corporate bodies and the established committees) and other internal policies. The system of governance sets the overall responsibilities and tasks of the governing bodies of the Company, as well as all individuals. The system of governance encompasses also other integral elements, such as the risk management system (including the risk appetite framework, ORSA, etc.) and the interconnected internal control system and the key functions. All these elements contribute to a robust system of governance and efficient management of the Company. The individual elements are discussed in more detail in the following chapters.

B.1.1 Role and Responsibilities of the Board of Management

The **Board of Management** ("představenstvo" as per the Company's Articles of Association; "Board of Directors" term used until December 2024) as the highest statutory body of the Company is responsible for the determination of objectives and business plans and fulfilling them, setting the organisational structure, setting the remuneration and ultimately takes ownership of all risks. In doing so, the Board of Management follows the tasks, as assigned to it by the valid and applicable law (inter alia Act no. 90/2012 on Business Companies and Cooperatives (on Business Corporations), as amended (hereinafter the "**Act on Business Corporations**") and Act no. 277/2009 Coll., Insurance Act, as amended) and internal documents (decisions of the General Meeting, the Company's Articles of Association, Rules of Procedure of the Board of Management, etc.). The number of the members of the Board of Management was four as at 31st December 2024. One of the serving members of the Board of Management was appointed as Vice-Chairman from 1st February 2024 to 31st December 2024.

Seven committees were established in order to support the Board of Management and enhance the organizational structure and delegation of additional functions in line with strategic elements of the Company.

The **Executive Committee** is a collective body, which acts as an advisory and decision-making body to the Board of Management, taking resolutions on matter which are of relevance for the general management of the Company or in respect of leadership principles and corporate culture matters. The Executive Committee is held on a monthly basis, chaired by the Vice-Chairman of the Board of Management until December 2024 and consists of all the members of the Board of Management, chairmen/chairwomen of the other committees and the Head of Corporate Development department.

The **Actuarial Committee** is a collective body, which particularly advises the Board of Management in its decision making in respect of appropriate technical reserving to ensure long-term financial stability of the Company when meeting its objectives. The Committee is chaired by the Head of Reserving department and is held at least on a quarterly basis.

The **Risk and Capital Committee** is a collective body, which particularly advises the Board of Management in its decision-making process in respect of risk and compliance situation of the Company, e.g. risk profile, its adequate measurement and steering within risk strategy of the Company. The Committee is chaired by the Chief Risk Officer and is held at least on a quarterly basis.

The **Underwriting Committee** is a collective body, which particularly ensures that reinsurance business assumed ("underwritten") by the Company is aligned with the Company's Underwriting Guidelines, taking into account the Company's business strategy, risk strategy, its values and long-term strategy as well as the nature, scale and complexity of the risks inherent to the business. The Committee is chaired by the Chief Underwriting Officer and is held at least on a quarterly basis.

The Company has also set up an **HR Committee** as a collective body which copes with the matters concerning the performance assessment and remuneration of employees of the Company. The members are the members of the Board of Management and the Head of HR Operations of the Company.

The **Market Committee** is a collective body, which ensures best practices and coherent approach towards markets and business partners in line with the Company´s approved business strategy. It is chaired by the Chief Market Officer.

The **Operations Committee** is a collective body, which ensures operation excellence fostering lean and efficient processes. It is chaired by the Chief Operations Officer. The committee did not operate in 2024, as the responsibilities were executed generally by the project management Steering Committee run by the Corporate Development department.

B.1.2 Role and Responsibilities of the Supervisory Board

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

The Supervisory Board meets regularly four times a year. The regular agenda includes the Company's strategy, business plan, report from the Audit Committee, management report, report on business and project development activities, report on Wiener Re (subsidiary company of VIG Re), but also other relevant key topics.

The Supervisory Board was also informed about the development of the solvency position of VIG Re and subsequently measures were taken to manage the solvency ratio within the defined comfort zone.

The list of members of the Supervisory Board is to be found in the Annual Report 2024.

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

The following committees are established at VIG Re:

- Committee for the Matters of the Board of Management,
- Committee for Urgent Matters.

The **Committee for the Matters of the Board of Management** is a collective body whose members are appointed by the Supervisory Board from amongst its members. The Committee for the Matters of the Board of Management deals with matters concerning the Board of Management if these matters fall within the competence of the Supervisory Board.

The **Committee for Urgent Matters** is a collective body whose members are appointed by the Supervisory Board from amongst its members. The Committee for Urgent Matters deals with issues which, due to their special urgency, cannot be postponed until the next meeting of the Supervisory Board. The Committee for Urgent Matters is particularly authorised to grant consent to acts and measures for which the consent of the Supervisory Board is otherwise required pursuant to the Articles of Association or the Rules of Procedure of the Board of Management.

In addition to the aforementioned committees, the Company has established the Audit Committee as a corporate body of the Company.

The **Audit Committee** monitors the process of preparation of financial statements, assesses the efficiency and effectiveness of the internal controls and internal audit, oversees the external audit of financial statements and assesses the suitability and independence of the external auditor. It also recommends the statutory auditor to the Supervisory Board. There was no change to the organizational structure of the Audit Committee over the course of 2024 and the list of its members is to be found in the Annual Report 2024.

B.1.3 General Information on Second and Third Line of Defence Functions

The authority, resources and operational independence of the key functions is as follows:

Actuarial Function – The function is a unit independent from the reserving team, hence independent from the technical provisions' calculation. Information on the authority, resources and independence of the Actuarial Function is provided in chapter B.7. Actuarial Function.

Risk Management Function – The function is assigned to the Chief Risk Officer who is responsible for the implementation of an adequate risk management system and maintains independence by carrying out an oversight role in the major processes, allowing for robust challenge of decisions and processes across the business. Details of responsibilities and processes are provided in chapter B.3.

Compliance Function – The function is assigned to the Chief Compliance Officer. The Compliance Function Holder at VIG Re is the representative towards the state authority and holds the ultimate responsibility for the Compliance Function. The task of the Compliance Function is to ensure that all the key risks are properly managed and that the Company is conducting its business in full compliance with applicable laws. More information on the implementation, authority and independence is provided in chapter B.5.

Internal Audit Function – The Internal Audit Function has been assigned to the Internal Auditor of the Company since 2023 and partially outsourced to VIG Group. The Internal Audit Function maintains independence as the officers that conduct the audit work are from an external organization (please refer to chapter B.8 Outsourcing). More information on the implementation, authority and independence is provided in chapter B.6.

Corporate Underwriting is a department whose responsibilities are also related to the second line of defence. The department monitors the underwriting risk profile of the Company and the portfolio development by line of business and market segments ensuring that the underwritten business in compliance with the Risk Strategy and Underwriting Guidelines.

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

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

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

The purpose is to ensure a general framework for:

- Establishing, implementing and maintaining remuneration practices in line with the Company's business and risk management strategy, its risk profile, values and long-term goals, risk management practices including sustainability risk.
- Measures aimed at avoiding conflicts of interest and excessive risk-taking at the expense of the Company or its stakeholders.

Remuneration Components

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

Fixed remuneration is a predefined amount of money a person receives as a fixed payment in regular instalments.

Variable remuneration is the amount that is related to performance and it is not a claimable component of the overall salary if performance requirements are not met. Variable remuneration must not be based solely on financial criteria.

In general, the fixed component for members of the Corporate Bodies and Key Function Holders must form at least 50% of the total remuneration.

Remuneration Schemes for Specific Types of Personnel

A specific remuneration policy applies to the members of the Board of Management, other employees with material impact on VIG Re's risk profile and holders of the key functions.

In general, the remuneration for those types of personnel contains a variable component which shall be based on a combination of:

- Company's performance and basic KPIs.
- Group financial year performance (for Board Members only).
- Individual's performance, related to the fulfilment and the quality of specified tasks taking into account the responsible handling of risks and compliance with laws, internal rules and risk management practices including sustainability risk.
- Business unit performance related contribution of the unit or functions the fulfilment of the Company´s business strategy, its risk profile and objectives.

Goals are set up with a care to ensure that there is no conflict of interest to fulfil the goal. Subject to the principle of proportionality, a substantial part of the variable remuneration is deferred. The deferral period is set at three years. The deferred part accounts for 30-40% of variable remuneration.

The remuneration for the key function holder does not contain targets related to the Company or Group financial or Solvency performance-related components and performance of the operational units and areas that are submitted to their control.

The remuneration for the function of a member of the Supervisory Board and Audit Committee does not contain any performance-related components.

Supplementary Pension Schemes
The Company has no supplementary pension or early retirement schemes in place for the members of the Board of Management, Supervisory Board, Audit Committee and other key function holders.

B.1.5 Regular Review of the System of Governance

Given that VIG Re's business, and organisation are steadily growing, the system of governance is continually adjusted according to the developing risk landscape of the Company's business model. The adequacy of system of governance is a regular point on the agenda of the Board of Management meetings.

In 2024, there were several changes to the Company's organizational structure. Aiming to strengthen both teams, the Company decided to establish separate departments for Compliance & Business Ethics and Corporate Governance & Legal. The Company newly created the independent function of the Enterprise Architect.

There were no other material transactions during the reporting period with shareholders apart from Company capital increase as approved by the Board of Management in October 2024, with persons who exercise a significant influence on the undertaking, and with members of the Board of Management, the Supervisory Board and the Audit Committee.

B.2 FIT AND PROPER REQUIREMENTS

The fit and proper requirements apply to Supervisory Board, all persons who effectively run the Company, persons performing key functions and persons with material impact on the Company's risk profile. This area is governed by the Fit and Proper Guideline while specific requirements for key function holders are defined in the policies defining these function roles and responsibility.

- Supervisory Board.
- Persons who Effectively run the Company:
  - Members of the Board of Management.
- Persons Performing Key Functions:
  - Internal Audit Function,
  - Compliance Function,
  - Risk Management Function,
  - Actuarial Function.
- Specific Persons Ensuring the Company´s Activities.

Before appointing an individual to the aforementioned positions, the Company assesses whether the criteria of fitness and propriety, as listed below, are fulfilled by the individual, based on the information provided by them. Each individual has a duty to ensure that they meet the criteria for the duration of their appointment and duly report if they no longer comply with them. The Company reviews the Fit and Proper Guideline regularly, including the list on persons that are subject to it.

B.2.1 Fit Requirements

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

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

- Insurance, reinsurance and financial markets,
- Business strategy and business models,
- Corporate governance,
- Financial and actuarial analysis,
- Regulatory framework and requirements,
- Risk management system.

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

B.2.2 Proper Requirements

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

- An actual or potential conflict of interest, other financial interests or close relationship to others at the Company,
- Integrity,
- Credibility - current or past involvement in the bankruptcy proceedings,
- Severe current or past disciplinary or administrative penalty proceedings in connection with a position in a financial institution,
- Previous rejection by a supervisory authority for a key function in a financial institution,
- Current or past proceedings on revocation or limitation of a professional practice license in the financial industry.

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

VIG Re's risk management system is based on principles ensuring effective performance of all activities in the Company and is organised in a way that provides:

- Integrity and ethical values,
- Conflict of interest prevention,
- Allocation of responsibilities,
- Motivation alignment with Company's targets, and
- Four-eye principle.

Own Risk and Solvency Assessment, as one of the key elements of risk management system, is further discussed in chapter B.3.4.

B.3.1 Risk Management Roles and Responsibilities

Risk management system forms an integral and key element of the system of governance and has been established on the basis of the three lines of defence concept. The core principle of this concept embeds a transparent segregation of responsibilities into three different lines of defence, which are intended to avoid conflicts of interests, and the set-up of a system of prevention and effective controls. The first line of defence comprises all organisational units of the Company participating in activities exposing the Company to risks. These units and their directors take the ownership of the risks including their identification, analysis, risk control application and day-to-day management.

The second line of defence is responsible to establish the appropriate framework within which, the first line of defence can operate according to the Company's risk appetite and tolerance. An integral part of the second line of defence activities is the continuous supervision of day-to-day risk management, control and monitoring activities of departments from the first line of defence. At VIG Re, the second line of defence is conducted by the Risk Management Function, Actuarial Function, Compliance Function and partially by Corporate Underwriting. Their roles and responsibilities are defined in specific internal standards and further discussed in the following chapters.

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

In relation to the organisational separation of individual departments into the respective lines of business, the principle of proportionality is applied given the size of VIG Re. However, where a possible conflict of interest cannot be avoided by effective organisational separation, the aim is to elevate such conflict to the highest possible organisational level.

As a natural consequence of the separation of lines of defence, the Company has established several committees as advisory bodies to the Board of Management. These committees serve as means of discussion of common topics between the lines of defence. The established committees are described in chapter B.1. The hierarchy of statutory bodies and organisational units related to risk management system at VIG Re are illustrated in the following chart.

Figure 3 - Statutory Bodies and Organisational Units in the Company

Supervisory Board

Audit Committee, Committee for the Matters of the Board of Management, Committee for Urgent Matters

Board of Management

Executive Committee, Risk and Capital Committee, Actuarial Committee, Underwriting Committee, Market Committee, Operations Committee, HR Committee

First Line of Defence	**Second Line of Defence**	**Third Line of Defence**
▪ Business Departments	▪ Risk Management ▪ Actuarial ▪ Compliance ▪ Corporate Underwriting	▪ Internal Audit

Supervisory Board

Board of Management

Committees

First Line of Defence	**Second Line of Defence**	**Third Line of Defence**
Risk Ownership and management	Risk Management, Actuarial, Compliance functions and Corporate Underwriting	Internal Audit function

The functions' independence is established by the fact that the persons responsible for key functions have direct access to the Board of Management, via the Committees or with direct meetings, with no need to go through other management units. This direct access also enables the Board of Management to gain insight to the areas covered by the key functions and have access to the necessary information in order to exercise its duties comprehensively. Notwithstanding their independence, key functions shall cooperate closely with each other and with the first line of defence. This cooperation is accomplished through the Committees with the participation of representatives from both lines.

The organisational structure, which defines the bodies of the Company, is governed by the organizational regulations and is regularly updated.

Board of Management

The overall responsibility of risk management system is in the Board of Management. The Board of Management is held accountable for the definition and approval of the risk strategy, including the risk appetite framework and the derived limits for individual risks, internal policies and organisational chart. These define the tasks and responsibilities of organisational units and individuals in the risk management system and internal control system. The Board of Management regularly monitors and discusses the risk profile of the Company, including the risk exposures and potential breaches to the limits.

Risk and Capital Committee

In order to further strengthen the risk management culture within the Company and to integrate the Risk Owners in the risk management process, the Company has established the Risk and Capital Committee. The Risk and Capital Committee advises the Board of Management in related areas in order to ensure a balanced approach between performance management, capital management, risk management and compliance from the perspective of the Company's long-term financial stability.

Risk Management Department

All core risk management activities are concentrated in the Risk Management department. The head of this department is simultaneously the risk management function holder of VIG Re, is responsible for the implementation, maintenance and development of the risk management system and reports directly to the Board of Management. Moreover, risk management conducts the internal control system assessment on an annual basis by performing interviews with the respective risk owners in order to identify new operational risks, assess the existing risks and their control effectiveness. Risk inventory process and steering of the ORSA process are also in the responsibilities of Risk Management.

Risk Management prepares regular internal risk reports, reports on other risk-related topics to the Board of Management and is also engaged in the preparation of reports to the supervisory authority Besides the aforementioned activities, the function fulfils additionally regular tasks to ensure an overall well-functioning of Risk Management System at VIG Re. This includes but is not limited to:

- Screening of regulatory developments in the area of risk management,
- Raising awareness at VIG Re about risk alignment of risk management activities throughout VIG Re,
- Regular interaction with key stakeholders as risk owners and Board Members,
- Proactively monitoring and evaluating the overall risk situation at VIG Re.

B.3.2 Risk Management Process Implementation

Risk Strategy
The Company's risk strategy aims to ensure a strong and adequate risk steering including an appropriate integration of risk considerations in planning and decision-making processes throughout the Company. The Company strives for a continuous enhancement of an integrated risk management and of the methods and processes used for a proper risk and control environment.

The Risk Strategy provides an overview of the risks related to the strategic initiatives and financial goals of VIG Re and the respective strategies and principles to manage and mitigate those risks. The Company's risk appetite is defined as the aggregate level and type of risk that is willing and has the capacity to accept in order to achieve its strategic and business objectives. The risk appetite depends on the balance achieved between the solvency position, target profitability, risk expertise and risk mitigation, hence articulated through statements on profitability, return on equity and solvency ratio expectations.

Based on its activity as a reinsurance company, VIG Re is exposed to a variety of risks. These include underwriting risks resulting from assumed Non-Life, Life and Health reinsurance contracts, market and credit risks stemming from investments and underwriting activities and other risks stemming from all areas such as concentration risk, operational risk, reputational risk and strategic risk. The Company classifies the risks to accepted risks, conditionally accepted risks and not accepted risks. In order to mitigate assumed risks according to the risk appetite, risk mitigating techniques are applied.

VIG Re has implemented a risk management process framework, which covers the following steps:

Risk Identification
Identification is the starting point of the risk management process and sets the foundation of the subsequent steps. The aim of risk identification is to expose, detect and document all possible sources of risks, which could affect the achievement of VIG Re's objectives, and define the control mechanisms to be used to manage the risks. All identified risks are classified into risk categories. Risk identification itself is a process, which is performed on an on-going basis and its results are documented in the risk inventory report.

Risk Measurement and Analysis
Following the risk identification, an essential prerequisite for risk handling and decision-making process is the measurement and analysis of risks identified including their materiality evaluation. On this basis, different assessment methods are used for each risk type in line with the proportionality principle.

The Solvency Capital Requirement calculation for each risk by means of the standard formula approach and the partial internal model is for a form of risk quantification. Alternative methodologies are used for further insight when possible. Operational risks are defined and assessed within the Internal Control System and, are evaluated and monitored using frequency and severity approach. The risk measurement is performed and aggregated by the risk management function in close cooperation with the first line of defence.

Risk Treatment, Decision and Execution
The main outcomes of a risk treatment as part of the risk management includes risk avoidance, risk acceptance or conditionally risk acceptance including risk mitigation or risk transfer techniques. This step

is supported by the ORSA process, the Internal Control System and the decisions and recommendations of committees which are taken into consideration for the conduction and review of the risk strategy by the Board of Management.

Risk Monitoring and Risk Reporting

Risk monitoring forms an essential part of the risk management process and is divided into two different areas. Firstly, risk monitoring refers to the process of ensuring that the risk profile of VIG Re remains in line with the risk appetite and the risk strategy at all times. This is ensured by the risk bearing capacity and its limit system in terms of capital requirements, but also by other internal processes as the referral process, risk accumulation monitoring and limits monitoring. Risk monitoring refers also to the follow-up process during and after the implementation of decisions for risk treatment as described in the previous step. In that case, risk monitoring aims to control the effective and timely implementation of decided action plans.

Internal risk reports are regularly prepared by the risk management function and are subsequently submitted and discussed in the Risk and Capital Committee and Board of Management for the aforementioned areas.

B.3.3 Governance of the Partial Internal Model

VIG Re uses a partial internal model (PIM) for the non-life underwriting risk and the NSLT health underwriting risk.

The Board of Management of VIG Re is responsible for the establishment of the overall framework and the areas of specific responsibilities are outlined as follows:

Table 11 – Responsibilities of PIM Processes

Process	Responsibility
SCR aggregation	Risk Management Function
Validation	Risk Management Function
Data Quality	Data Quality Manager
Technical Provisions Adequacy	Actuarial Function
External Models	Risk Management Function / Chief Underwriting Officer
Model Use	Risk Management Function
Model Change	Risk Management Function
Integration	Risk Management Function
Documentation	Risk Management Function

The use of the model in various areas supports a sustainable development of the Company and risk management; hence, the model results are of a high importance to the management body of VIG Re. The partial internal model is used in the areas of business planning, pricing of the assumed reinsurance portfolio, accumulation control of business exposed to natural catastrophes and retrocession optimization of VIG Re.

In order to ensure appropriateness of the results, the PIM is subject to certain requirements which are assessed in the validation process. The main purpose of the validation is to ensure that the partial internal model provides an adequate and robust assessment of risks undertaken by the Company. The validation is performed while ensuring adequate independence between the model validation and model operation parties. The results of the validation are submitted to and approved by the Board of Management.

The model processes, as set out in Table 11, are governed by clearly defined rules and procedures which are outlined in the Company's internal standards.

B.3.4 ORSA Process

The Own Risk and Solvency Assessment ("ORSA") process is a continuous operating process that provides assurance that the risk situation is considered in the decision-making process of the Company and serves as an important tool for sustainable business management. The process is coordinated by the risk management function of the Company and is organized in a manner which ensures the delivery of a proper assessment and a calculation within the agreed timelines as set by VIG and other regulatory bodies. This assessment is an integral part of the business strategy and is taken into account in strategic decisions of the Company on a continuous basis. The assessment comprises the following elements:

- Analysis of the Company's risk profile and overall Solvency needs given the approved risk tolerance limits and the Company's strategy,
- Analysis of the Company's continuous compliance with the regulatory capital requirements and the standards regarding technical provisions,
- Review of the risk strategy, evaluation of key risk thresholds appropriateness,
- Forward-looking assessment in accordance with the Company's business plan, including stress test analysis.

The Board of Management is in general responsible for the adequate design, implementation and performance of the ORSA within the Company, the approval and the application of the ORSA guideline. Various departments are involved in the ORSA process to the extent of providing data, calculations and other information required for the risk assessment. Risk management coordinates the whole process and carries out the projections of the solvency position and assessment of the risk profile. The process is concluded in the ORSA report summarising the main results of each step. Release of the report is subject to a review and approval of the Board of Management.

In order to adequately assess the risk profile and overall solvency needs of the Company, all risks the Company is exposed to are identified and categorised. On this basis, the Company assesses the risk with adequate quantitative and/or qualitative methods according to the nature and the materiality of the risk.

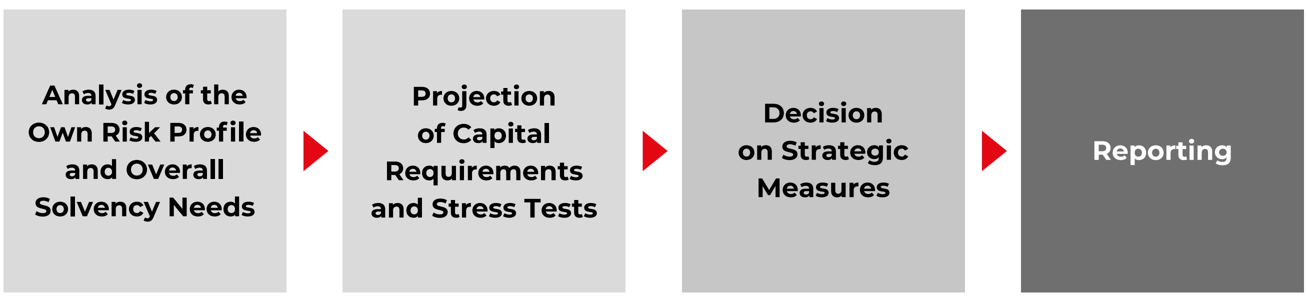
As a result of the business planning of the Company, the overall solvency needs, the regulatory capital needs and the available capital are assessed over the business planning horizon of the Company. The projection considers the latest forecasts in conjunction with the solvency estimations that were performed before. Based on suitable stress and scenario analyses the Company assesses the effects of possible deviations of the business planning or external factors on the solvency position of the Company. The projections and scenario analysis of the Company are taken into account in the final business planning.

VIG Re performs the regular ORSA on an annual basis. The regular ORSA frequency setting is based on the VIG Re long-term strategies, its risk profile, the volatility of the solvency needs relative to the capital position, the planning and business development. In case the results of the ORSA or other factors indicate the inadequacy of the defined frequency for the regular ORSA, the process is adjusted according to the needs. In case of a significant change in the risk profile or a significant change is expected based on the experience of previously performed stress and scenario analysis, the Company performs an ad-hoc ORSA after the significant change is detected.

Process Overview

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

Figure 4 - ORSA Process



B.4 INTERNAL CONTROL SYSTEM

The ICS is a continuously operating process that provides an appropriate control environment with effective controls. This is relevant for compliance with national and European law, and also serves as important tool for sustainable business management. The control environment must be well-based on the organisational and operational structure, with clear communication and monitoring procedures. The ICS provides reasonable assurance of:

- Effectiveness and efficiency of operations,
- Reliability of financial and non-financial information,
- Adequate controls for operational risks,
- A prudent approach to business,
- Compliance with laws and regulatory requirements, and
- Compliance with the Company's strategies, policies, processes and reporting procedures.

Every department and their directors are responsible for the control development and implementation in their area of responsibility. The Risk Management department of VIG Re is overall responsible for carrying out the ICS assessment process while Compliance Function is responsible for evaluating compliance risks and controls, and Internal Audit Function is responsible for an independent audit/review in accordance with the internal audit plan.

A distinctive control culture forms the basis for an effective ICS within VIG Re. The Company is responsible to ensure an effective ICS along with the existing control culture and environment being satisfactorily maintained and developed.

Standard 1 - The Company establishes and fosters a control culture that demonstrates the importance of controls throughout the Company at all levels of personnel.

Standard 2 - The Company establishes and maintains an organizational and operational structure that is adequate in the scale and complexity to the areas of business in which the Company operates.

Standard 3 - Roles and responsibilities are defined in a clear and appropriate way. In this respect, it is assured that necessary controls are implemented to prevent a conflict of interests.

Standard 4 - The Company identifies and assesses risks resulting from its activities and processes that could adversely affect the Company's goals. Moreover, the Company establishes and maintains effective controls aligned to these risks to ensure the achievement of these goals.

Standard 5 - Controls are applied at different levels of the organizational and operational structures, at different time periods and with different levels of detail as needed. The control activities are proportionate to the underlying risk.

Standard 6 - Effective channels of communication and information systems are established to ensure that the full staff clearly understands and adheres to policies and procedures affecting their duties and responsibilities, and that relevant information reaches the appropriate personnel.

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

The overall efficiency of controls in 2024 remained at 93.3% as in 2023 (93.4%).

B.5 COMPLIANCE FUNCTION

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

The Compliance Function has the following duties and responsibilities:

- Providing Advice – The Compliance Function advises the Board of Management, the Supervisory Board as well as individual employees in compliance relevant areas.
- Compliance Risk Management
  - Compliance Risk Identification and Assessment - The Compliance Function identifies and assesses compliance risks, monitors and tests business activities to evaluate adequacy and effectiveness of control processes from the compliance standpoint (following a risk-based approach).
  - Compliance Risk Mitigation - The Compliance Function takes mitigating actions to reduce the source or the impact of compliance risks through the implementation of extra control measures (in particular, drawing up internal guidelines and controls, support in setting up specific working procedures and specific trainings etc.).
  - Compliance Risk Monitoring - The Compliance Function monitors compliance risks and the effectiveness of the mitigating actions implemented. This monitoring includes carrying out compliance audits where the adequacy of the measures taken by the Company to prevent non-compliance are evaluated.
  - Reporting Current and potential compliance risks identified as well as mitigating actions connected herewith shall be included into regular or ad hoc Compliance Report of a Compliance Function accordingly.
- Handling of Compliance Incidents
  - Cases where laws or regulations are violated by Company bodies or employees, are to be reported to and investigated by the Compliance Function or to other pre-defined body (Board of Management). If the investigation reveals insufficiencies of implemented processes in the compliance field, the Compliance Function shall implement adequate measures to prevent future non-compliance.

In 2024, the Compliance function directed its focus towards three key areas: international sanctions, data protection and conflict of interest. This focus was determined by the compliance plan approved by the Board of Management, along with an assessment of compliance risks and recent legal developments in these areas.

B.6 INTERNAL AUDIT FUNCTION

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

The internal audit function used to be outsourced to VIENNA INSURANCE GROUP AG, Wiener Versicherung Gruppe until 31st March 2023. From then on, VIG Re insourced the function and the Internal Audit Function Holder has been operational since 1st April 2023. The internal audit is a joint responsibility of all members of the Board of Management.

Within her responsibilities, the Internal Audit Function Holder meets the Chairman of the Supervisory Board and the Chairman of the Audit Committee on at least annual basis to discuss performed assessments, findings and recommendations made. The Internal Audit Plan is approved by the Audit Committee and consequently also acknowledged by the Supervisory Board.

The internal audit function is an activity that is independent of the day-to-day work process. It performs its duties autonomously, objectively, and impartially, thereby ensuring its independence. The persons who carry out the audits and report the findings are independent from those who work in the areas under review.

The internal audit function systematically and objectively audits and assesses:

- Measures to achieve the goals of the Company,
- Quality and economic efficiency of the duties performed,
- Risk situations,
- Effectiveness and economic efficiency of internal control system.

The internal audit function has an unrestricted active and passive right to inspection. Their access to information extends to all data and storage media.

During 2024, six internal audits were performed at the Company. The topics were Business Partner Due Diligence Process, Reinsurance Accounting and two audits of Underwriting Standards performed in the CEE & International and the Facultative Market Units. Two of the six topics were outsourced within the VIENNA INSURANCE GROUP AG, Wiener Versicherung Gruppe and audited the areas of Controlling & Reporting and Information Technology. Most of the findings were already addressed with recommendations fulfilled as of end of the year 2024.

In addition, the Company is subject to group internal audits carried out in accordance with the group internal audit plan.

B.7 ACTUARIAL FUNCTION

The Actuarial Function forms the second line of defence of the Company's risk management system. It has been established as an independent role responsible for the given tasks related to technical provisions yet at the same time maintaining an important role in underwriting, retrocession and risk management framework. The Actuarial Function reports directly to the Board of Management. The Actuarial Function is supported by members of the reserving team alongside other teams (Underwriting, Retrocession, Risk management) in order to ensure a broad exchange of information along with an effective execution of the tasks in the scope of Actuarial Function. The cooperation with three other key functions is ensured via regular interactions.

The scope of tasks of Actuarial Function is split into three areas as stated below. The terminology "technical provisions" in this report refers to the technical provisions calculated in line with the Solvency II principles. This covers the areas of life, health and non-life reinsurance.

The activities performed by the Actuarial Function can be summarised in three areas as follows:

- Technical Provisions
  - coordinate the calculation of technical provisions,
  - ensure the appropriateness of the methodologies and underlying models used as well as the assumptions made in the calculation of technical provisions,
  - assess the sufficiency and quality of the data used in the calculation of technical provisions,
  - compare best estimates against experience,
  - oversee the calculation of technical provisions in the case of insufficient data of appropriate quality and application of approximations, including case-by-case approaches in the calculation of best estimates.
- Informing and Providing Opinion
  - inform the Board of Management of VIG Re about the reliability and adequacy of the calculation of technical provisions along with recommendation for deficiencies,
  - express an opinion on the overall underwriting policy,
  - express an opinion on the adequacy of retrocession arrangements.
- Risk Management
  - contribute to the effective implementation of the risk-management system, in particular with respect to the risk modelling underlying the calculation of the capital requirements and to the own risk and solvency assessment,
  - contribute to the design of Solvency II (partial) internal model.

In addition, the Actuarial Function provides the Board of Management with insight on the contribution the Solvency II technical provisions make to the performance of the Company along with any underlying analytics on performance, e.g. own fund attribution and areas of uncertainty or risk in respect of the Solvency II technical provisions. The Actuarial Function is an independent function from the Reserving department and is a member of the Actuarial Committee. The tasks undertaken along with the provided opinions on underwriting and retrocession in place are summarised in the Actuarial Function report prepared on an annual basis.

B.8 OUTSOURCING

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

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

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

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

Outsourcing agreements for critical operational activities include specific clauses to ensure alignment with Solvency II and implementing legislation. The Czech National Bank shall be notified of any significant developments related to these outsourced activities.

The Responsible Person is responsible for the ongoing quality control of the provided activity, elaborating contingency plans, overseeing fulfilment of the provider´s obligations and submitting an evaluation report to the Board of Management for the approval on the annual basis. In addition, there are feedback and discussions with the provider on the requirements and needs and on their fulfilment.

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

VIG Re's outsourcing strategy prioritizes long-term partnerships within the Group, following the principle of proportionality with focus on activities where economies of scale and group-wide efficiencies offer significant benefits. This includes situations with high initial costs for internal setup or when knowledge transfer within the group is advantageous.

However, for activities where economies of scale are limited or the complexity of the reinsurance business makes group synergies less effective, VIG Re has chosen to insource these functions in recent years. This trend of insourcing is expected to continue.

As of July 2024, Legal Services were insourced following the establishment of the Corporate Governance & Legal department in April 2024. The insourcing of the majority of Internal Audit Services, along with the Internal Audit Function already being insourced in 2023, led to a reassessment of outsourcing as non-critical. Similarly, the insourcing of most economic services resulted in the same reassessment. Consequently, only three areas remain classified as critical: IT, IT Security Function, and Asset Management.

B.9 ANY OTHER INFORMATION

The Company has not identified any other information to be disclosed in this chapter. There were no other significant transactions with the shareholders, Board of Management or members of other statutory bodies than already described above.

RISK PROFILE

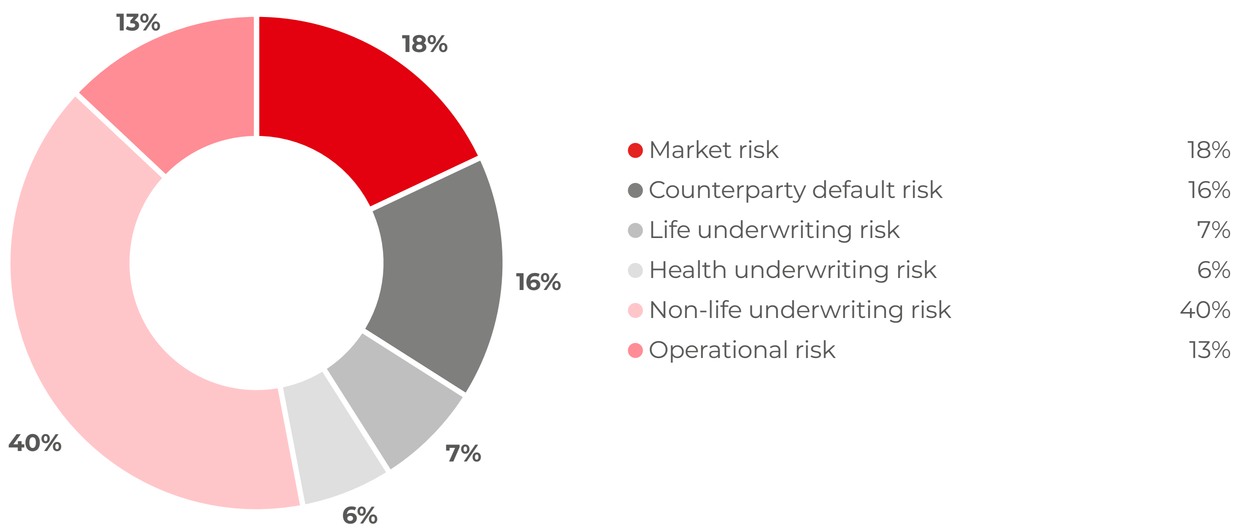
C RISK PROFILE

Based on its activities as a reinsurance Company, VIG Re is exposed to a variety of risks which are accepted, monitored and mitigated according to defined principles of the risk strategy. These risks encompass underwriting risk in non-life, health and life reinsurance business, market risk stemming mainly from investments, credit risk resulting from business relations and other general risks such as operational and reputational risk.

Details in respect of the risk profile of the Company are further discussed in the risk inventory report issued on an annual basis. Particular risks are assessed by making use of both quantitative methods, as described in chapter E.2 Solvency Capital Requirement and Minimum Capital Requirement, and qualitative methods (frequency and severity method). The latter is mainly used for operational risk assessment. The Company ensures the capitalization within predefined risk tolerance limits through the risk bearing capacity analysis performed on a quarterly basis.

Reinsurance being the core activity of the Company, underwriting risk constitutes the most important risk class for VIG Re, more specifically non-life underwriting risk being the most significant risk contributor. The composition of risk categories in capital requirement after diversification is depicted in the chart below.

Figure 5 - Composition of the SCR 2024



The overall solvency capital requirement increased to EUR 211.6 million as at 31st December 2024 (2023: EUR 164.7 million) as a result of the Company's portfolio growth in line with its strategy that affected almost all SCR modules, further amplified by the natural catastrophe in CEE region which temporarily affected operational risk and counterparty default risk.

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

C.1 UNDERWRITING RISK

Underwriting risk arises from assumed reinsurance obligations including risks related to the underwriting process, collection of data, technical assessment of the underlying portfolios, modelling and pricing of the reinsurance contracts and reserving. The Heads of Underwriting units shall comply with the underwriting policy and underwriting guidelines of the Company while the governance of quantitative limits, including accumulation control is managed by Corporate Underwriting.

The Company assumes reinsurance on a proportional and non-proportional, obligatory and facultative basis, offering services for defined lines of business within property and casualty, personal accident and health and life segments. In relation to underwriting territories, VIG Re focuses its activities on the continental Europe where the Company writes the majority of its portfolio, yet at the same time is also present in East Asia and other countries as presented in chapter A. The underwriting policy, standards and limits are defined in detail in VIG Re reinsurance underwriting guidelines and directives.

VIG Re buys the natural catastrophe cover at 99.6% percentile of value at risk (equivalent to 250-year return period) while the reinsurance panel is carefully selected in compliance with VIG Group Security Guidelines.

In terms of natural catastrophe events in 2024, VIG Re had encountered mainly property claims related to the Boris floods in the Central Europe from VIG Group, which were mitigated by the retrocession protection in place.

Life insurance policies and proportional reinsurance contracts typically provide cover for any cause of death, including pandemics.

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

The quantitative risk assessment for the non-life and the NSLT health underwriting risks is performed by making use of an internal model, as the requirements and assumptions of the standard formula do not adequately reflect the Company's risk profile. In modelling of non-life and NSLT health underwriting risks, the Company makes a distinction between events that have occurred at or before valuation date (i.e. reserve risk) and events that are attributable to future. In particular the latter also includes the catastrophe risk (i.e. premium and catastrophe risk).

The Company is exposed to **reserve risk**, namely the risk that claim provisions are not sufficient to meet future payments of reinsurance liabilities linked to underwriting risks.

The procedures for claims management and reserving are designed and aimed at strengthening the quality, appropriateness, sufficiency and adequacy of the data used in the calculation of technical provisions. Processes and their effectiveness are assessed annually as part of the internal control system review.
The technical reserves are quarterly assessed and reviewed within the Actuarial Committee with emphasis on the large losses and their development. Additional case reserves for claims not fully reported are set up within Claims department and if required revaluated at the Actuarial Committee meetings according to its rules of procedure.

The Actuarial Function performed the validation of technical provisions (Solvency II) as independent person ensuring the appropriateness of the methodologies and underlying assumptions used in the calculation of technical provisions. The details of this process are set in the annual Validation report.

Premium and catastrophe risk originates from future losses and reflects the risk premium income will not be sufficient to cover all future liabilities arising from underwritten contracts. Unlike single events where each loss is localized in one area and independent of one another, a catastrophe usually gives rise to a large footprint, which is likely to affect a large number of risks.

Non-life underwriting risk is governed by the underwriting guidelines and directives including defined risk categories and acceptable limits which are regularly reviewed and discussed in the Underwriting Committee. Pricing tools are used under specific user guide principles which ensure appropriate classification of data received, improvement of data quality and adequate pricing, while the underwriting process is formalised through an IT based workflow system.

Accumulation control monitoring for peak scenarios of natural catastrophe events supports the capacity monitoring.

On the quantitative side, the parametrisation of the non-life premium and CAT risk modules as well as the NSLT health premium risk module is performed during the underwriting process of the individual assumed reinsurance contracts. This allows the Company to achieve a consistency between its PIM quantification and the view on the risks embedded in the reinsurance contracts at the time when they are underwritten.

Health catastrophe risk is calculated by making use of the standard formula based on the prescribed scenarios for mass accident, pandemic and accident concentration across all countries for medical expense, accident and sickness products.

Non-life concentration risk is stemming from potential lack of diversification in the non-life portfolio. The Company is exposed to underwriting concentration risk in form of natural catastrophe events caused by natural perils and also single risk accumulation from various assumed portfolios. The risk is governed by underwriting guidelines and directives and underwriting limits on single exposures in order to mitigate and manage the undertaken risk. Accumulation control for natural catastrophe events is monitored continually with special emphasis during the renewal periods.

Risk Mitigation Techniques

Retrocession is a key risk mitigation technique utilised by the Company. The Company pursues a prudent underwriting philosophy and portfolio management by making use of the diversification benefits when assuming underwriting risks from different lines of business and geographical territories and at the same time monitoring potential concentration risks. This also applies towards its retrocession protection which is prudently structured.

The largest Company´s retrocession programme (both by volume and capacity) is the VIG Nat-Cat program which provides coverage against single severe catastrophe events alongside an aggregate annual excess-of-loss cover as a protection against an accumulation of smaller and mid-size events during a year.

The Company is further protected by various excess of loss and quota share retrocession contracts for most of the lines of non-life business underwritten such as motor third-party liability, property, motor own damage, marine and aviation, general liability and personal accident.

The retrocession adequacy and appropriateness are assessed by the Risk Management Department with support of the partial internal model. Every year the Company performs quantitative and qualitative evaluation of its retrocession protection to optimize and adjust it in line with portfolio development if a need arises.

The non-life underwriting risk capital requirements calculated by the Company's internal model for 2024 and 2023 are presented in the following table:

Table 12 - Non-Life Underwriting Risk (in EUR '000)

Risk Module	SCR	
	2024	2023
Non-life Underwriting risk	114,653	83,147

Non-life underwriting risk increased by EUR 31.5 million in 2024 (2023: EUR 83.1 million) mainly driven by the portfolio growth and the higher costs.

The capital requirement for health underwriting risk is presented in the table below:

Table 13 - Health Underwriting Risk (in EUR '000)

Risk Module	SCR	
	2024	2023
Health Underwriting risk	18,347	17,084
SLT health underwriting risk	2,875	1,431
NSLT health underwriting risk	11,906	12,121
Health catastrophe risk	9,189	8,319
Diversification within health underwriting risk module	(5,624)	(4,786)

The majority of the Company's health business is classified under the non-similar to life techniques module. It is worth noting that the NSLT health underwriting risk is calculated in the PIM as opposed to the SLT and health catastrophe modules which are calculated using the standard formula. The capital requirement of NSTL health remained at a similar level compared to prior year as a result of the Company's rather stable health portfolio in line with the strategy.

C.1.2 Life Underwriting Risk

The Company's life portfolio is significantly smaller compared to non-life and the solvency capital requirement is calculated by the standard formula principles. In terms of life underwriting risk, the Company is exposed to biometric risks, in particular mortality risk and morbidity risk. Mortality risk is assessed through both increase / decrease of mortality rates and through catastrophe scenario mortality increase in line with Solvency II Regulation and morbidity risk through increase / decrease of disability and morbidity rates. In addition to these, the Company is also exposed to lapse and expense risks. The prior is evaluated in line with Solvency II directive as maximum of predefined lapse scenarios with mass lapse shock being the main driver for lapse capital requirement. The expense risk is evaluated by making use of the predefined shocks connected with acquisition expenses and future maintenance expenses. In terms of revision risk, it is worth pointing out, that the risk stemming from non-life annuities is covered in the calculation of non-life underwriting risk.

Risk Mitigation Techniques

In a similar fashion to non-life underwriting, a retrocession is a key mitigation technique utilized by the Company. An efficient retrocession structure has been defined and executed from the beginning of the life active VIG Group business.

The Company operates internationally mainly in CEE and German speaking counties, covering range of different lines of business. Except from the VIG business, mostly represented by stable indefinite period treaties, stable volume of business is concluded outside of the VIG Group where the risk is mitigated by market diversification.

Life business is underwritten using the mutually agreed conditions. The underwriting conditions are defined for every line of business by setting the max sum insured and required medical underwriting procedure.
The capital requirement for life underwriting risk is presented in the table below.

Table 14 - Life Underwriting Risk (in EUR '000)

Risk Module	SCR	
	2024	2023
Life Underwriting risk	19,225	25,782

The decrease in SCR is mainly attributed to the discontinuance of one mass lapse treaty.

C.1.3 Risk Sensitivity for Underwriting Risk

Various sensitivities are analysed for the non-life and the NSLT health underwriting risks as part of the PIM Validation process and the ORSA process. Ultimately, the aim of a sensitivity analysis is to identify the most sensitive parameters to ensure the model's robustness and the appropriateness of its implementation. The analysed parameters comprise calculated input parameters, parameters set by an expert judgement as well as structural aspects of the model, hence all correlation levels are assessed as part of this process.

The most material sensitivity shocks are as follows:

- Increased correlation for ultimate losses of premium risk which results in decreased Solvency ratio by two percentage points.
- Increased correlation for ultimate losses of reserve risk resulting in lower Solvency ratio by three percentage points.
- Ten percent uplift to claims severity for all natural catastrophe exposed contracts which results in five percentage points lower solvency ratio.
- Five percent increase in claims technical provisions best estimates, ultimate losses and standard deviations for reserve risk results in nineteen percentage points lower solvency ratio.

In relation to life underwriting risks, the sensitivity analysis was carried out with focus on lapse risk since this is the most significant risk in life underwriting module. Nevertheless, the impact of the scenario is less material within the range of two percentage points.

C.2 MARKET RISK

Market risk arises from the level and volatility of market prices of financial instruments. The exposure to market risk is measured by the impact of predefined movements in the level of market risk factors such as stock prices, interest rates, property prices, credit spreads and FX exchange rates. Market risk is measured by making use of the Solvency II standard formula, however in addition to standard formula, VIG Re assess its market risk by Value at Risk measure, defining the maximum potential loss at various probability levels and time horizons.

VIG Re invests in compliance with the prudent principles of its investment and risk strategy. The investments are mainly focused into fixed income instruments as presented in chapter A.3. The solvency capital requirements for investment funds are calculated using a look-through approach. All investments are accepted within the limits per asset class stated in the approved investment strategy valid for 2024 and also in accordance with the limits set on various aspects of portfolio including rating structure, maturity, industry concentration, localisation and currency.

The risk capital calculated by the standard formula principles of Solvency II market risk is presented below:

Table 15 - Market risk (in EUR ‘000)

Risk Module	SCR	
	2024	2023
Market risk	53,346	40,884
Interest rate risk	2,961	3,863
Equity risk	6,472	3,917
Property risk	3,104	2,965
Spread risk	24,717	17,895
Market risk concentrations	3,987	2,997
Currency risk	33,078	25,752
Diversification within market risk module	(20,974)	(16,505)

The increase in the market risk module is mainly driven by currency risk, which is affected by increased gaps in various currencies.

C.2.1 Key Risks and Risk Mitigation Techniques

Interest rate risk arises from all assets and liabilities sensitive to changes in the term structure of interest rates or in the volatility of interest rates. The interest rates in Eurozone started decreasing leading to the changes in the shape of the RFR term structures compared to prior year, which declines sharply in the short term and rises back to its previous level in the long term.

The Company’s exposure to interest rates arises primarily from the bond portfolio on the asset side, and the technical provisions on the liability side. The gap is monitored on continuous basis on both nominal value and durations.

Equity risk arises from the level or volatility of market prices for equities. The Company does not have a strong appetite for this risk and is exposed to equity risk mostly from investment funds and alternative investments.

Property risk arises from the sensitivity of assets to the level or volatility of the property market prices. VIG Re retains a relatively minor exposure to the property risk, mostly stemming from real estate funds' look through approach.

Spread risk arises from the sensitivity of the value of assets and financial instruments to changes in the level or in the volatility of credit spreads over the risk-free interest rate term structure. Credit spreads are typically narrower for high rated securities and shorter durations. The Company is exposed to lower spread risk due to the investments mainly into government and covered bonds or corporate bonds with shorter durations and higher rating.

Regarding **currency risk,** the Company's reporting and main transactional currency is Euro, which comprises of approximately 86% of the Solvency II balance sheet. Other material national currencies are from Turkey, Czech Republic, Poland, South Korea, Japan and Switzerland. The currency gap is actively monitored within the asset-liability management framework on both Solvency II and statutory balance sheets.

Concentration risk is the risk stemming either from a lack of diversification in the asset portfolio or from large exposure to default risk by a single issuer of securities or a group of related issuers. This extends to assets considered in the equity, spread risk and property risk, and excludes assets covered by the counterparty default risk. Given the well diversified portfolio of the Company, concentration risk remains relatively low. Capital measures increased the size of the portfolio leading to higher diversification, hence lower concentration risk.

The main goal of the investment policy is to achieve an effective balance between invested assets and technical liabilities, while maintaining a balanced risk/return-profile. 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. In case of investment in new instruments the impact on solvency capital requirement is assessed. The investment policy including the strategic asset allocation, allowed deviations to account for short and mid-term market expectations, limits for risks related to specific industries or groups, responsibilities and processes are set within the Investment and Risk Strategy reviewed on annual basis and approved by the Supervisory Board.

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.

All counterparties or issuers of financial transactions or any investments (with payment and settlement risks) shall be pre-agreed by defining general or individual limits. The validation of the creditworthiness and monitoring of limits is performed by persons independent from trading.

Keeping substantial share of fixed income investments (bonds and loans) in the portfolio leads to stable expected returns and generally lower volatility. This measure has been thoroughly taken into account and is reflected in the investment strategy.

C.2.2 Risk Sensitivity for Market Risk

The Company carries out stress and scenario testing as a part of the ORSA process, which includes stress testing and sensitivity analysis for market risk, with emphasis on interest rate risk on both impacts of potential decrease and increase of the interest rate curve by 100 basis points. Movements of interest rates affect both own funds and the SCR resulting in seventeen percentage points deviation for the +100bps shift of the risk-free rate curve and twenty percentage points decrease of the Solvency ratio for the -100bps shift.

The adverse scenario of 25% drop in equity market value will respectively decrease Own funds and partially SCR, nevertheless the impact on the Solvency position is immaterial less than two percentage points but also rather irrelevant for the Company as it’s not exposed to direct equity investments.

C.3 CREDIT RISK

Credit risk refers to the risk of loss or of adverse change in the financial situation, resulting from fluctuations in the credit standing in relation to the counterparty default, spread risk or concentration risk. The main sources of credit risk can be categorised as follows:

- Investments,
- Reinsurance recoverables,
- Deposits to cedants,
- Insurance and reinsurance receivables,
- Cash at bank.

The Company's exposure to credit risk from investments is covered in the previous chapter C.2 Market risk under spread and concentration risks.

C.3.1 Key Risks and Risk Mitigation Techniques

Counterparty Default Risk

Counterparty default risk is defined as risk of loss, or adverse change in the value of assets and financial instruments due to unexpected default, or deterioration in the credit standing, of counterparties and debtors.

The Company limits its liability from assumed reinsurance business by ceding some of the risks it assumes to the international reinsurance market (retrocession). The reinsurance coverage is diversified over a large number of different international reinsurance companies that VIG Re assesses with adequate creditworthiness, to minimize the credit risk due to the insolvency of the reinsurers. More than 95% of the recoverables are towards counterparties with rating equal and above A-. The Company strictly adheres to the issued security guidelines, limiting the counterparties which VIG Re can conclude retrocession contracts with.

Deposits to ceding undertakings are monitored by the Corporate Underwriting and Risk Management departments. Depending on the treaty wording, counterparty default risk may arise from these arrangements subsequently taken into account in the counterparty risk calculation.

Credit risk arising from financial instruments including cash and term deposits is governed by the investment strategy where limits per tenor and bank are defined. Any new counterparty financial institution is subject to VIG Group approval.

The capital requirement for counterparty default risk is calculated by making use of the standard formula principles as defined in the Solvency II regulation. The exposures comprise risk-mitigating contracts, such as reinsurance arrangements, receivables from cedants along with any other credit exposures which are not covered by spread risk.

Table 16 - Counterparty Default Risk (in EUR ‘000)

Risk Module	SCR	
	2024	2023
Counterparty default risk	46,998	41,391

The increase in the capital requirement for counterparty default risk is in line with the Company’s growth resulting in higher balance of deposits to cedants and receivables exposures and is temporarily affected by the Boris flood recoverables.

C.3.2 Risk Sensitivity for Credit Risk

The Company carries out stress and scenario testing as a part of the ORSA process, which includes sensitivity analysis for credit risk by deteriorating the credit standing of both reinsurance counterparties in the scope of the counterparty default risk as well as investment counterparties affecting the spread risk. Given the high credit quality of the retrocession panel, downgrading of reinsurance counterparties by one credit notch does not have a material impact on the Company’s capital requirements. The solvency ratio is decreased by three percentage points under the scenario of 50bps increase in the credit spread of corporate bonds.

The default of retrocession counterparties with material exposure in retrocession recoverables might possibly lead to significant losses; hence, this risk is managed by entering into retrocession contracts with highly credit rated counterparties.

C.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 those become due. The risk is managed by the appropriate duration matching between the financial investment portfolio and reinsurance commitments.

C.4.1 Key Risks and Risk Mitigation Techniques

The Company regularly performs assessment of its liquidity position, by processing short-term and mid-term overviews of expected inflows and outflows as part of its asset liability management activities. This allows the Treasury team and Asset Management department to manage properly funds of the Company, in order to ensure that sufficient funds are available to fulfil the liabilities.

The risk is governed by the Investment Strategy which defines a liquidity buffer comprising highly liquid securities and cash along with other assets ready to cover possible cash-flow needs and deliver needed return. Hence, the risk is assessed to be low.

C.4.2 Expected Profit Included in Future Premiums ("EPIFP")

Expected profit included in the future premiums as of 2024 year-end amounted at EUR 316 million (2023: EUR 322.9 million) for non-life and health portfolio while the EPIFP for Life portfolio amounted at EUR 89.9 million as of 2024 year-end (2023: EUR 70.3 million). The values can also be found in S.23.01 Quantitative Reporting Template.

C.4.3 Risk Sensitivity for Liquidity Risk

The risk is assessed under extreme scenarios as part of the ORSA process combing natural catastrophe events alongside changes to the payment patterns. Nonetheless, the Company has retained a significant volume of investments on highly liquid securities which can support the liquidity needs even in such scenarios.

C.5 OPERATIONAL RISK

Operational risk is resulting from the insufficiency or failure of internal processes, employees and systems, or caused by external occurrences. The capital requirement for operational risk is calculated by the standard formula principles.

Table 17 - Operational Risk (in EUR '000)

Risk Module	SCR	
	2024	2023
Operational risk	36,443	26,059

In 2024, operational risk has been derived from technical provision module same as the previous year due to the Boris floods in the CEE that significantly increased the gross claims provisions.

C.5.1 Key Risks and Risk Mitigation Techniques

The Company aims for an efficient and economic operation seeking to maintain functional key processes as well as assets supporting the aim to provide sustainable reinsurance services by defining strict procedures, controls and emergency plans.

The operational risk according to the standard formula is derived from the amounts of gross earned premiums or gross best estimates. This assessment is deemed not to provide a deep understanding of the underlying sources and associated effects of operational risk. With that being said, the operational risk is further divided into further sub-categories and additionally assessed qualitatively through the Internal Control System in accordance with internal guidelines in order to obtain a more precise risk profile. The operational sub-risk categories are as follows:

- Model and data quality risk,
- Project risk,
- Process and organizational risk,
- Human error risk,
- Business disruption risk,
- Know-how concentration risk,
- Insufficient human resources,
- Hardware and infrastructure,
- IT software and security,
- IT development,
- Compliance risk.

C.6 OTHER MATERIAL RISKS

C.6.1 Other Risks

Among other risks the Company identifies strategic risk, as a result of e.g. adverse business development related to inappropriate business and investment decisions, or inadequate communication and implementation of goals, or to a lack of adjustment capacity to changes in the economic environment, or to conflicting business objectives.

The Company is in the execution of Strategy 2025 in line with the risk strategy, taking into consideration various possible scenarios on the further macroeconomic environment, the impact on the (re-)insurance industry as well as the risk and solvency position of the Company.

VIG Re is also exposed to reputational risk which is defined as the risk of adverse business development associated with damage to the Company's reputation. A loss of reputation can disrupt the confidence of customers, investors, or employees in the Company, and thus may lead to financial damage. To mitigate the risk, recruitment of qualified personnel is applied and all areas that could potentially affect the Company's reputation are monitored.

The Company is exposed to inflation risk stemming mainly from the liabilities of its underwriting portfolio. The risk is assessed in stress tests and scenarios as part of the ORSA process.

On 19th November 2024, Standard & Poor's Global Ratings confirmed its long-term public issuer credit rating of "A+" and financial strength rating of "A+" with a stable outlook for VIG Re, affirming the same rating VIG Re has secured ever since its foundation.

C.7 ANY OTHER INFORMATION

The Company does not have any further information regarding the capital management to be disclosed in this chapter.

VALUATION FOR SOLVENCY PURPOSES

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

D.1 Assets

As at 31st December 2024, the Company held the following assets:

Table 18 - Assets Comparison (in EUR '000)

Assets	Solvency II		IFRS	
	2024	2023	2024	2023
Intangible assets	0	0	3,433	3,308
Deferred tax assets	26,420	22,502	31,624	32,598
Property, plant & equipment held for own use	4,454	2,257	4,454	2,257
Investments, thereof:	737,919	635,233	745,233	641,925
Holdings in related undertakings, including participations	8,971	9,005	16,545	16,352
Equities	1,588	953	1,588	953
Equities – listed	0	0	0	0
Equites – unlisted	1,588	953	1,588	953
Bonds	671,614	602,160	671,354	601,505
Government Bonds	305,487	331,291	305,227	324,605
Corporate Bonds	366,127	270,869	366,127	276,900
Collective Investments Undertakings	23,671	13,779	23,671	13,779
Deposits other than cash equivalents	32,075	9,336	32,075	9,336
Assets held for index-linked and unit-linked contracts	0	0	0	0
Loans & mortgages	27,586	22,140	28,352	23,703
Reinsurance recoverables	712,253	428,596	842,510	554,801
Non-Life and Health similar to Non-Life	748,517	450,744	830,844	542,011
Non-Life excluding Health	717,642	428,340	798,790	514,624
Health similar to Non-Life	30,875	22,405	32,054	27,387
Life and Health similar to Life, excluding index-linked and unit-linked	(36,264)	(22,149)	11,666	12,790
Health similar to Life	0	0	0	0
Life excluding Health and index-linked and unit-linked	(36,264)	(22,149)	11,666	12,790
Life index-linked and unit-linked	0	0	0	0
Deposits to cedants	127,922	135,828	0	0
Insurance & intermediaries receivables	40,925	33,926	0	0
Reinsurance receivables	16,763	8,812	0	0
Receivables (trade, not insurance)	14,239	12,889	14,239	12,889
Cash and cash equivalents	34,337	48,080	34,337	48,080
Any other assets, not elsewhere shown	932	957	932	957
Total assets	**1,743,750**	**1,351,221**	**1,705,114**	**1,320,518**

D.1.1 Intangible Assets

Intangible assets comprise acquired portfolios, purchased licenses or brand names. For the financial statements these assets are valued at their acquisition costs less accumulated amortization and impairment losses. Under Solvency II all intangible assets are valued at zero as the requirement for their recognition to be traded in an active market is not met for the Company.

D.1.2 Deferred Tax Assets

Similarly to IFRS, deferred taxes are calculated based on temporary differences between Solvency II and valuations of assets performed for tax purposes according to the national tax laws. In accordance with Solvency II and IAS 12 regulations, only deferred tax assets dependent on future taxable income are allowed for recognition. Differences, which will not reverse in future periods are permanent differences do not lead to deferred taxes. Deferred taxes are not discounted and are shown in net value as net deferred assets in Solvency II balance sheet.

D.1.3 Property, Plant & Equipment Held for Own Use

IFRS value, measured at cost less accumulated depreciation and impairment losses. Cost includes expenditures 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 value is taken for Solvency II valuation as well.

According to IFRS 16, right of use assets are included in the total value of EUR 2.7 million for IFRS and also Solvency II valuation. This is made up of the three rented premises for Headquarters and both branches.

D.1.4 Investments

The Company owns 100% in Wiener Re Beograd and a 3.13% stake in VIG Fund, a.s. For the financial statements, participations are measured at fair value.

The participation in Wiener Re valued at EUR 7.6 million in IFRS balance sheet, is valued at nil in Solvency II.

Financial Assets
Financial assets include government and corporate bonds and collective investment undertakings (investment funds). Financial assets are measured at fair value for Solvency II purposes even if measured at amortised cost in the IFRS balance sheet. Fair value is based on market quotations of the individual instruments – government and corporate bonds and collective investments – on liquid markets.

D.1.5 Reinsurance Recoverables

In accordance with the IFRS 17 principles, the ceded share of reinsurance liabilities (reinsurance contracts held) is measured by making use of the general measurement model with certain modifications to be made as defined in the IFRS standard. Reinsurance contracts held are accounted for separately from the underlying (re)insurance contracts. Non-performance risk of the retrocessionaires is included in the measurement of the fulfilment cash flows of the reinsurance contracts held.

Under Solvency II, the reinsurance recoverables are calculated as the best estimate of the amount that the Company expects to receive from the reinsurance arrangements (taking into account the cash-flows related to the arrangements and the time value of money), adjusted by the probability of the counterparty default. Reinsurance recoverables are segmented into non-life (separately NSLT health) and life (separately SLT health).

Best Estimate of Retrocession Recoverables

In respect of non-life recoverables, the characteristics of the Company's retrocession result in development triangles that are not adequately stable due to the combination of different types of retrocession and approximations needed to split retrocession cash flows per reserving segment. Hence, the implemented methodology uses a simplified approach, described in Guidelines on technical provisions, guideline 79 and 80, published by EIOPA. The calculation of retrocession recoverable uses ratios of an expected retrocession share on gross cash flows. For expected retrocession future claim cash flows a modification is applied when deriving ratios as these are not evaluated only based on past claims experience but also based on aggregated results from expected retrocession claim cash flows modelled on a contract level. This enables better consideration of parameters of individual reinsurance contracts held and leads to the alignment with the implemented general measurement model under IFRS 17.

For life portfolio, the characteristics of the retrocession recoverables follow directly features of the assumed reinsurance contract and are modelled directly in the life actuarial models.

Table 19 - Reinsurance recoverables (in EUR '000)

	2024	2023
Non-Life and Health similar to Non-Life	748,517	450,744
Life and Health similar to Life	(36,264)	(22,149)
Total	**712,253**	**428,596**

The increase in non-life reinsurance recoverables is mainly attributed to flood Boris. As for the life portfolio, the decrease relates primarily to recognition of acquired new business and related retrocession programmes.

Counterparty Default Adjustment

The methodology used is based on the simplification described in Article 61 of Delegated Acts. The Company's retrocession panel is diversified over a large number of high rated international reinsurance companies that the Company assesses with adequate creditworthiness in order to minimize own credit risk due to their insolvency. As a result, the calculated credit default adjustment as of year-end 2024 is not material.

D.1.6 Deposits to Cedants

These balances represent deposits in ceding companies in order to cover the reinsurance liabilities (technical provisions) of the Company towards these clients. For deposits related to non-life and NSLT health contracts, the Company makes use of the IFRS valuation for Solvency II purposes as well.

Long-term deposits in the life portfolio might be represented by different types of reserves depending on each specific treaty conditions – mathematical provision, UPR and claims reserves. Deposited reserves are projected by the actuarial model from portfolio information by applying actuarial methods and a set of demographic and economic assumptions. The Company might receive an investment income generated by fixed interest on its deposited reserves on an annual basis. Under Solvency II, all deposits to cedants and investment incomes from these deposits are valued at present value.

D.1.7 Insurance & Intermediaries Receivables

In accordance with the Solvency II reporting principles, Insurance and Intermediaries receivables represent past-due amounts in respect of reinsurance accepted, that have not been accounted for in technical provisions.

Table 20 - Insurance & Intermediaries Receivables (in EUR '000)

	2024		
	Solvency II	**IFRS**	**Difference**
Insurance & intermediaries receivables	40,925	0	40,925

The difference between Solvency II and IFRS represents the past-due insurance receivables as of year-end 2024. It should be noted that insurance & intermediary receivables entirely form part of the fulfilment cashflows of the insurance contract liability under IFRS 17 thereby the amount presented is nil.

D.1.8 Reinsurance Receivables

Reinsurance receivables recognised under Solvency II represent all expected payments from reinsurers linked to reinsurance (retrocession) that have not been included in reinsurance recoverables. This includes, but is not limited to, amounts receivable from reinsurers that relate to settled claims of ceding undertakings or commissions.

Table 21 - Reinsurance Receivables (in EUR '000)

	2024		
	Solvency II	**IFRS**	**Difference**
Reinsurance receivables	16,763	0	16,763

The difference between Solvency II and IFRS amounts represents the reinsurance receivables not included in reinsurance recoverables. Equivalently to insurance receivables, reinsurance receivables form part of the fulfilment cashflows of reinsurance contracts held under IFRS 17.

D.1.9 Receivables (Trade, Not Insurance)

Amounts from employees, business partners other than insurance or reinsurance undertakings for their services, or other persons.

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

D.1.10 Cash and Cash Equivalents

Cash comprises 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.

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

D.1.11 Any other Assets, not Elsewhere Shown

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

D.2 TECHNICAL PROVISIONS

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

In 2024, the Company experienced an increase in the values of technical provisions on gross level as a result of portfolio growth along with reported losses associated with the natural catastrophe events in CEE having a main impact on the property lines of business.

Table 22 - Gross technical provisions (in EUR '000)

SII Line of Business	2024			2023		
	Best Estimate	RM	Technical Provision	Best Estimate	RM	Technical Provision
Medical expense proportional	1,231	392	1,623	424	99	524
Income protection proportional	12,070	361	12,431	11,940	497	12,437
Workers' Compensation proportional	54	7	60	35	3	38
Health non-proportional	31,765	1,438	33,203	29,936	674	30,610
Motor vehicle liability proportional	40,841	3,693	44,535	30,153	2,236	32,389
Other motor proportional	3,930	293	4,223	4,854	255	5,109
Marine, aviation and transport proportional	9,729	304	10,034	10,005	376	10,381
Fire and other property proportional	288,260	6,154	294,413	292,608	4,884	297,492
General liability proportional	20,266	1,368	21,634	20,656	1,174	21,830
Credit and suretyship proportional	4,925	350	5,275	2,991	190	3,181
Legal expenses proportional	34	1	35	31	1	32
Miscellaneous proportional	66	18	84	43	15	58
Casualty non-proportional	293,914	15,488	309,402	249,123	16,491	265,614
Marine, aviation and transport non-proportional	16,536	793	17,330	15,552	498	16,050
Property non-proportional	491,147	8,387	499,534	198,312	5,945	204,257
Total	**1,214, 768**	**39,049**	**1,253, 817**	**866,663**	**33,338**	**900,001**

D.2.1.1 Recognition of the Liabilities, Segmentation into Homogeneous Risk Groups

The portfolio of the Company contains reinsurance contracts which can cover multiple risks and lines of business on occurrence year, underwriting year and clean-cut basis.

The coverage period of majority of the treaties is 12 months with most being underwritten in advance during the fourth quarter. This means that VIG Re is committed to them as at the valuation date, but insurance coverage has not yet commenced ("written but not yet incepted business"). For a year end valuation this generally includes the 1st of January renewals for the coming year.

The reinsurance liabilities are segmented into the Solvency II lines of business (SII LoBs). VIG Re splits the particular SII LoBs further into homogenous risk groups ("segments"), based on their homogeneity and ability to support sound claim development analysis (robustness of final segments).

D.2.1.2 Actuarial Methodologies and Assumptions Used in the Calculation of the Best Estimate

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

Previous Underwriting Years

Previous underwriting years are captured in the development triangles with underwriting years as the origin periods and development periods linked to the financial posting date, i.e., date when the accounting records were created. The basis for the calculation is the development triangles of claims paid, claims incurred, premium earned and commissions incurred.

For the calculation of ultimate volumes of future cash flows the following methods implemented in ResQ are suitable for the portfolio of VIG Re:

- Development factor methods (DFM),
- Ultimate ratio method,
- Bornhuetter Fergusson method (BF),
- Weighted averages of methods above, e.g. Benktander method (combination of DFM and BF methods).

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

For the calculation of time distribution of future cashflows, the following cash flow patterns are used in VIG Re‘s best estimate calculation:

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

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

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

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

Next Underwriting Year

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

- Premium cash flow
  - expected ultimate premium volume of the reserving segment for the next underwriting year within contract boundaries as at the valuation date,
  - expected pattern of earned premium.
- Claim cash flow
  - ultimate claim ratio of the reserving segment for the next underwriting year,
  - expected pattern of claims paid.
- Commission cash flow
  - ultimate commission ratio of the reserving segment for the next underwriting year,
  - expected pattern of commissions incurred.
- Admin cash flow
  - admin ratio for the next underwriting year.

Annuities

VIG Re has a very limited information about the nature of the claims and therefore it is impossible to distinguish between annuity and non-annuity claims. For the purposes of modelling annuities within best estimate valuation, VIG Re has adopted a methodology that is based on an extensive analysis of the market assumptions and VIG Re portfolio. Based on the outcome of this analysis it has been determined that annuity claims are predominantly present in the non-proportional casualty LoB. Consequently, for the calculation of best estimates the non-proportional casualty LoB is further split into annuity and non-annuity reserving segments.

The Company’s limitations related to annuities modelling are as follows:

- Missing reliable information whether the underlying claims are of annuity or non-annuity type.
- Non-proportional reinsurance treaty is applied on whole claim thus annuity and non-annuity part of claim can be distinguished just in a simplified way.
- It is unclear if cedants’ data is provided on a discounted or on an undiscounted basis.
- The history of the Company’s data is not long enough to give a reliable basis for estimation of annuity pay-out pattern.
- Missing detailed information about the annuitant e.g. age, sex, salary, pension, cost of treatment, etc.

Due to the limitations the expert judgement is required for:

- Payment patterns for annuity segments.
- Discount factors applied in data from cedants.
- Proportion of annuity claims for a given homogeneous risk group.

The expert judgement is then utilised in order to recalculate the RBNS on an undiscounted basis and provide reliable future CFs.

Split to Premium and Claim Provision

The calculation of the best estimate per underwriting year leads to the projection of future cash flows per underwriting year. These cash flows may belong to both claim and premium provisions, therefore it is necessary to split cash flows accordingly.

These cash flows, split into premium and claims provision, are discounted using the relevant risk-free rates based on a contract currency. The Company does not apply matching adjustments, volatility adjustments or transitional risk-free term structure or transitional deduction.

Options and Guarantees

VIG Re does not have any options or guarantees in the non-life reinsurance, therefore their value is equal to zero.

Lapse Rate

The concept of lapse rate is not directly applicable in the context of reinsurance business. It is de facto very remote due to the nature of reinsurance business, and it is not modelled explicitly in the calculation of technical provisions.

Data Quality

The key inputs to the technical provision calculation are the historical cash flows and changes in RBNS, contained in the accounting system, and expected premium of particular reinsurance treaties and sections to be ceded to VIG Re.

Historical consistency of data is always checked while the consistency with the accounting data is achieved by automated processes.

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

Economic Assumptions

VIG Re uses risk free interest rates published by EIOPA, without any adjustments. Exchange rates used for the valuation are provided by the VIG group or other reliable sources like central banks. Other economic statistics like inflation, unemployment rate and GDP are monitored and considered as a supporting information for the portfolio segmentation.

Non-Economic Assumptions

The key non-economic assumption for VIG Re is the portfolio segmentation. VIG Re uses a more granular segmentation compared to Solvency II lines of business which is based on the key portfolio characteristics such as claims, premiums, commissions, operating expenses, and cash flows with reinsurers.

D.2.1.3 Calculation of the Risk Margin

The risk margin ensures that the value of the technical provisions is equivalent to the amount that reinsurance undertakings would be expected to require in order to take over and meet the reinsurance obligations. VIG Re calculates the risk margin in accordance with the Article 37 of the Commission Regulation 2015/35.

For the estimation of future SCRs, VIG Re uses the method based on projected elements of the SCR per risk sub-module and LoB based on the selected drivers. The obtained projections are then aggregated using the relevant correlation matrices, discounted by risk-free interest rates, and multiplied by cost of capital rate 6%.

D.2.1.4 Level of Uncertainty

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

Sensitivities of best estimate components (claims and premium provisions) to the predefined stresses can be found in the table below. These shocks were selected as a sufficient illustration of the uncertainty associated with the value of technical provisions.

Table 23 - Best Estimate Sensitivities 2024 (in EUR '000)

Assumption Change	Claims Provision		Premium Provision		Total BEL Net
	Gross	Net	Gross	Net	
Base scenario	1,481,427	617,408	(266,659)	(151,157)	466,250
Written premium up +5%	1,480,503	616,857	(320,724)	(182,534)	434,323
Written premium down -5%	1,482,351	617,958	(212,594)	(119,780)	498,178
Claims Paid up +5%	1,555,316	648,444	(234,875)	(134,041)	514,403
Claims Paid down -5%	1,407,539	586,379	(298,443)	(168,273)	418,106
RFR shock up (+100 bps)	1,433,304	592,011	(279,124)	(158,455)	433,556
RFR shock down (-100 bps)	1,536,556	646,906	(252,754)	(142,956)	503,949

D.2.1.5 Solvency II and IFRS Valuation Differences of Technical Provisions

The main differences between the Solvency II and IFRS 17 standards in the measurement of technical provisions are as follows:

- Contract boundaries and initial recognition of contracts,
- Technical provisions under Solvency II are made up of best estimate + risk margin; Technical provisions under IFRS 17 equal best estimate + risk adjustment + contractual service margin,
- Best estimates under IFRS17 include amounts of payables and receivables whereas under Solvency II comprises only payables and receivables undue,
- Best estimates under IFRS17 include the present value of deposits to cedants whereas this item is presented separately within assets on Solvency II EBS,
- Different rules for expense assumptions apply,
- Under Solvency II and IFRS 17 discount rates are used. Both regulations prescribe different requirements on discounting. The Company has harmonized the discounting methodology to a large degree; however, a number of notable differences apply.

- Under Solvency II, future expected profit and loss are recognized immediately as future profit. Under IFRS 17, future expected loss is immediately recognized whereas future expected profit is only gradually released from the contractual service margin (part of the insurance liabilities),
- Under Solvency II, the risk margin ("RM") plays a similar role to the risk adjustment ("RA") under IFRS 17. Both are balance sheet components that should reflect the cost of bearing a prescribed risk: The RA represents a compensation for bearing the uncertainty about the amount and timing of the cashflows that arises from non-financial risks (Company's own view), whereas the RM represents the amount a third party would require to take on the obligations of a given (re)insurance company.

Table 24 - Solvency II and IFRS Gross technical provisions 2024 (in EUR '000)

	2024		
	Solvency II	**IFRS**	**Difference**
Non-life incl. NSLT health	1,253,817	1,267,708	(13,892)

IFRS17 technical provisions comprise Liability for remaining coverage (LRC) and Liability for incurred claims (LIC). LRC comprises the fulfilment cash flows that relate to services that will be provided under the contracts in future periods and any remaining CSM at that reporting date. LIC includes the fulfilment cash flows for incurred claims and expenses that have not yet been paid, including claims that have been incurred but not yet reported.

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

- Provisions for claims outstanding relate to the cashflows in respect of claims events occurring before or at the valuation date, whether the claims arising from those events have been reported or not. The cashflows projected comprise all future claims payments. Claims provisions cashflow projections should also include all claims management and claims administration expenses arising from these events.
- Premium provisions relate to claims events occurring after the valuation date and during the remaining in-force coverage period of policies. The cashflow projections should comprise all future claims payments and claims management expenses arising from those events, cashflows arising from ongoing administration of the in-force policies and expected future premiums stemming from existing policies. As with claim provisions, the valuation should take account of the time value of money and the best estimates must not include margins.
- Risk margin has been considered to ensure that the value of the technical provisions is equivalent to the amount that would be expected to be paid to a third-party reinsurance company in order to take over and meet the insurance obligations of the Company.

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

Change in Technical Provisions was driven by acquisition of new business and by adjustment of the current portfolio. For the current portfolio, assumption about the volumes of the covered business was updated, the initial volumes underestimated the real performance of the portfolios during 2024 for several treaties.

The following table provides an overview of the gross life Technical Provisions including their comparison to the previous year.

Table 25 - Gross technical provisions (in EUR '000)

SII Line of Business	2024			2023		
	Best estimate	RM	Technical provision	Best estimate	RM	Technical provision
Life reinsurance (reinsurance accepted)	(3,579)	10,404	6,826	16,156	9,424	25,580
Health reinsurance (reinsurance accepted)	(2,480)	4,590	2,110	(3,126)	2,035	(1,091)
Total	**(6,059)**	**14,994**	**8,936**	**13,030**	**11,458**	**24,489**

Decrease of the best estimate of liability for the life portfolio is result of two effects:

- Modelled business: recognition of acquired profitable new business, and
- Accounting inputs: regular update of initial booked balances of ceded reserves, which was partially offset by realization of the gross liability into actuals during the period, and reclassification of non-due payables and receivables between gross and retroceded treaties (with total zero impact).

Both effects are mostly offset by retrocession recoverables described in chapter D.1.5, so the resulting movement of net best estimate of liability corresponds rather to change of non-due payables and receivables.

Increase of the Risk Margin originates in recognition of acquired new business and update of modelled business as described above.

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

All reinsurance treaties are divided into the relevant Solvency II lines of business on reinsurance contract level. The vast majority of the life portfolio Technical Provisions is segmented as Reinsurance accepted - Life.

Application of the contract boundaries is driven by nature of the business, cancellation of reinsurance treaty typically applies only to underlying business signed for the upcoming underwriting year, while cancellation of the existing business is not at the free will of the cedent or the Company.

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

Methodology

Technical provisions are calculated as sum of the best estimate of liabilities and risk margin. Projection of cash-flows is performed in the life actuarial model.

Life actuarial model is also utilised in setting of the Solvency II value of deposited reserves as part of valuation of assets.

Risk margin is calculated on cost-of-capital basis in line with VIG Re's guidelines on the calculation of the risk margin under SII. The Company applies a simplification and projects the SCR based on relevant risk drivers to be used for projection of individual sub-modules of the SCR. To obtain the annual costs the Company uses the prescribed cost of capital rate of 6%.

Assumptions

The primary insurers' portfolio data and non-economic assumptions are updated by the Company on an annual basis. Economic assumptions are updated on a quarterly basis; these are provided by VIG Group and reviewed by the Company.

Assumptions and parameters utilised by the actuarial model are also regularly reviewed. The long-term principle is applied while setting up best estimates of assumptions. The Company performs a set of analyses with a view to justify assumptions setting, including the back-testing and sensitivity analyses in order to quantify the impact of possible volatility in assumptions.

Key Options and Guarantees

VIG Re currently has no relevant options or guarantees in life reinsurance, all cash flows are contractual. Therefore, time value of financial options and guarantees is equal to zero.

No future management actions are applied for the same reason, no benefits are discretionary.

Data Quality

The Company has significantly improved the quality of input data for the life portfolio. Data sources have been implemented, standardized, and are continuously enhanced with data quality controls for data collected from individual clients (insurance or reinsurance companies) as well as all steps of the consequent dataflows. Enhancements in the system of internal controls leads to more reliable and less volatile results. Additionally, the Company has successfully reviewed and extended the data stored in the data warehouse. Related processes were redesigned and streamlined to replace manual routines with automated tools, increase their transparency and eliminate related operational risk.

D.2.2.3 Level of Uncertainty

The methods and models used for technical provisions calculations are compliant with the SII requirements. The technical provisions as such are considered to be adequate and reliable. Several limitations and uncertainties present in the value of technical provisions have been identified mainly due to still relatively short market presence of VIG Re and overall quality of data received by clients. Due to immateriality of the life business this is not deemed to be a significant risk for the Company.

Main areas of uncertainty associated with the value of technical provisions for the life portfolio are defined as a result of sensitivity analysis (shocks under SCR life underwriting risk as well as additional sensitivities) tested both on the gross best estimate as well as the net best estimate after reinsurance recoverables. These shocks were selected as a sufficient illustration of the uncertainty associated with the value of technical provisions.

Table 26 - Best estimate sensitivities 2024 (in EUR '000)

Assumption change	Gross BEL	Impact on Gross BEL	Net BEL	Impact on Net BEL
Basis run	(6,059)		30,205	
Interest rate +100bps	(3,234)	2,824	29,821	(384)
Interest rate -100bps	(9,783)	(3,724)	30,547	342
Life lapse rate +50%	(11,505)	17,564	37,925	7,720
Life lapse rate -50%	(34,369)	(28,310)	16,550	(13,655)
Mortality rate +5%	79	6,137	31,811	1,606
Mortality rate -5%	(12,066)	(6,007)	28,692	(1,513)
Expenses +10%	(4,923)	1,136	31,341	1,136
UFR -15bps	(6,123)	(64)	30,216	11
Equity prices -25%	(6,059)	0	30,205	0
Spreads Gov. bonds + Corp. Bonds +50bps	(6,059)	0	30,205	0

D.2.2.4 Solvency II and IFRS valuation differences of technical provisions

The technical provisions of life business are presented above in D.2.2. The main differences between Solvency II and IFRS liabilities as described in D.2.1.5 are also applicable to the life business.

There are no additional specific differences between bases, methods and main assumptions between Solvency II and IFRS liabilities at the level of individual significant types of reinsurance.

Table 27 - IFRS and Solvency II gross technical provisions 2024 (in EUR '000)

	2024		
	Solvency II	IFRS	Difference
Life & Health similar to life	8,936	7,966	970

The Solvency II technical provisions include new business for 2025, as its recognition occurred in 2024, as well as payables and receivables, since they represent the future cash flows under Solvency II. Additionally, a slight difference arises due to attributability of administrative expenses and variances in discounting rates.

D.3 OTHER LIABILITIES

The table below presents the liabilities of the Company as at 31st December 2024 as per the Solvency II balance sheet including the reference to the technical provisions:

Table 28 - Liabilities Comparison (in EUR '000)

Liabilities	Solvency II		IFRS	
	2024	2023	2024	2023
Technical provisions – Non-Life	1,253,817	900,001	1,267,708	946,189
Technical provisions – Life (excluding index-linked and unit-linked)	8,936	24,489	7,966	11,299
Technical provisions – index-linked and unit-linked	0	0	0	0
Deposits from reinsurers	5,972	4,696	0	0
Deferred tax liabilities	0	0	0	0
Debts owed to credit institutions	11	(1)	11	(1)
Financial liabilities other than debts owed to credit institutions	2,803	2,291	2,803	2,291
Insurance & intermediaries payables	10,819	23,686	0	0
Reinsurance payables	22,763	4,687	0	0
Payables (trade, not insurance)	9,912	7,018	9,912	7,018
Subordinated liabilities	55,742	55,742	55,742	55,742
Any other liabilities, not elsewhere shown	(441)	3,049	(441)	3,049
Total Liabilities	**1,370,334**	**1,025,658**	**1,343,701**	**1,025,587**
Excess of Assets over Liabilities	**373,416**	**325,563**	**361,413**	**294,932**

D.3.1 Deposits from Reinsurers

Amounts provided from reinsurance companies to the Company, held for the payment of the (re) insured losses stemming from the ceded reinsurance arrangements.

The fair value for Solvency II for deposits from reinsurers related to non-life business is represented by the IFRS value. The valuation of deposits from reinsurers related to life portfolio, follow the same principles as defined in chapter D.1.

D.3.2 Deferred Tax Liabilities

Similarly to IFRS, deferred taxes are calculated based on temporary differences between Solvency II and valuations of liabilities performed for tax purposes according to the national tax laws. Differences, which will not reverse in future periods are permanent differences do not lead to deferred taxes. Deferred taxes are not discounted and are shown in net value as net deferred tax assets in Solvency II balance sheet.

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

The fair value approach in IFRS 9 for the measurement at initial recognition of financial liabilities is deemed a reasonable approximation of the value in the Solvency II balance sheet. Subsequent measurement changes in own credit standing are not taken into the account in the Solvency II balance sheet.

D.3.4 Insurance & Intermediaries Payables

Amounts past due for payment by the valuation date linked to accepted reinsurance that do not form part of technical provisions.

Table 29 – Insurance & Intermediaries Payables Comparison (in EUR '000)

	2024		
	Solvency II	**IFRS**	**Difference**
Insurance & intermediaries payables	10,819	0	10,819

The difference between Solvency II and IFRS represents the past-due insurance payables. Insurance & intermediary payables recognised under IFRS 17 are nil as these amounts are comprised in the fulfilment cashflows under IFRS 17.

D.3.5 Reinsurance Payables

Amounts payable other than deposits linked to retrocession that are not included in reinsurance recoverables. This includes payables to reinsurers that relate to retro-ceded premiums.

Table 30 – Reinsurance Payables Comparison (in EUR '000)

	2024		
	Solvency II	**IFRS**	**Difference**
Reinsurance payables	22,763	0	22,763

The difference between Solvency II and IFRS represents the reinsurance payables not included in reinsurance recoverables. Similarly to reinsurance receivables, reinsurance payables form part of the fulfilment cashflows of reinsurance contracts held under IFRS 17.

D.3.6 Payables (Trade, Not Insurance)

This item includes payables to employees, business partners other than insurance or reinsurance undertakings for their services, or other persons.

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

D.3.7 Excess of Assets over Liabilities

The difference between assets and liabilities represents the value of basic own funds, that subject to respective restrictions, are available to cover the capital requirements. More details are discussed in chapter E.1 dedicated to own funds.

D.4 ALTERNATIVE METHODS FOR VALUATION

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

D.5 ANY OTHER INFORMATION

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

CAPITAL MANAGEMENT

E.1 OWN FUNDS

The Company's available own funds reflect the ability of the Company to absorb any adverse impact stemming from a change in the Solvency II balance sheet (assets and liabilities valuation) or resulting from a change in its own capital.

The main objective of capital management is to ensure compliance with legal and internal standards for quality and quantity in order to meet the solvency capital requirement and minimum capital requirement.

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

In relation to capital management, the Company aims to ensure the continued existence of the Company on a going-concern basis. In addition to that, the objective is to maintain an optimal capital structure that allows us to fulfil obligations to primary insurers, continue providing dividends to shareholders and meet the Solvency II requirements.

VIG Re's capital management strives to continuously maintain a sufficient level of own funds to cover the SCR and MCR within the predefined comfort zone. Own funds shall be of a sufficient quality to meet the eligibility requirements in Article 82 of the Delegated Regulation. In order to monitor and analyse the ratio of eligible own funds over SCR and MCR, a risk bearing capacity concept has been implemented. As part of own funds management, the Own Risk and Solvency Assessment process is performed at least annually, or on ad-hoc basis when the risk profile significantly changes. The ORSA process incorporates the business planning which is typically considered over a three-year horizon.

The process of capital management at VIG Re comprises the following steps.

Capital Adequacy Assessment

This step assesses the current situation of capital adequacy which is accomplished within the Risk Bearing Capacity framework ensuring that both internal and regulatory requirements are met. This is achieved by the calculation of own funds and capital requirements on a quarterly basis in order to ensure that the regulatory requirements for the solvency position are continuously met and also that the internally defined goals on comfort zone and minimum solvency ratio are satisfied.

Under an adverse scenario where own funds become insufficient, measures are to be implemented depending on the situations acknowledged.

Capital Planning

Capital planning constitutes the estimation of future capital situation. VIG Re plans the future development of the underwriting business and investment activities, based on which the projected capital requirement and future available own funds are estimated as part of the ORSA process (forward looking assessment). Throughout the planning process it is considered how developments either in business volumes and business mix or changes in existing risk factors may affect profitability, risks and capital needs. Scenarios of adverse developments and their impact on the capital and solvency requirements are analysed as part of the ORSA process. Compliance with risk tolerance is also ensured during the planning process.

The outputs of the analysis from the adequacy assessment stage are then combined with business planning targets in order to determine possible capital deficiencies and future capital allocation.

Capital management measures

The results of the aforementioned steps in conjunction with business, investment and risk strategy are taken into consideration in order to determine possible capital management measures. A prudent assessment of capital adequacy and a careful capital planning are important phases when forming an understanding of the actions that maintain a proper balance between capital and risks. In order to implement capital management plan, measures are proposed for approval from the Board of Management and Supervisory Board.

The solvency position of the Company is within its comfort zone as at 31st December 2024.

E.1.2 Own Funds Classified by Tiers

The Company's own funds are made up of the ordinary share capital, share premium, reconciliation reserve and subordinated liabilities.

The Company's own funds include a subordinated loan of EUR 35 million by VIG Re from VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe which was issued in June 2018.

As part of the capital planning supporting the strategy, the Company issued a perpetual and subordinated certificate of EUR 20 million in 2021, initially subscribed by VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe.

In 2022, the Company received a commitment issued by VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe in the amount of EUR 22 million which is classified as Tier 3 ancillary own funds.

The development of VIG Re's IFRS equity is presented below:

Table 31 - IFRS equity (in EUR '000)

IFRS equity	2024	2023
Ordinary share capital	276,850	226,851
Share premium	50	50
Retained earnings	73,632	61,721
Other components	10,883	6,310
Total shareholders equity	**361,414**	**294,932**

The increase in IFRS equity is mainly driven by a share capital increase provided by VIG Re's shareholders. The following table provides a breakdown of the Solvency II own funds and the reconciliation reserve held by VIG Re as of year-end 2024 and the previous year-end.

Table 32 - Solvency II own funds (in EUR '000)

Solvency II Own Funds	2024	2023
Excess of assets over liabilities	373,416	325,563
Foreseeable dividends	28,332	20,790
Ordinary share capital	276,851	226,851
Share premium	50	50
Reconciliation reserve	41,763	55,371
Subordinated liabilities	55,742	55,742
Ancillary own funds	22,000	22,000
An amount equal to the value of net deferred tax assets	26,420	22,502
Solvency II own funds	**422,825**	**382,515**

The subordinated liabilities remained at the same level as in 2023 as mentioned above. As of year-end 2024 the foreseeable dividend is EUR 28.3 million. Furthermore, VIG Re's shareholders increased the Company's share capital by EUR 50 million. The Company's basic own funds are distributed to tiers as follows:

Table 33 - Available own funds by tiers 2024 (in EUR '000)

	Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
Ordinary share capital	276,851	276,851	0	0	0
Share premiums	50	50	0	0	0
Reconciliation reserve	41,763	41,763	0	0	0
Subordinated liabilities	55,742	0	20,034	35,708	0
Ancillary own funds	22,000	0	0	0	22,000
An amount equal to the value of net deferred tax assets	26,420	0	0	0	26,420
Total available own funds	**422,825**	**318,663**	**20,034**	**35,708**	**48,420**

For the sake of comparison, the Company's own funds by tiers as at 31st December 2023 are presented in the following table:

Table 34 - Available own funds by tiers 2023 (in EUR '000)

	Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
Ordinary share capital	226,851	226,851	0	0	0
Share premiums	50	50	0	0	0
Reconciliation reserve	55,371	55,371	0	0	0
Subordinated liabilities	55,742	0	20,034	35,708	0
Ancillary own funds	22,000	0	0	0	22,000
An amount equal to the value of net deferred tax assets	22,502	0	0	0	22,502
Total available own funds	**382,515**	**282,271**	**20,034**	**35,708**	**44,502**

The Company's eligible own funds for SCR and MCR are presented below:

Table 35 - Eligible own funds 2024 (in EUR '000)

	Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
Total eligible own funds to meet SCR	406,140	318,663	20,034	35,708	31,735
Total eligible own funds to meet MCR	357,738	318,663	20,034	19,041	0

Table 36 - Eligible own funds 2023 (in EUR '000)

	Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
Total eligible own funds to meet SCR	362,720	282,271	20,034	35,708	24,707
Total eligible own funds to meet MCR	317,130	282,271	20,034	14,824	0

Tier 1 unrestricted own funds increased in 2024 mainly due to a share capital increase of EUR 50 million. Restricted tier 1 own funds include the perpetual and subordinated certificate issued in 2021, tier 2 own funds include the subordinated loan, which was issued in 2018, and tier 3 the commitment received in 2022.

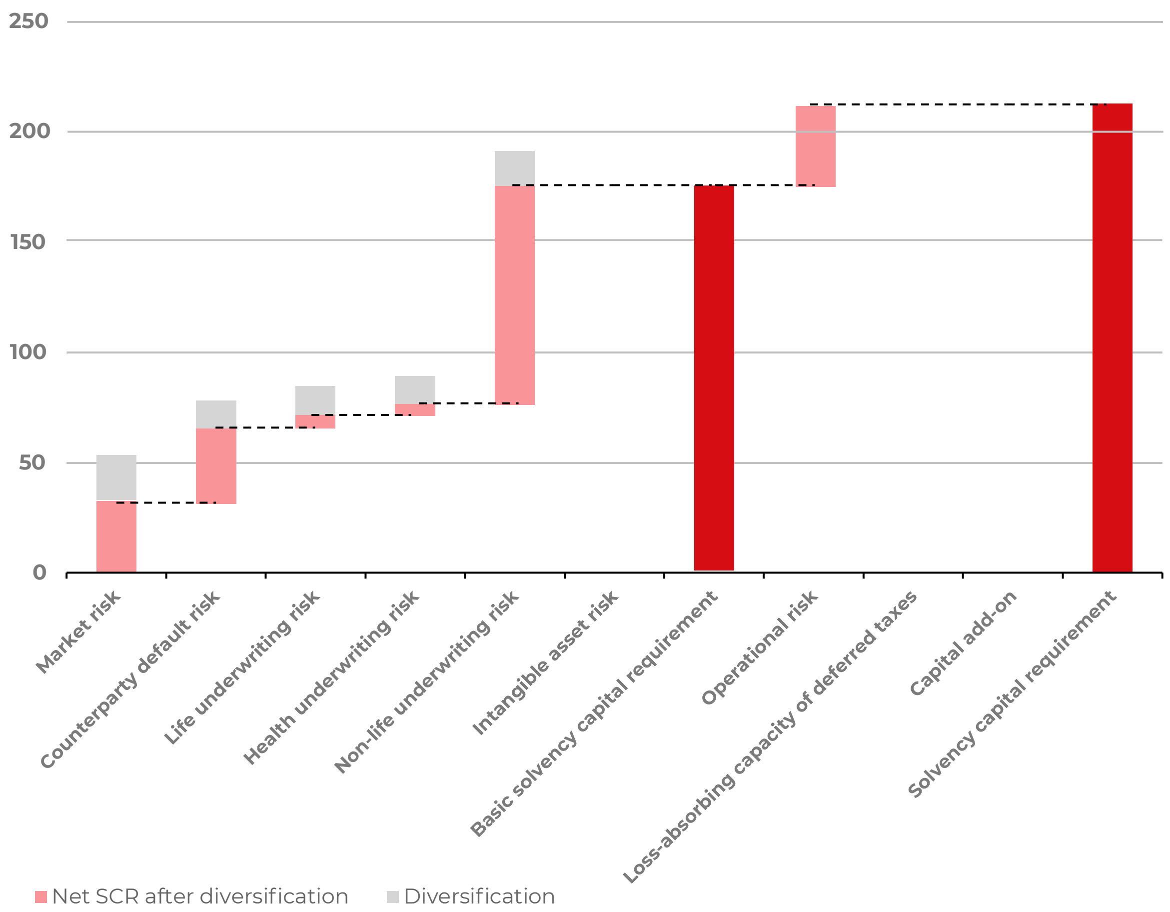
The eligible amount of tier 3 own funds being subject to a limit of 15 % of the Solvency Capital Requirement results in EUR 31.7 million, EUR 16.7 million lower than available own funds of this tier.

E.2 SOLVENCY CAPITAL REQUIREMENT AND MINIMUM CAPITAL REQUIREMENT

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

The SCR of the Company as at 31st December 2024 amounted at EUR 211.6 million (2023: EUR 164.7 million). The MCR of the Company as at 31st December 2024 is EUR 95.2 million (2023: EUR 74.1 million).

Figure 6 - Composition of the Solvency Capital Requirement 2024 (in EUR milion)



E.2.2 Solvency Capital Requirement Split by Risk Module

The final solvency capital requirement of the Company is result of the aggregation of the market, counterparty, life underwriting, non-life and health underwriting risks, less a benefit for diversification and including an additional risk charge for operational risk.

As commented in chapter C, the SCR increased compared to prior year end, in particular as a result of the portfolio growth.

Table 37 - Solvency Capital Requirement (in EUR '000)

	2024	2023
Market risk	53,346	40,884
Counterparty default risk	46,998	41,391
Life underwriting risk	19,225	25,782
Non-Life underwriting risk	114,654	83,148
Health underwriting risk	18,347	17,084
Intangible asset risk	0	0
Diversification	(77,447)	(69,632)
Basic solvency capital requirement	175,123	138,658
Operational risk	36,443	26,059
Loss-absorbing capacity of technical provisions	0	0
Loss-absorbing capacity of deferred taxes	0	0
Solvency Capital Requirement	**211,566**	**164,716**

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

The Company used one simplification in its calculations according to the standard formula, namely applied in the calculation of the risk mitigating effects of the retrocession contracts for the counterparty default risk calculation according to Article 107, Delegated Acts 2015/35.

E.2.4 Inputs Used to Calculate the Minimum Capital Requirement

The input used to calculate the MCR of the Company can be found in the table below. The underlying input data is also presented QRT S.28.01.

Table 38 - MCR inputs 2024 (in EUR '000)

SII Line of Business	Net Best Estimate	Net Written Premiums
Medical expense insurance and proportional reinsurance	2,889	15,505
Income protection insurance and proportional reinsurance	12,657	3,122
Workers' compensation insurance and proportional reinsurance	53	24
Motor vehicle liability insurance and proportional reinsurance	33,815	34,831
Other motor insurance and proportional reinsurance	4,047	17,755
Marine, aviation and transport insurance and proportional reinsurance	5,967	8,558
Fire and other damage to property insurance and proportional reinsurance	160,355	155,118
General liability insurance and proportional reinsurance	18,050	11,649
Credit and suretyship insurance and proportional reinsurance	4,475	7,538
Legal expenses insurance and proportional reinsurance	33	0
Assistance and proportional reinsurance	0	0
Miscellaneous financial loss insurance and proportional reinsurance	66	158
Non-proportional health reinsurance	0	46,971
Non-proportional casualty reinsurance	174,261	68,318
Non-proportional marine, aviation and transport reinsurance	0	6,210
Non-proportional property reinsurance	52,553	134,649
Total	**469,223**	**510,406**

The MCR increased in 2024 to EUR 95.2 million (2023: EUR 74.1 million) resulting from increased SCR in 2024 via the MCR cap.

Table 39 - Minimum Capital Requirement (in EUR '000)

	2024	2023	Variance (%)
Linear MCR	137,691	124,339	10%
SCR	211,566	164,716	22%
MCR cap	95,205	74,122	22%
MCR floor	52,891	41,179	22%
Combined MCR	95,205	74,122	22%
Absolute floor of the MCR	3,900	3,900	0%
Minimum Capital Requirement	**95,205**	**74,122**	**22%**

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

The Company did not use the duration-based equity risk sub-module in the calculation of the SCR as at 31st December 2024.

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

The Company has continuously been developing its partial internal model (PIM) since 2015 and received its approval in 2019. The model is part of the VIG Group PIM, subject to a number of reinsurance specific adjustments.

The model has been developed internally by the Actuarial Services and Retrocession Department with support of VIG Enterprise Risk Management and Arithmetica Consulting GmbH. For the year-end 2024 SCR calculation the model was operated by Risk Management Department together with Reserving Department. The main motivation for development of the partial internal model was to more properly reflect the Company´s risk profile in the context of specifics arising from an additional element of complexity due to the reinsurance structure. The intention of the Company was also to develop a model which can be used as a powerful tool to support various management decisions.

The following graph presents all SCR sub-modules. The modules highlighted in red are calculated by making use of the partial internal model:

Figure 7 - SCR Components

The application, structure and methodology of the model and its integration are described in the chapters below.

The model covers all material underwriting risks in non-life and in health underwriting business and in addition to the SCR calculation it is also used in other areas such as:

- planning process,
- reinsurance pricing,
- accumulation control for natural catastrophe,
- retrocession optimization.

The calculated solvency capital requirement corresponds to the value-at-risk for a change in own funds with a confidence level of 99.5% over a period of one year.

The model parametrisation is performed on two different granularity levels. The reserve risk is parametrised on individual reserving segment level, whilst the parametrisation of the premium and catastrophe risk is performed on individual active reinsurance contact level where both attritional and large claims are randomly simulated. The parametrisation of the premium and catastrophe risk is performed already during the renewal process when each individual contract is quoted and for each contract an actuarial stochastic model is run. After the renewal period all the individual stochastic models are aggregated into one company model where also retrocession structure is set.

The Company´s historical accounting data is used for the parametrisation of the reserve risk, for each homogenous reserving group the claims provision best estimates and their standard deviations on one-year horizon are estimated. To reflect the specifics of each active reinsurance contract, individual renewal data provided by each client is used wherever possible for parametrisation of the premium and catastrophe risks. Where this data is not sufficient, individual market data is used.

The model allows for a one-year modelling of the underwriting result in the non-life insurance business by making use of a Monte Carlo simulation. In this simulation, a multitude of possible scenarios is generated based on a random number generator. A possible realisation of profit and loss items is estimated (premiums, losses, etc.) for each scenario on gross and net of reinsurance level. Overall, the generated scenarios allow for the identification of risk drivers and analysis of possible extreme events.

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

In comparison to the standard formula, the model allows for a better reflection of the Company´s risk profile. The individual reserving groups across each individual Solvency II line of business are more homogenous and parametrised on the Company´s historical data. Within the premium and catastrophe risk, the Company performs the parametrisation on each active reinsurance contract level and also incorporates all characteristics of that contract into the individual stochastic pricing model. Due to the detailed nature of the model, all characteristics of the complex retrocession programme can also be integrated.

Therefore, the model is also used for steering of the Company including underwriting decisions, business planning and retrocession purposes. The adequacy of the data and methods is reviewed annually as part of the comprehensive validation. If necessary, the modelling can be adapted quickly to changes to the risk profile. Information on the validation process and governance system for the PIM is provided in chapter B.3.3.

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

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

E.6 Any Other Information

The Company does not have any further information regarding the capital management to be disclosed in this chapter

Abbreviations

Abbreviation	Detail
Abbreviation	Detail
BEL	Best estimates of liabilities
BF	Bornhuetter Fergusson Method
CEE	Central and Eastern Europe
DFM	Development Factor Methods
Commission Regulation 2015/35	Commission Delegated Regulation (EU) 2015/35 of 10 October 2014 supplementing Directive 2009/138/EC of the European Parliament and of the Council
Directive 2009/138/EC	Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009
EIOPA	The European Insurance and Occupational Pensions Authority
EPI	Expected premium income
ERM	Enterprise Risk Management
EUR	Euro
FDB	Future Discretionary Benefits
GDPR	General Data Protection Regulation (EU) 2016/679 of the European Parliament (General Data Protection Regulation
IASB	International Accounting Standards Board
IBNER	Incurred but not enough reported
IBNR	Incurred but not reported
ICS	Internal control system
IFRS	International Financial Reporting Standards
IMF	International Monetary Fund
LoB	Line of Business
MCR	Minimum capital requirement
NSLT health	Non-similar to Life Techniques
ORSA	Own Risk and Solvency Assessment
P&C	Property & Casualty
QRT	Quantitative Reporting Templates
RBNS	Reported but not Settled
RCM	Risk Control Matrix
ResQ	Loss Reserving System for Insurance and Reinsurance
RSR	Regular supervisory report
SCR	Solvency capital requirement
SFCR	Solvency and financial condition report
SLT health	Similar to Life Techniques
SII	Solvency II
Solvency II	Directive 2009/138/EC of the European Parliament and of the Council and related regulation
TP	Technical provision
VaR	Value at Risk

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Organisational structure as of 31 December 2024

Supervisory Board: Thirring (Chairman), Höfinger, Lahner, Bakeš, Diviš, Fink, Flandrin, Müller, Petschko, Reichelt

Audit Committee
Dostálek (Chairman), Thirring, Flandrin

Board of Directors

Hartmann	Wirz	Sonndorfer	Jurčíková	Board of Directors
Corporate Underwriting	VIG Re Germany	Life & Health	Controlling & Reporting	Executive Committee
Reserving	VIG Re France	Capital Management & Retrocession	Finance	Market Committee
Risk Management	Southern Europe	IT Services	HR Operations	Underwriting Committee
Actuarial Function	CEE & International	Compliance & Business Ethics	Office Management	Risk & Capital Comm.
Internal Audit	Facultative Re	Corporat Governance & Legal	Enterprise Architecture	Actuarial Committee
HR Strategy & Talent Development	Business Services	Corporate Development		Operations Committee
Marketing & Communication	Claims	Data Architecture		HR Committee

Annex II – Quantitative Information

List of reports:	
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S.04.05.21	Premiums, claims and expenses by country
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S.12.01.02	Life and Health SLT Technical Provisions
S.17.01.02	Non-Life Technical Provisions
S.19.01.21	Non-Life Insurance Claims Information
S.22.01.21	Impact of long term guarantees and transitional measures
S.23.01.01	Own funds
S.25.05.21	Solvency Capital Requirement – for undertakings using the Partial Internal Model
S.28.01.01	Minimum Capital Requirement - Only Life or only Non-Life insurance or reinsurance activity
S.28.02.01	Minimum Capital Requirement – Both Life and Non-Life insurance activity

Figures are in thousands EUR unless stated otherwise.

VIG Re's collateral arrangements are well below 60% of total assets. The threshold of 60% is defined in Article 192 (2) of the Solvency II Delegated Regulation (EU) 2015/35 and this information is relevant for the calculation of the counterparty default risk with respect to VIG Re using Solvency II standard formula.

Annex I - S.02.01.02

Balance sheet

Assets		Solvency II value C0010
Intangible assets	R0030	
Deferred tax assets	R0040	26,420
Pension benefit surplus	R0050	
Property, plant & equipment held for own use	R0060	4,454
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	737,919
Property (other than for own use)	R0080	
Holdings in related undertakings, including participations	R0090	8,971
Equities	R0100	1,587
Equities - listed	R0110	0
Equities - unlisted	R0120	1,587
Bonds	R0130	671,614
Government Bonds	R0140	305,487
Corporate Bonds	R0150	366,127
Structured notes	R0160	
Collateralised securities	R0170	
Collective Investments Undertakings	R0180	23,671
Derivatives	R0190	
Deposits other than cash equivalents	R0200	32,075
Other investments	R0210	
Assets held for index-linked and unit-linked contracts	R0220	0
Loans and mortgages	R0230	27,586
Loans on policies	R0240	
Loans and mortgages to individuals	R0250	
Other loans and mortgages	R0260	27,586
Reinsurance recoverables from:	R0270	712,253
Non-life and health similar to non-life	R0280	748,517
Non-life excluding health	R0290	717,642
Health similar to non-life	R0300	30,875
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	36,264
Health similar to life	R0320	
Life excluding health and index-linked and unit-linked	R0330	36,264
Life index-linked and unit-linked	R0340	0
Deposits to cedants	R0350	127,922
Insurance and intermediaries receivables	R0360	40,925
Reinsurance receivables	R0370	16,763
Receivables (trade, not insurance)	R0380	14,239
Own shares (held directly)	R0390	0
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400	
Cash and cash equivalents	R0410	34,337
Any other assets, not elsewhere shown	R0420	933
Total assets	R0500	**1,743,750**

Annex I - S.02.01.02

Balance sheet

Liabilities		Solvency II value C0010
Technical provisions – non-life	R0510	1,253,817
Technical provisions – non-life (excluding health)	R0520	1,206,499
TP calculated as a whole	R0530	0
Best Estimate	R0540	1,169,649
Risk margin	R0550	36,850
Technical provisions - health (similar to non-life)	R0560	47,318
TP calculated as a whole	R0570	0
Best Estimate	R0580	45,119
Risk margin	R0590	2,199
Technical provisions - life (excluding index-linked and unit-linked)	R0600	8,936
Technical provisions - health (similar to life)	R0610	2,110
TP calculated as a whole	R0620	0
Best Estimate	R0630	(2,480)
Risk margin	R0640	4,590
Technical provisions – life (excluding health and index-linked and unit-linked)	R0650	6,826
TP calculated as a whole	R0660	0
Best Estimate	R0670	(3,578)
Risk margin	R0680	10,404
Technical provisions – index-linked and unit-linked	R0690	0
TP calculated as a whole	R0700	0
Best Estimate	R0710	0
Risk margin	R0720	0
Contingent liabilities	R0740	
Provisions other than technical provisions	R0750	
Pension benefit obligations	R0760	
Deposits from reinsurers	R0770	5,972
Deferred tax liabilities	R0780	
Derivatives	R0790	
Debts owed to credit institutions	R0800	11
Financial liabilities other than debts owed to credit institutions	R0810	2,803
Insurance & intermediaries payables	R0820	10,820
Reinsurance payables	R0830	22,764
Payables (trade, not insurance)	R0840	9,912
Subordinated liabilities	R0850	55,742
Subordinated liabilities not in BOF	R0860	
Subordinated liabilities in BOF	R0870	55,742
Any other liabilities, not elsewhere shown	R0880	(441)
Total liabilities	R0900	**1,370,334**
Excess of assets over liabilities	R1000	**373,415**

Annex I - S.04.05.21

Premiums, claims and expenses by country

		Home country: Non-life insurance and reinsurance obligations					
		Home country: Non-life insurance and reinsurance obligations	Top 5 countries (by amount of gross premiums written): Non-life insurance and reinsurance obligations				
			AT	DE	TR	PL	FR
	R0010	C0010	C0020	C0020	C0020	C0020	C0020
Premiums written (gross)							
Gross Written Premium (direct)	R0020	0	0	0	0	0	0
Gross Written Premium (proportional reinsurance)	R0021	32,428	60,971	57,442	36,092	25,341	18,346
Gross Written Premium (non-proportional reinsurance)	R0022	53,002	147,175	36,414	42,711	29,756	30,806
Premiums earned (gross)							
Gross Earned Premium (direct)	R0030	0	0	0	0	0	0
Gross Earned Premium (proportional reinsurance)	R0031	31,990	65,756	56,253	33,578	26,730	18,152
Gross Earned Premium (non-proportional reinsurance)	R0032	52,973	147,878	37,329	41,862	32,404	30,993
Claims incurred (gross)							
Claims incurred (direct)	R0040	0	0	0	0	0	0
Claims incurred (proportional reinsurance)	R0041	17,646	84,239	39,866	14,806	10,740	13,712
Claims incurred (non-proportional reinsurance)	R0042	233,110	267,242	19,222	(2,919)	112,208	13,518
Expenses incurred (gross)							
Gross Expenses Incurred (direct)	R0050	0	0	0	0	0	0
Gross Expenses Incurred (proportional reinsurance)	R0051	438	1,189	692	729	338	250
Gross Expenses Incurred (non-proportional reinsurance)	R0052	669	1,161	1,049	485	485	679

		Home country: Non-life insurance and reinsurance obligations					
		Home country	Top 5 countries: life and health SLT				
			SK	DE	IT	AT	TR
	R1010	C0030	C0040	C0040	C0040	C0040	C0040
Gross Written Premium	R1020	1,522	8,969	8,776	8,263	7,259	2,467
Gross Earned Premium	R1030	1,521	8,969	8,776	8,263	7,624	2,465
Claims incurred	R1040	1,301	3,133	4,410	2,697	3,261	1,453
Gross Expenses Incurred	R1050	42	83	107	57	93	25

Annex I - S.05.01.02

Premiums, claims and expenses by line of business

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)								
		Medical expense insurance	Income protection insurance	Workers' compensat. insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090
Premiums written										
Gross - Direct Business	R0110									
Gross - Proportional reinsurance accepted	R0120	17,168	4,365	24	39,698	21,208	17,194	278,380	12,999	10,857
Gross - Non-proportional reinsurance accepted	R0130									
Reinsurers' share	R0140	1,663	1,243	0	4,868	3,453	8,636	123,262	1,350	3,318
Net	R0200	15,505	3,122	24	34,831	17,755	8,558	155,118	11,649	7,538
Premiums earned										
Gross - Direct Business	R0210									
Gross - Proportional reinsurance accepted	R0220	18,227	4,349	26	38,063	20,921	16,993	276,752	13,253	10,235
Gross - Non-proportional reinsurance accepted	R0230									
Reinsurers' share	R0240	1,624	1,243	0	3,629	3,368	8,673	127,036	1,404	2,843
Net	R0300	16,603	3,106	26	34,434	17,553	8,320	149,716	11,849	7,392
Claims incurred										
Gross - Direct Business	R0310									
Gross - Proportional reinsurance accepted	R0320	4,957	1,499	0	41,405	10,577	7,602	224,553	701	4,831
Gross - Non-proportional reinsurance accepted	R0330									
Reinsurers' share	R0340	687	(49)	0	2,865	1,345	3,232	108,105	417	530
Net	R0400	4,270	1,548	0	38,539	9,233	4,370	116,449	284	4,301
Expenses incurred	R0550	501	222	9	1,218	658	1,051	8,403	472	374
Balance - other technical expenses/income	R1210									
Total expenses	R1300									

Annex I - S.05.01.02

Premiums, claims and expenses by line of business

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)			Line of business for: accepted non-proportional reinsurance				Total
		Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty	Marine, aviation, transport	Property	
		C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0200
Premiums written									
Gross - Direct Business	R0110								
Gross - Proportional reinsurance accepted	R0120		0	158					402,050
Gross - Non-proportional reinsurance accepted	R0130				51,867	98,610	15,159	361,337	526,973
Reinsurers' share	R0140	0	0	0	4,896	30,292	8,949	226,688	418,617
Net	R0200	0	0	158	46,971	68,318	6,210	134,649	510,406
Premiums earned									
Gross - Direct Business	R0210								
Gross - Proportional reinsurance accepted	R0220	0	0	158					398,978
Gross - Non-proportional reinsurance accepted	R0230				51,946	97,858	15,023	367,444	532,271
Reinsurers' share	R0240	0	0	0	4,972	30,454	8,965	222,761	416,973
Net	R0300	0	0	158	46,974	67,403	6,058	144,683	514,276
Claims incurred									
Gross - Direct Business	R0310								
Gross - Proportional reinsurance accepted	R0320		0	64					296,190
Gross - Non-proportional reinsurance accepted	R0330				49,819	78,686	6,055	651,695	786,255
Reinsurers' share	R0340	0	0	0	6,766	26,676	231	534,618	685,425
Net	R0400	0	0	64	43,052	52,010	5,824	117,077	397,021
Expenses incurred	R0550	0	0	21	1,493	3,872	720	12,924	31,939
Balance - other technical expenses/income	R1210								
Total expenses	R1300								31,939

Annex I - S.05.01.02

Premiums, claims and expenses by line of business

		Line of Business for: life insurance obligations						Life reinsurance obligations		Total
		Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Health reinsurance	Life reinsurance	
		C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0300
Premiums written										
Gross	R1410							1,805	52,432	54,237
Reinsurers' share	R1420							0	23,390	23,390
Net	R1500							1,805	29,042	30,847
Premiums earned										
Gross	R1510							1,805	52,580	54,385
Reinsurers' share	R1520							0	23,266	23,266
Net	R1600							1,805	29,313	31,119
Claims incurred										
Gross	R1610							935	21,972	22,907
Reinsurers' share	R1620							0	8,910	8,910
Net	R1700							935	13,062	13,997
Expenses incurred	R1900							47	3,854	3,901
Other expenses	R2500									
Total expenses	R2600									3,901
Expenses incurred	R2700									

Annex I - S.12.01.02

Life and Health SLT Technical Provisions

		Insurance with profit participation	Index-linked and unit-linked insurance			Other life insurance			Annuities stemming from non-life insurance contracts and relating to insurance obligation other than health insurance obligations	Accepted reinsurance	Total (Life other than health insurance, incl. Unit-Linked)
				Contracts without options and guarantees	Contracts with options or guarantees		Contracts without options and guarantees	Contracts with options or guarantees			
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0150
Technical provisions calculated as a whole	R0010										
Total Recoverables from reinsurance/ SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	R0020										
Technical provisions calculated as a sum of BE and RM											
Best Estimate											
Gross Best Estimate	R0030									(3,578)	(3,578)
Total Recoverables from reinsurance/ SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0080									(36,264)	(36,264)
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	R0090									32,686	32,686
Risk Margin	R0100									10,404	10,404
Technical provisions - total	R0200									6,826	6,826

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Life and Health SLT Technical Provisions

		Health insurance (direct business)			Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Health reinsurance (reinsurance accepted)	Total (Health similar to life insurance)
			Contracts without options and guarantees	Contracts with options or guarantees			
		C0160	C0170	C0180	C0190	C0200	C0210
Technical provisions calculated as a whole	R0010						
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	R0020						
Technical provisions calculated as a sum of BE and RM							
Best Estimate							
Gross Best Estimate	R0030					(2,480)	(2,480)
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0080					0	0
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	R0090					(2,480)	(2,480)
Risk Margin	R0100					4,590	4,590
Technical provisions - total	R0200					2,110	2,110

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Non-life Technical Provisions

		Direct business and accepted proportional reinsurance								
		Medical expense insurance	Income protection insurance	Workers' compensat. insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100
Technical provisions calculated as a whole	R0010									
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	R0050									
Technical provisions calculated as a sum of BE and RM										
Best estimate										
Premium provisions										
Gross	R0060	(8,881)	(2,733)	(23)	(19,909)	(9,931)	(3,971)	(53,870)	(5,223)	(2,793)
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140	(2,875)	(909)	0	2,578	(1,431)	(3,815)	(32,554)	(1,157)	(1,622)
Net Best Estimate of Premium Provisions	R0150	(6,006)	(1,824)	(23)	(22,486)	(8,500)	(156)	(21,316)	(4,066)	(1,171)
Claims provisions										
Gross	R0160	10,112	14,802	77	60,750	13,860	13,700	342,130	25,489	7,718
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240	1,216	321		4,449	1,314	7,577	160,458	3,373	2,072
Net Best Estimate of Claims Provisions	R0250	8,895	14,481	76	56,301	12,547	6,123	181,672	22,116	5,646
Total Best estimate - gross	R0260	1,231	12,070	54	40,841	3,930	9,729	288,260	20,266	4,925
Total Best estimate - net	R0270	2,889	12,657	53	33,815	4,047	5,967	160,355	18,050	4,475
Risk margin	R0280	392	361	7	3,693	293	304	6,154	1,368	350
Amount of the transitional on Technical Provisions										
Technical provisions - total	R0320	1,623	12,431	60	44,535	4,223	10,034	294,413	21,634	5,275
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330	(1,658)	(587)		7,027	(117)	3,762	127,904	2,216	450
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0340	3,282	13,018	60	37,508	4,340	6,271	166,509	19,418	4,825

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Non-life Technical Provisions

		Direct business and accepted proportional reinsurance			Accepted non-proportional reinsurance				Total Non-Life obligation
		Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	
		C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
Technical provisions calculated as a whole	R0010								
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	R0050								
Technical provisions calculated as a sum of BE and RM									
Best estimate									
Premium provisions									
Gross	R0060	0	0	(46)	(11,261)	(48,103)	(7,657)	(92,258)	(266,659)
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140	0	0	0	661	(12,033)	(1,425)	(60,920)	(115,502)
Net Best Estimate of Premium Provisions	R0150	0	0	(46)	(11,922)	(36,070)	(6,232)	(31,338)	(151,157)
Claims provisions									
Gross	R0160	34	0	112	43,026	342,017	24,194	583,405	1,481,427
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240	1	0	0	32,460	131,686	19,578	499,513	864,019
Net Best Estimate of Claims Provisions	R0250	33	0	112	10,566	210,331	4,616	83,892	617,408
Total Best estimate - gross	R0260	34	0	66	31,765	293,914	16,536	491,147	1,214,768
Total Best estimate - net	R0270	33	0	66	(1,356)	174,261	(1,616)	52,553	466,250
Risk margin	R0280	1	0	18	1,438	15,488	793	8,387	39,049
Amount of the transitional on Technical Provisions									
Technical provisions - total	R0320	35	0	84	33,203	309,402	17,330	499,534	1,253,817
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330	1	0	0	33,120	119,653	18,153	438,594	748,517
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0340	35	0	84	82	189,749	(823)	60,940	505,299

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Non-life Insurance Claims Information

Total Non-Life Business

Accident year / Underwriting year	Z0020	Underwriting year

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

		Development year												In Current year	Sum of years (cumulative)
	Year	0	1	2	3	4	5	6	7	8	9	10 & +	Year		
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110		C0170	C0180
Prior	R0100											3,119	R0100	3,119	3,119
N-9	R0160	91,074	57,115	28,775	13,680	9,187	7,507	1,670	1,519	1,291	1,589		R0160	1,589	213,406
N-8	R0170	77,712	48,501	15,283	6,957	5,657	2,393	3,410	2,552	1,207			R0170	1,207	163,672
N-7	R0180	115,710	77,398	33,832	28,536	11,791	4,853	3,475	2,381				R0180	2,381	277,975
N-6	R0190	86,865	57,272	28,562	11,225	9,438	3,229	2,992					R0190	2,992	199,583
N-5	R0200	106,830	88,679	43,062	13,356	5,243	5,680						R0200	5,680	262,851
N-4	R0210	112,581	77,869	40,969	15,385	5,429							R0210	5,429	252,233
N-3	R0220	258,379	244,609	90,231	67,531								R0220	67,531	660,750
N-2	R0230	171,784	119,804	84,470									R0230	84,470	376,058
N-1	R0240	169,102	202,918										R0240	202,918	372,020
N	R0250	222,032											R0250	222,032	222,032
												Total	R0260	599,349	**3,003,699**

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Non-life Insurance Claims Information

Gross undiscounted Best Estimate Claims Provisions
(absolute amount)

	Year	Development year												Year end (discounted data)
		0	1	2	3	4	5	6	7	8	9	10 & +		
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300		C0360
Prior	R0100											78,012	R0100	59,755
N-9	R0160		82,976	67,489	49,581	30,094	24,491	23,293	26,456	23,678	20,119		R0160	16,198
N-8	R0170	89,889	61,459	44,135	29,521	31,425	31,864	34,043	29,318	30,120			R0170	23,616
N-7	R0180	142,139	108,345	70,599	49,893	41,957	39,302	39,459	36,717				R0180	30,535
N-6	R0190	101,617	82,393	42,440	40,598	42,431	41,651	39,144					R0190	32,043
N-5	R0200	176,713	121,155	76,256	71,575	61,416	61,243						R0200	51,018
N-4	R0210	184,424	141,541	98,458	72,260	62,984							R0210	52,712
N-3	R0220	451,483	320,560	217,031	147,002								R0220	132,316
N-2	R0230	317,460	239,838	173,075									R0230	152,343
N-1	R0240	410,736	296,794										R0240	268,077
N	R0250	699,484											R0250	662,815
												Total	R0260	1,481,427

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Impact of long term guarantees and transitional measures

		Amount with Long Term Guarantee measures and transitionals	Impact of transitional on technical provisions	Impact of transitional on interest rate	Impact of volatility adjustment set to zero	Impact of matching adjustment set to zero
		C0010	C0030	C0050	C0070	C0090
Technical provisions	R0010					
Basic own funds	R0020					
Eligible own funds to meet Solvency Capital Requirement	R0050					
Solvency Capital Requirement	R0090					
Eligible own funds to meet Minimum Capital Requirement	R0100					
Minimum Capital Requirement	R0110					

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Own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation (EU) 2015/35						
Ordinary share capital (gross of own shares)	R0010	276,851	276,851			
Share premium account related to ordinary share capital	R0030	50	50			
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040	0	0			
Subordinated mutual member accounts	R0050					
Surplus funds	R0070	0	0			
Preference shares	R0090					
Share premium account related to preference shares	R0110					
Reconciliation reserve	R0130	41,763	41,763			
Subordinated liabilities	R0140	55,742		20,034	35,708	
An amount equal to the value of net deferred tax assets	R0160	26,420				26,420
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180	0	0			
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220					
Deductions						
Deductions for participations in financial and credit institutions	R0230					
Total basic own funds after deductions	R0290	400,825	318,663	20,034	35,708	26,420
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300					
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310					
Unpaid and uncalled preference shares callable on demand	R0320					
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330	22,000				22,000
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340					
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350					
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360					
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370					
Other ancillary own funds	R0390					
Total ancillary own funds	R0400	22,000				22,000

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Own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Available and eligible own funds						
Total available own funds to meet the SCR	R0500	422,825	318,663	20,034	35,708	48,420
Total available own funds to meet the MCR	R0510	374,405	318,663	20,034	35,708	
Total eligible own funds to meet the SCR	R0540	406,140	318,663	20,034	35,708	31,735
Total eligible own funds to meet the MCR	R0550	357,738	318,663	20,034	19,041	
SCR	R0580	211,566				
MCR	R0600	95,205				
Ratio of Eligible own funds to SCR	R0620	191.97%				
Ratio of Eligible own funds to MCR	R0640	375.76%				

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	373,415
Own shares (held directly and indirectly)	R0710	0
Foreseeable dividends, distributions and charges	R0720	28,332
Other basic own fund items	R0730	303,320
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	0
Reconciliation reserve	R0760	41,763
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	R0770	89,910
Expected profits included in future premiums (EPIFP) - Non- life business	R0780	316,036
Total Expected profits included in future premiums (EPIFP)	R0790	405,946

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Solvency Capital Requirement - for undertakings on Standard Formula

		Gross solvency capital requirement	Simplifications
		C0110	C0120
Market risk	R0010		
Counterparty default risk	R0020		
Life underwriting risk	R0030		
Health underwriting risk	R0040		
Non-life underwriting risk	R0050		
Diversification	R0060		
Intangible asset risk	R0070		
Basic Solvency Capital Requirement	R0100		

		USP
		C0090
Life underwriting risk	R0030	
Health underwriting risk	R0040	
Non-life underwriting risk	R0050	

Calculation of Solvency Capital Requirement		C0100
Operational risk	R0130	
Loss-absorbing capacity of technical provisions	R0140	
Loss-absorbing capacity of deferred taxes	R0150	
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	
Solvency capital requirement excluding capital add-on	R0200	
Capital add-on already set	R0210	
of which, capital add-ons already set - Article 37 (1) Type a	R0211	
of which, capital add-ons already set - Article 37 (1) Type b	R0212	
of which, capital add-ons already set - Article 37 (1) Type c	R0213	
of which, capital add-ons already set - Article 37 (1) Type d	R0214	
Solvency capital requirement	R0220	
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	R0400	
Total amount of Notional Solvency Capital Requirement for remaining part	R0410	
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420	
Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	R0430	
Diversification effects due to RFF nSCR aggregation for article 304	R0440	

		Yes/No
		C0109
Approach based on average tax rate	R0590	

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

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Solvency Capital Requirement - for undertakings using an internal model (partial or full)

Solvency Capital Requirement information		Solvency Capital Requirement	Amount modelled	USP	Simplifications
		C0010	C0070	C0090	C0120
Risk type					
Total diversification	R0020	(77,447)	0		
Total diversified risk before tax	R0030	211,566	126,560		
Total diversified risk after tax	R0040	211,566	126,560		
Total market & credit risk	R0070	74,320	0		
Market & Credit risk - diversified	R0080	53,346	0		
Credit event risk not covered in market & credit risk	R0190	48,357	0		
Credit event risk not covered in market & credit risk - diversified	R0200	46,998	0		
Total Business risk	R0270	0	0		
Total Business risk - diversified	R0280	0	0		
Total Net Non-life underwriting risk	R0310	126,560	126,560		
Total Net Non-life underwriting risk - diversified	R0320	115,270	126,560		
Total Life & Health underwriting risk	R0400	42,674	0		
Total Life & Health underwriting risk - diversified	R0410	23,968	0		
Total Operational risk	R0480	36,443	0		
Total Operational risk - diversified	R0490	36,443	0		
Other risk	R0500	0	0		

Calculation of Solvency Capital Requirement		C0100
Total undiversified components	R0110	289,013
Diversification	R0060	(77,447)
Adjustment due to RFF/MAP nSCR aggregation	R0120	0
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	0
Solvency capital requirement, excluding capital add-ons	R0200	211,566
Capital add-ons already set	R0210	0
of which, Capital add-ons already set - Article 37 (1) Type a	R0211	0
of which, Capital add-ons already set - Article 37 (1) Type b	R0212	0
of which, Capital add-ons already set - Article 37 (1) Type c	R0213	0
of which, Capital add-ons already set - Article 37 (1) Type d	R0214	0
Solvency capital requirement	R0220	211,566
Other information on SCR		
Amount/estimate of the overall loss-absorbing capacity of technical provisions	R0300	
Amount/estimate of the loss absorbing capacity for deferred taxes	R0310	
Capital requirement for duration-based equity risk sub-module	R0400	0
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	0
Total amount of Notional Solvency Capital Requirements for ring-fenced funds	R0420	0
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	R0430	0
Diversification effects due to RFF nSCR aggregation for article 304	R0440	0
Method used to calculate the adjustment due to RFF nSCR aggregation	R0450	
Net future discretionary benefits	R0460	0

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

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

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

Linear formula component for non-life insurance and reinsurance obligations		
		C0010
MCRNL Result	R0010	127,078

		Net (of reinsurance/ SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
Medical expense insurance and proportional reinsurance	R0020	2,889	15,505
Income protection insurance and proportional reinsurance	R0030	12,657	3,122
Workers' compensation insurance and proportional reinsurance	R0040	53	24
Motor vehicle liability insurance and proportional reinsurance	R0050	33,815	34,831
Other motor insurance and proportional reinsurance	R0060	4,047	17,755
Marine, aviation and transport insurance and proportional reinsurance	R0070	5,967	8,558
Fire and other damage to property insurance and proportional reinsurance	R0080	160,355	155,118
General liability insurance and proportional reinsurance	R0090	18,050	11,649
Credit and suretyship insurance and proportional reinsurance	R0100	4,475	7,538
Legal expenses insurance and proportional reinsurance	R0110	33	0
Assistance and proportional reinsurance	R0120	0	0
Miscellaneous financial loss insurance and proportional reinsurance	R0130	66	158
Non-proportional health reinsurance	R0140	0	46,971
Non-proportional casualty reinsurance	R0150	174,261	68,318
Non-proportional marine, aviation and transport reinsurance	R0160	0	6,210
Non-proportional property reinsurance	R0170	52,553	134,649

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

Linear formula component for life insurance and reinsurance obligations		C0040
MCRNL Result	R0200	10,613

		Net (of reinsurance/ SPV) best estimate and TP calculated as a whole	Net (of reinsurance/ SPV) total capital at risk
		C0050	C0060
Obligations with profit participation - guaranteed benefits	R0210		
Obligations with profit participation - future discretionary benefits	R0220		
Index-linked and unit-linked insurance obligations	R0230		
Other life (re)insurance and health (re)insurance obligations	R0240	32,686	
Total capital at risk for all life (re)insurance obligations	R0250		14,180,944

Overall MCR calculation		C0070
Linear MCR	R0300	137,691
SCR	R0310	211,566
MCR cap	R0320	95,205
MCR floor	R0330	52,891
Combined MCR	R0340	95,205
Absolute floor of the MCR	R0350	3,900

		C0070
Minimum Capital Requirement	R0400	**95,205**

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

		Non-life activities	Life activities
		MCR(NL,NL) Result	MCR(NL,L) Result
		C0010	C0020
Linear formula component for non-life insurance and reinsurance obligations	R0010		

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

Annex I - S.28.02.01

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

		Non-life activities	Life activities
		MCR(NL,NL) Result	MCR(NL,L) Result
		C0070	C0080
Linear formula component for life insurance and reinsurance obligations	R0200		

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

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

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

		C00130
Minimum Capital Requirement	R0400	

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