



# **SOLVENCY AND FINANCIAL CONDITION REPORT**

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# EXECUTIVE SUMMARY

WE ARE **NUMBER 1**  
IN CENTRAL AND EASTERN EUROPE.

|  |  |  |  |   |  |
|--|--|--|--|---|--|
| <b>ALBANIA</b><br><br>VIENNA INSURANCE GROUP<br><br>VIENNA INSURANCE GROUP                               | <b>BULGARIA</b><br><br>VIENNA INSURANCE GROUP<br><i>Life</i><br><br>VIENNA INSURANCE GROUP<br><br>VIENNA INSURANCE GROUP | <b>ESTONIA</b><br><br>VIENNA INSURANCE GROUP<br><br>VIENNA INSURANCE GROUP<br><br>VIENNA INSURANCE GROUP | <b>KOSOVO</b><br><br>VIENNA INSURANCE GROUP  | <b>NORWAY</b><br><br>VIENNA INSURANCE GROUP   | <b>SLOVAKIA</b><br><br>VIENNA INSURANCE GROUP<br><br>VIENNA INSURANCE GROUP                              |
| <b>AUSTRIA</b><br><br>VIENNA INSURANCE GROUP<br><br>VIENNA INSURANCE GROUP<br><br>VIENNA INSURANCE GROUP | <b>CROATIA</b><br><br>VIENNA INSURANCE GROUP   | <b>FRANCE</b><br><br>VIENNA INSURANCE GROUP  | <b>LATVIA</b><br><br>VIENNA INSURANCE GROUP<br><br>VIENNA INSURANCE GROUP  | <b>POLAND</b><br><br>VIENNA INSURANCE GROUP<br><br>VIENNA INSURANCE GROUP<br><br>VIENNA INSURANCE GROUP<br><br>VIENNA INSURANCE GROUP | <b>SLOVENIA</b><br><br>VIENNA INSURANCE GROUP  |
| <b>BELARUS</b><br><br>VIENNA INSURANCE GROUP   | <b>CZECH REPUBLIC</b><br><br>VIENNA INSURANCE GROUP<br><br>VIENNA INSURANCE GROUP<br><br>VIENNA INSURANCE GROUP          | <b>GEORGIA</b><br><br>VIENNA INSURANCE GROUP<br><br>VIENNA INSURANCE GROUP                               | <b>LIECHTENSTEIN</b><br><br>VIENNA INSURANCE GROUP   | <b>ROMANIA</b><br><br>VIENNA INSURANCE GROUP<br><br>VIENNA INSURANCE GROUP<br><br>VIENNA INSURANCE GROUP                              | <b>SWEDEN</b><br><br>VIENNA INSURANCE GROUP  |
| <b>BOSNIA-HERZEGOVINA</b><br><br>VIENNA INSURANCE GROUP<br><br>VIENNA INSURANCE GROUP                    | <b>DENMARK</b><br><br>VIENNA INSURANCE GROUP   | <b>GERMANY</b><br><br>VIENNA INSURANCE GROUP<br><br>VIENNA INSURANCE GROUP                               | <b>LITHUANIA</b><br><br>VIENNA INSURANCE GROUP<br><br>VIENNA INSURANCE GROUP                                     | <b>TURKEY</b><br><br>VIENNA INSURANCE GROUP   | <b>UKRAINE</b><br><br>VIENNA INSURANCE GROUP<br><br>VIENNA INSURANCE GROUP<br><br>VIENNA INSURANCE GROUP |
|  |  | <b>HUNGARY</b><br><br>VIENNA INSURANCE GROUP   | <b>MOLDOVA</b><br><br>VIENNA INSURANCE GROUP   | <b>SERBIA</b><br><br>VIENNA INSURANCE GROUP<br><br>VIENNA INSURANCE GROUP   |  |
|  |  | <b>ITALY</b><br><br>VIENNA INSURANCE GROUP   | <b>MONTENEGRO</b><br><br><br>VIENNA INSURANCE GROUP  |   |  |
|  |  |  | <b>NORTH MACEDONIA</b><br><br>VIENNA INSURANCE GROUP<br><br>VIENNA INSURANCE GROUP<br><br>VIENNA INSURANCE GROUP |   |  |





# INTRODUCTION

WE HAVE BEEN PRESENT ON THE ROMANIAN MARKET SINCE 1995 AND SINCE 2005 WE HAVE BEEN PART OF VIENNA INSURANCE GROUP (WIENER VIERSICHERUNG GRUPPE), THE MAIN EXPERT ON THE INSURANCE MARKET IN AUSTRIA, AS WELL AS IN CENTRAL AND EASTERN EUROPE.

WE HAVE BEEN PRESENT ON THE ROMANIAN MARKET SINCE 1995 AND SINCE 2005 WE HAVE BEEN PART OF VIENNA INSURANCE GROUP (WIENER VIERSICHERUNG GRUPPE), THE MAIN EXPERT ON THE INSURANCE MARKET IN AUSTRIA, AS WELL AS IN CENTRAL AND EASTERN EUROPE.



An aerial photograph of London, showing the London Eye in the background, a large historic building with a dark roof in the middle ground, and a modern, curved glass-fronted building in the foreground. A multi-lane road with traffic, including red double-decker buses, runs alongside the modern building. The River Thames is visible on the left side of the image.

# COMPANY PROFILE

FOR OVER 25 YEARS, OMNIASIG TAKES CARE OF ITS CUSTOMERS THROUGH ITS PORTFOLIO OF OVER 100 PRODUCTS, COVERING ALL NON-LIFE INSURANCE CATEGORIES NECESSARY TO HELP THEM THEIR HEALTH, PROPERTY AND BUSINESS. AS WELL , THE COMPANY HAS BEEN ACTIVELY INVOLVED IN THE RESPONSIBLE DEVELOPMENT OF THE COMMUNITIES IN WHICH IT IS PRESENT.

THE DIVERSITY OF THE PRODUCT AND SERVICE PORTFOLIO, THE GUARANTEE OF CLAIMS SERVICES, AS WELL AS ITS MEMBERSHIP TO THE VIG GROUP, SECURED THE TOP POSITION THAT OMNIASIG HAS TODAY ON THE ROMANIAN INSURANCE MARKET.



**2008**



VIENNA INSURANCE GROUP  
TAKES OVER OMNIASIG

**2012**



THE NEW OMNIASIG VIENNA INSURANCE GROUP  
IS BORN THROUGH THE MERGER BETWEEN  
OMNIASIG AND BCR

**2021**



THE COMPANY CELEBRATES 26 YEARS OF EXISTENCE  
ON INSURANCE MARKET

**2005**



VIENNA INSURANCE GROUP  
TAKES OVER BCR

**2001**



BCR ASIGURARI IS ESTABLISHED

**1995**



OMNIASIG IS ESTABLISHED

# THE PRINCIPLES OF OMNIASIG



## VISION

OUR VISION IS TO CONSTANTLY SEEK TO BE IN THE TOP OF ROMANIA INSURANCE MARKET, IN THE BUSINESS-TO-BUSINESS SECTOR AND, ALSO, IN THE REST OF THE SECTORS OF ACTIVITY.



## MISSION

IS TO ACHIEVE EXCELLENCE THROUGH THE SERVICES AND PRODUCTS OFFERED TO OUR CUSTOMERS. OMNIASIG'S KEY COMPETENCIES INCLUDE PROFESSIONAL RISK MANAGEMENT AND AN EXCELLENT CLAIMS MANAGEMENT SYSTEM.



## VALUES

THE MOST IMPORTANT PRINCIPLE AROUND WHICH WE BUILD OUR SET OF VALUES: INTEGRITY, PROFESSIONALISM AND PASSION, RESPECT, TRUST, RESPONSIBILITY, IT WAS, FROM THE BEGINNING, TO PROVIDE OUR PARTNERS AND CUSTOMERS THE PROTECTION THEY NEEDED.





# THE PURPOSE OF THE REPORT

OMNIASIG VIENNA INSURANCE GROUP S.A, HEREINAFTER REFERRED AS "OMNIASIG" OR "THE COMPANY" HAS PREPARED ITS OWN SOLVENCY AND FINANCIAL CONDITION REPORT, IN ACCORDANCE WITH DELEGATED REGULATION 2015/35/EC, LAW 237/2015 AND ASF RULES IN FORCE.

# OMNIASIG IN 2021

THROUGH THE SOLVENCY AND FINANCIAL CONDITION REPORT WE WANT TO PRESENT YOU IN A TRANSPARENT AND EXHAUSTIVE MANNER, THE RESULTS OBTAINED BY OMNIASIG, PROVIDING, AT THE SAME TIME, A COMPLETE PICTURE OF THE ACTIVITY, AS WELL AS THE RISK MANAGEMENT AND CAPITAL MANAGEMENT SYSTEM.

DURING THE YEAR 2021, OUR COMPANY OBTAINED A VOLUME OF GROSS WRITTEN PREMIUMS IN THE VALUE OF 1,611 MILLION LEI, INCREASING BY 16.4% COMPARED TO THE SAME PERIOD OF LAST YEAR. THE RESULTS OBTAINED CONFIRM, ONCE AGAIN, PERSEVERANCE IN RESPECTING THE SOLID COMMITMENT TO ALL OUR STAKEHOLDERS.

THE COMPANY'S ACTIVITY, ADAPTED TO THE CONTEXT OF THE COVID-19 PANDEMIC, HAD ALSO AT THIS PERIOD, IN THE CENTER OF ITS CONCERNS, ITS ATTENTION TO THE RELATIONSHIP WITH ITS CUSTOMERS AND PARTNERS. WE CONTINUED TO PERMANENTLY IMPROVE OUR PRODUCTS, SO THAT WE RESPOND TO EVERY CHALLENGES.



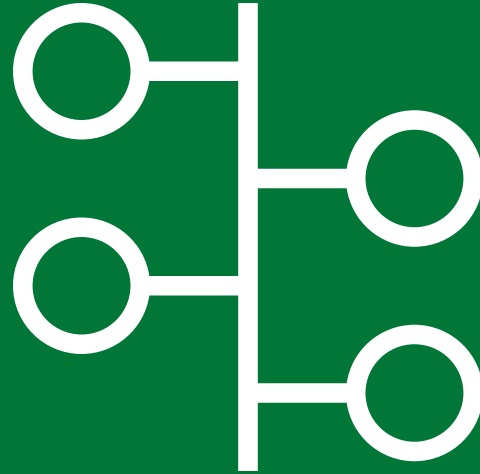


# IN 2021 WE AIM WITH:



1.110 EMPLOYEES

33 BRANCHES  
69 AGENTIES



OVER  
100 PRODUCTS



OVER  
500.000 CLIENTS





# THE BUSINESS VISION IN 2022

ALSO IN 2022 WE WILL CONTINUE TO MAINTAIN AT A HIGH AND SAFE LEVEL THE LIQUIDITY AND SOLVENCY INDICATORS OF THE COMPANY, TO ENSURE AN ORGANIC AND SUSTAINABLE GROWTH. OUR BUSINESS VISION IS TO KEEP OUR PROMISES TO OUR STAKEHOLDERS.

OMNIASIG PROMOTES EXCELLENCE, RESPONSIBILITY AND INTEGRITY, WITH THE MAIN OBJECTIVE OF CONSTANTLY ADAPTING TO THE NEEDS OF CUSTOMERS AND PARTNERS.

FOR 2022, WE HAVE A WELL-INTEGRATED ACTION PLAN THAT ALLOWS US TO ADAPT IN THE CONTEXT OF A CONSTANTLY CHANGING ECONOMIC, LEGISLATIVE AND SOCIAL CONTEXT. SPECIFICALLY, WE WILL CONTINUE TO DEVELOP AND CUSTOMIZE SERVICES BASED ON CUSTOMER PREFERENCES AND NEEDS, IN ORDER TO KEEP THE COMPANY IN THE TOP OF THEIR PREFERENCES.





**A**

# **BUSINESS AND PERFORMANCE**



## HEADQUARTER

OMNIASIG VIENNA  
INSURANCE GROUP

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Bucharest  
+4021 405 74 20

## FINANCIAL SUPERVISORY AUTHORITY

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E-mail: [office@asfromania.ro](mailto:office@asfromania.ro)

## EXTERNAL AUDITOR

KPMG Audit SRL  
DN1, Soseaua Bucuresti-Ploiesti  
no. 89A, District 1, Bucharest  
0372 377 800

## FINANCIAL MARKET SUPERVISION IN AUSTRIA

Otto Wagner Platz 5,  
1090 Vienna, Austria



## SHAREHOLDING STRUCTURE

The majority shareholder of OMNIASIG Vienna Insurance Group S.A. is VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe having headquarters in Vienna, Austria which held on 31.12.2019 a number of 144.010.945 shares representing 99,54299% of the share capital. VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe has a share capital of 132.887.468,20 EURO, divided into 128.000.000 voting no-par value bearer shares that each represents an equal portion of the share capital. Bearer shares are made out in the name of the shareholder. The holder is not registered in a share register.

The majority shareholder of VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe is Wiener Städtische Wechselseitige Versicherungsverein-Vermögensverwaltung-Vienna Insurance Group, company headquartered in Vienna, Austria, which holds approximately 72% of the shared issues. The remaining shares (28%) are free float. Bearer shares are made out in the name of the shareholder and the holder is not registered in a share register.

On 31 December 2021 OMNIASIG's list of strategic affiliated companies is as follows:

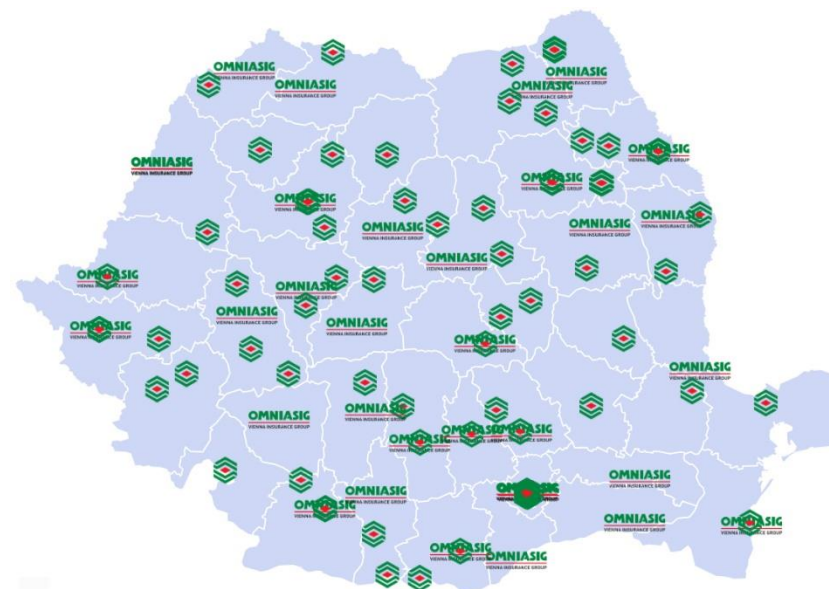
| Crt.no. | Company's Name             | Legal form | Country | Share of participation |
|---------|----------------------------|------------|---------|------------------------|
| 1.      | Autosig                    | LLC        | Romania | 100%                   |
| 2.      | Global Assistance Services | LLC        | Romania | 25%                    |
| 3.      | VIG MS                     | LLC        | Romania | 18%                    |

## TERRITORIAL NETWORK

OMNIASIG operates through an extensive national network, structured as follows:

- **6 regions**
  - **Iasi** (Bacau, Botosani, Iasi, Neamt, Suceava, Vaslui);
  - **Timis** (Arad, Bihor, Hunedoara, Sibiu, Timis);
  - **Arges** (Arges, Dambovita, Dolj, Olt, Valcea, Gorj);
  - **Cluj** (Alba, Cluj, Maramures, Mures, Satu Mare);
  - **Constanta** (Calarasi, Constanta, Galati);
  - **Prahova** (Brasov, Giurgiu, Harghita, Prahova, Teleorman);
- **33 branches;**
- **69 agencies.**

In Bucharest, OMNIASIG has **3 Branches** (Bucuresti Branch, Aviatorilor Branch and Unirea Branch) **which have 11 subordinated agencies.**





## LINES OF ACTIVITY

OMNIASIG practices all types of insurance and has a portfolio of over 100 products, offering its customers optimum protection for the most important elements in their lives: health, family, property and businesses.

Insurance Lines :

- Personal Accidents
- Health insurance
- Land transportation vehicles insurance - other than railway
- Railway transportation insurance
- Air transportation insurance
- Naval transportation insurance (sea, river, lake, waterways)
- Insurance of goods in transit, including merchandise, luggage and all other goods
- Fire and natural disaster insurance
- Property damage insurance
- Motor third party liability insurance (compulsory motor liability and green card)
- Civil liability insurance of air transport
- Civil liability insurance for naval transportation
- General liability insurance
- Loan insurance
- Guarantee insurance
- Financial loss insurance
- Legal protection insurance
- Assistance insurance for persons in difficulty

## A.2 UNDERWRITING PERFORMANCE

**Underwriting** represents insurance itself, being a process of examination, acceptance and classification or rejection of risks, in order to establish the optimum scenario and adequate insurance premium.

**Therefore the technical file** is always complete and adequately balanced for each type of product Corporate or Retail/SME and designed to meet client needs, keeping the profitability concept that guides the underwriter.

An important element in achieving the main objective of underwriting activity, profitability, is to minimize the effects of adverse selection. Underwriters try to avoid this situation through a adequate selection process and setting of relevant risk factors in order to correctly identify the level of risk.

### ACTIVITIES AND PRINCIPLES TO BE FOLLOWED IN UNDERWRITING

#### 1. Product development and commercial approach strategy

- assuring sales force a very wide portfolio of competitive products, able to respond to market trends and to clients' specific needs;
- sales control and streamline for Retail and SME segments by further developing the Portal;
- very close collaboration with the sales force in order to identify the innovative aspects for further improving of Retail and SME products;
- streamline the product and tariff development process by involving all stakeholders (product management, underwriting, sales, marketing, claims, legal, actuarial, etc.);
- ongoing update (review and completion) of the Technical File for corporate products, coordinated by Underwriting and involving all areas impacted, based on own technical expertise and commercial experience, providing in this matter coverage scenario adapted to clients' needs and aligned to reinsurance treaties and legislative changes .



## 2. Portfolio Analysis

- constant monitoring and analysis of technical underwriting indicators (per clients, business segments, distribution channels, LoBs and products), based on specific reporting done by Controlling, Actuary and IT;
- updating of bidding scenario for Corporate policies renewal based on accounts technical results and on risk level / factors evolution, by adjusting premiums / deductibles / sub limits and risk selection;
- maintaining a balanced portfolio - from risk quality point of view;
- improving the quality of the data base in order to allow more correct technical analysis at the necessary granularity level.

## 3. Risk management –component of underwriting process

- identifying and implementing efficient measures of improving risk factors, having as final goal the building of a balanced and profitable portfolio;
- improving risks selection policy by collecting information as real and complete as possible on risks, prior to bidding (lack of sufficient information will lead to “worst case scenario” to be applied);
- monitoring and permanent improvement of procedures and risk inspection activity; Providing added value services to our clients by offering technical assistance in order to improve the risk quality;
- maintaining discipline in underwriting, through
  - compliance with the rules and procedures of underwriting;
  - compliance with underwriting competence system;
  - continuously applying efficient control systems (ex. using 2 signatures on polite “4-eyes principle”);

- underwriting rules established at the Group level (VIG UW Guidelines) will be implemented and applied within company, in accordance with the local conditions.

## 4. Reinsurance

- complying with reinsurance treaties conditions and underwriting limits for each Line of Business.
- using VIG Group capacity as first option (e.g. through co-insurance between local companies or facultative reinsurance within VIG), before approaching external markets
- group facultative reinsurance using VIG Holding and VIG Re capacities.
- “simultaneous payment clause” (or equivalent) to be implemented in all external fronting
- reinsurers used for facultative reinsurance and their respective ceded limits to comply with “VIG Reinsurance Security Rules” or approved by VIG Security Committee prior to placement.

OMNIASIG VIG is a flexible company concerning market dynamics, constantly developing and diversifying its product portfolio, targeting differently client segments through demand driven products and services optimization.

Within the company, profitability KPI are permanently followed and tracked at different levels – company, branch/agency, line of business (product or product family), client, intermediary, policy/account.

During 2021, OMNIASIG underwritten a volume of 1.611 million lei, increase of 16.4% against same period last year, split by main line of business, as follows:

| Details      | Line of business                            | 2020                 | 2021                 | variation          |               |
|--------------|---|----------------------|----------------------|--------------------|---------------|
| H1           | Medical expense insurance                   | 41,147,953           | 58,272,445           | 17,124,491         | 41.62%        |
| NL1          | Motor vehicle liability insurance           | 253,229,056          | 328,933,006          | 75,703,950         | 29.90%        |
| NL2          | Other motor insurance                       | 663,163,816          | 787,873,935          | 124,710,119        | 18.81%        |
| NL3          | Marine, aviation and transport insurance    | 41,568,591           | 45,518,154           | 3,949,563          | 9.50%         |
| NL4          | Fire and other damage to property insurance | 258,681,006          | 261,235,777          | 2,554,771          | 0.99%         |
| NL5          | General liability insurance                 | 91,582,392           | 92,591,322           | 1,008,930          | 1.10%         |
| NL6          | Credit and suretyship insurance             | 9,070,921            | 8,638,078            | -432,843           | -4.77%        |
| NL8          | Assistance                                  | 13,749,988           | 12,305,529           | -1,444,459         | -10.51%       |
| NL9          | Miscellaneous financial loss                | 11,729,728           | 15,601,089           | 3,871,361          | 33.00%        |
| <b>Total</b> |   | <b>1,383,923,450</b> | <b>1,610,969,334</b> | <b>227,045,884</b> | <b>16.41%</b> |

As it could be seen, the decrease is mainly due to motor Casco and Property insurance.

#### **Motor vehicle liability insurance (NL1)**

**Motor vehicle liability insurance represents 20,4%** from company activity, being a line of business where company position is reserved considering its negative development. Nevertheless, the company increased by almost 30%, significantly above the market increase (18% Q3 2021 vs 2020).

#### **Motor Casco (NL2)**

**Casco insurance represents 48.9%** from company activity, being the line of business with the highest weight in company portfolio. The increase of 19% is significantly over market increase (14% Q3 2021vs 2020), due on one hand to the measures implemented by the company in order to improve its client services and on the other hand to the leasing market where company holds leading position.



### Property insurance (NL4)

**Property insurance represents 16.2%** from company activity, the decrease of 1% being below the market evolution cca 8.5 % Q3 2021 vs 2020. OMNIASIG VIG is considered to be a benchmark in Corporate Market.

Regarding the evolution of the underwriting performance in the year, motor portfolio shows unfavorable performance, as follows:

| Nr. crt. | KPI   | 2020           |               |                | 2021           |               |               |
|----------|---|----------------|---------------|----------------|----------------|---------------|---------------|
|          |   | NL1            | NL2           | NL4            | NL1            | NL2           | NL4           |
| 1        | Income from premiums, net of reinsurance          | 129,513,396    | 619,535,678   | 156,403,816    | 131,775,033    | 724,569,480   | 163,846,044   |
| 2        | Expenses with occurred claims, net of reinsurance | 118,006,546    | 469,772,771   | 67,789,027     | 119,654,413    | 617,026,417   | 39,954,312    |
| 3        | Other revenues/expenses                           | 68,392,177     | 101,416,523   | 89,595,748     | 67,465,466     | 99,145,069    | 95,814,744    |
| 4        | Result (surplus/deficit) technical= (1)-(2)-(3)   | -56,885,327    | 48,346,384    | -980,959       | -55,344,846    | 8,397,994     | 28,076,988    |
| 5        | Combined loss ratio, net of reinsurance           | <u>143.92%</u> | <u>92.20%</u> | <u>100.63%</u> | <u>142.00%</u> | <u>98.84%</u> | <u>82.86%</u> |

**Regarding the split of gross written premium by significant territorial areas** (regions), development in year 2021, as follows:

| Region             | 2020                 | 2021                 | variance           |              |
|--------------------|----------------------|----------------------|--------------------|--------------|
| ARGES              | 85,539,591           | 104,134,923          | 18,595,332         | 21.7%        |
| BUCURESTI          | 862,090,909          | 995,287,316          | 133,196,407        | 15.5%        |
| CLUJ               | 106,282,815          | 129,726,169          | 23,443,354         | 22.1%        |
| CONSTANTA          | 63,050,634           | 80,652,909           | 17,602,275         | 27.9%        |
| IASI               | 108,426,880          | 118,894,902          | 10,468,022         | 9.7%         |
| PRAHOVA            | 67,247,030           | 72,706,566           | 5,459,536          | 8.1%         |
| TIMIS              | 91,285,591           | 109,566,549          | 18,280,958         | 20.0%        |
| <b>Grand Total</b> | <b>1,383,923,450</b> | <b>1,610,969,334</b> | <b>227,045,884</b> | <b>16.4%</b> |

As it can be seen, territorial distribution of the premiums follows economic potential of the regions, almost 62% of them being underwritten in Bucharest.

### A.3 INVESTMENT PERFORMANCE

Income from the investment activity results from the holding of financial assets during the reporting period, as well as results from sales and provisions established on certain investments or investment categories.

OMNIASIG has earned investment income in the amount of RON 44,0 million.

The financial result was high mainly due to exposure to bonds, with a total income of RON 41.7 million. Income was mainly driven by current holdings, resulting in an income of RON 38.8 million and RON 2.9 million extraordinary earnings – total return on bonds portfolio reached 3.8%. The company had an active management of the investment activity, pursuing besides the main objective of covering the debts also the possible gains resulting from the active management of the portfolio. As a result of the increase in bond yields, the market value of the bond portfolio recorded a decline of RON 24.9 million compared to the presented book value.

From the cash and deposit holdings, the company achieved net income of RON 0.8 million, mainly coming from interest income on the money market portfolio. The annualized yield of deposits and cash holdings reached 0.76%, out of which approximately 0.65% was made from interest rate income and the rest coming from gains out of depreciation of the national currency against the currencies in the portfolio. The company did not use these categories of financial assets during 2021 as an investment target, the instruments being used only for short-term liquidity management.

From the portfolio of listed shares and strategic participations, no revenues or expenses were registered during 2021.

The holding of the insurance undertaking in investment funds is accounted at the cost of the investment. At the reporting date, the company no longer has exposures on investment funds; the existing holdings in the portfolio on 31<sup>st</sup> December 2019 were sold in the first quarter of 2020.

The real estate portfolio of the company is currently in the process of adjustment. Thus, for locations that no longer have commercial interest (inappropriate location, too much investment needed, locations where there are other centers for representing the insurance undertaking) for OMNIASIG, sale options are analyzed. During the year 2021 no locations were sold. From the real estate assets classified as investments, a rental income of RON 1.24 million was obtained. Compared to the average accounting level of holdings during 2021, a negative return of 0.8% was registered.

The total annualized yield in 2021 reached 3.2%, higher than planned 3.1%.

As far as the company's financial expenses are concerned, they have reached RON 7.1 million. On categories of financial expenditures, they are divided into: interest and foreign exchange differences on subordinated loans, interest and foreign exchange interest charges on loans, interest on deposits from reinsurers, amortization of real estate and direct and indirect domestic expenses of asset management activity.



| Investment income<br>[mil RON]        | December 2021 | Investment return<br>[%]  | December 2021 |
|---------------------------------------|---------------|---------------------------|---------------|
| Bonds                                 | 41,7          | Bonds                     | 3,8%          |
| Deposits and cash                     | 0,8           | Deposits and cash         | 0,8%          |
| Loans                                 | 0,3           | Loans                     | 2,7%          |
| Derivatives                           | 0,0           | Derivatives               | 0,0%          |
| Shares and participations             | 0,0           | Shares and participations | 0,0%          |
| Investment funds                      | 0,0           | Investment funds          | 0,0%          |
| Real estate                           | 1,2           | Real estate               | 0,8%          |
| <b>Total gross investments income</b> | <b>44,0</b>   | <b>Portfolio return</b>   | <b>3,2%</b>   |

| Investment expenses<br>[mil RON] | December 2021 |
|----------------------------------|---------------|
| Subordinated loans               | 0,0           |
| Other loans                      | 0,0           |
| Interest on RI deposit           | -3,8          |
| Depreciation                     | -3,3          |
| Asset management costs           | 0,0           |
| <b>Total investment cost</b>     | <b>-7,1</b>   |
| <b>Net investment income</b>     | <b>37,0</b>   |

## A.4 OTHER ACTIVITIES PERFORMANCE

### Other income and expenses – non-technical

The company performs and records in the financial statements the income and expenses related to other activities than the technical or investment.

The main types of income and expenses are as follows:

#### Income:

- from rental and royalties;
- favorable rate differences in balance sheet items other than technical or investment;

- revenues from the release of non-technical provisions.

#### Expenses:

- unfavorable rate differences in balance sheet items other than technical or investment;
- expenses from non-technical provisioning;
- Lease.

Comparative value of other income and non-technical expenses is presented below:

| Other non-technical income              | 2020           | 2021             |
|---|----------------|------------------|
| Income from utilities and rent          | 483.941        | 469.955          |
| Income from revaluation differences     | 230.688        | 1.339.682        |
| Other non-technical income              | 29.438         | 14.097           |
| <b>Total Other non-technical income</b> | <b>744.067</b> | <b>1.823.734</b> |

| Other non-technical expenses                                   | 2020             | 2021             |
|--|------------------|------------------|
| Expenses for disposed assets, other than financial investments | 66.874           | 11.787           |
| Other non-technical expenses                                   | 1.107.942        | 5.460.919        |
| Expenses from revaluation differences                          | 691.580          | 792.412          |
| <b>Total Other non-technical expenses</b>                      | <b>1.866.396</b> | <b>6.265.118</b> |

**Leasing and rental contracts**

According to IFRS 16, all rentals and leasing contracts are booked into accounting. Thus, each lease is evidenced by the registration of an asset in the balance sheet, called "Right of use assets", as well as of a related debt, called "Lease liabilities". The assets related to the right of use will be amortized.

Exception from the rules introduced by IFRS 16 are the leasing/rental contracts with a duration of less than 12 months, as well as the low value goods, for which the previous rules are applied (only the recognition of an expense for the paid rent).

The Company has signed operational leasing contracts only for vehicles used to ensure the activity in good conditions.

The value of future installments for operational leasing and rental contracts is presented in the two positions specified above.



## A.5 OTHER INFORMATION

### EVENTS AFTER THE BALANCE SHEET DATE

Given the current context and the imposition of sanctions against various organizations and individuals in Russia/Belarus by the EU and other governments, OMNIASIG is constantly analyzing the impact of this situation on the Company.

The Company closely follows the legislation in force in the context of the international sanctions' implementation, as they are regulated.

Thus, OMNIASIG has defined and implemented a formal framework for verifying and preventing of possible risks to which the activity could be impacted in the field of international sanctions, in compliance with the legal provisions in force Law no. 129/2019, GEO no. 202/2008 and ASF Regulation no. 25/2020, as well as with the VIG Group requirements.

Considering the dynamics of the international sanctions ordered against the Russian Federation and the Republic of Belarus starting from 25<sup>th</sup> of February 2022, OMNIASIG has carefully and meticulously monitored the sanctions ordered by the various international authorities and bodies in order to take a prudent and diligent approach.

Moreover, within the Company, a number of additional measures have been established and implemented/are being implemented, in order to ensure both compliance with the provisions of the legislation in force (considering the daily changes occurring in the lists of international sanctions) and the protection of clients from this perspective.

Thus, in order to prevent any possible transaction that will breach the current and future legislation, a series of preventive measures have been/are being implemented:

- Carrying out a screening at the portfolio level, in order to identify possible clients that have been recently introduced on the International Sanction Lists of the entire existing insurance portfolio;
- Verification by the PDSI (person designated for international sanctions) of all transactions (issuance of insurance contracts, claims payments, partner payments) for individuals and legal entities belonging to the two countries (citizenship, tax domicile, direct shareholding);
- Sending a warning message to all OMNIASIG employees, as well as separately, on each channel, to brokers, agents, leasing companies, etc. regarding the taken measures.

We also mention that the effects of the current context on the Company's activity and financial situation for 2021 are immaterial. OMNIASIG will continue to maintain the same prudent attitude of monitoring all risks.



**B**

# **SYSTEM OF GOVERNANCE**



## B.1 GENERAL INFORMATION REGARDING GOVERNANCE SYSTEM

### B.1.1 ORGANIZATIONAL STRUCTURE

OMNIASIG Vienna Insurance Group S.A. is organized on the basis of territoriality, on the following hierarchical levels:

**a)** The Central Administration is situated in Bucharest, where the headquarters of OMNIASIG Vienna Insurance Group S.A. is located (The Central Administration of OMNIASIG manages and coordinates the company's entire business).

**b)** Regional Branches

**c)** Branches located in Bucharest and county seats

**d)** Agencies and working points

The company can open agencies, working points or other forms of representation abroad, with the approval of the lawful bodies, in order to conclude insurance-reinsurance or other operations related to the objectives set.

OMNIASIG Vienna Insurance Group S.A. collaborates and distributes products through other trading agents too.

**According to the company's charter the company has adopted the following governance structure:**

- 1.** The General Assembly of the Shareholders;
- 2.** The Supervisory Board;
- 3.** Management Board.

**1. The General Meeting of Shareholders** is the supreme governing body of the Company, which decides on the overall activity of the Company and its economic and commercial policies. General Meetings of Shareholders are Ordinary or Extraordinary, according to the legislation in force.

**2. The Supervisory Board** is responsible for the strategical management of the Company and to this purpose, supervises, manages and coordinates the activity of the Management Board and compliance with the applicable legislation, the Articles of Association and the resolutions of the GSM, also having basic responsibilities regarding the implementation and observance of the principles of corporate governance and has the following main duties:

- permanent control over the management of the Company by the Management Board;
- appoints and revokes the members of the Management Board, in accordance with the recruitment policy of the Management Board, establishes the powers and responsibilities of the Management Board, including the allocation of departments subordinated to the members of the Management Board and the approval of the corresponding organizational chart, based on the proposal from the Management Board, terms and conditions of the mandate of the members of the Management Board and negotiates the mandate contracts, approves the remuneration of the members of the Management Board and the additional benefits in accordance with the remuneration policy;
- assesses in advance the fulfilment of legal requirements of individual suitability by the persons proposed to be approved as members of the Management Board, as well as the fulfilment of



legal requirements of collective suitability at the level of the entire Management Board in case of the appointment of persons that will be submitted for approval as members of the Management Board;

- after appointing and approving the members of the Management Board, annually assesses their activity and their compliance with the legal applicable requirements regarding the individual suitability, as well as the fulfilment of collective suitability requirements at the level of the entire Management Board;
- appoints and revokes the President and vice-presidents of the Management Board;
- verifies the compliance of the Company's management operations with the applicable legislation, Articles of Association and with the GSM resolutions;
- reports, at least once a year, to the GSM with regards to the carried out supervisory activity;
- proposes to the GSM the appointment of the financial auditor, in accordance with the recommendations of the audit committee.

**The Supervisory Board has the following main responsibilities regarding the implementation and compliance with the principles of corporate governance:**

- Analyses at least once a year the activities carried out by the Company, development perspectives and its financial position, based on the report prepared by the Management Board;
- Coordinates the drawing up of internal by laws, approves and periodically reviews and checks if written policies are applied regarding:
  - Risk management, and analyses the adequacy, efficiency and appropriateness of the risk management system and of the instruments, technics and mechanisms used for identification and management of the risks to which the Company is exposed;
  - Internal control, and regularly analyses the efficiency of the internal control system and the means used to update the

system to ensure a rigorous management of the risks to which the Company is exposed;

- Internal audit;
- Financial reporting;
- Outsourcing of some functions, if necessary;
- Remuneration policy within the Company, in accordance with the business strategy, the long terms objectives and interests of the Company and ensures that the remuneration policies are consistent and have an efficient risk management and do not create conflict of interests;
- Recruiting and selecting members of the Management Board;
- Identification and management of conflicts of interest, as well as minimization of thereof;
- Information flow channelling the carrying out the key functions within the Company;
- Appropriate warnings for the employees to report real and material suspicions regarding the management of business
- the adequacy at the Company level, including regarding the initial and continuous adequacy of the members of the Supervisory Board, the Management Board and the persons holding key functions as well as the collective level adequacy of the Supervisory Board, respectively, of the Supervisory Board.
- other written policies for the good performance of activity.

**Written policies are revised by the Supervisory Board at least annually and are adapted depending on the material changes to the governance system:**

- ensures that there is an adequate framework to check the flow of mandatory reporting to FSA, as well as the information sent to FSA, and supervises their implementation;
- ensures the development and implementation of the professional and ethical standards within the Company;

- half annually assesses the efficiency of the risk management system based on the risk report, as well as on the policies and procedures and internal inspections carried out;
- approves the report on the solvability and the financial standing after its approval by the Management Board of the Company;
- assesses on a semi-annual basis the contingency and emergency plans and
- signs off on the business plan prepared by the Management Board.
- implements the Adequacy Policy, and is responsible for its monitoring, effectiveness and modification;
- implements the Policy on promoting diversity and the Policy on integration and improvement

**The Supervisory Board also has the following powers and special duties:**

- represents the Company in relation to the Management Board;
- appoints and revokes the President of the Supervisory Board and the Vice- Presidents;
- signs off on the annual financial statements and the annual report of the Management Board, prepared and approved by the Management Board, and prepares the annual report of the Supervisory Board;
- creates consultative committees consisting of at least 2 (two) members of the Supervisory Board, whose duties include the carrying out of investigations and preparing recommendations for the Supervisory Board;
- approves the Bylaws of the Supervisory Board and the Bylaws of the consultative committees created by the Supervisory Board;
- approves the Bylaws of the Management Board;
- any other powers expressly set out by the Bylaws of the Supervisory Board

On December 31, 2021, the Supervisory Board of the company consists of 6 members:

- DI. Franz Fuchs - President
- DI. Harald Riener – Vice-President
- DI. Werner Matula – Member
- DI. Bogdan Ionut Speteanu – Member
- DI. Harald Josef Londer – Member
- DI. Klaus Muhleder – Member

**There are 3 committees set-up at the level of the Supervisory Board, each composed of 3 members:**

**(A) The audit committee** - whose main duties and responsibilities are:

- oversees the internal and the financial auditors of the Company and the financial reporting process within the Company and makes recommendations to the Supervisory Board;
- oversees the effectiveness of and makes recommendations on the internal control, internal audit and risk management systems within the Company;
- reviews and submits for the approval by the Supervisory Board the Company's annual individual and/or consolidated financial statements, the Executive Board's report, and the proposal for the distribution of profits;
- recommends to the Supervisory Board or to the shareholders the appointment and dismissal/replacement of the financial auditor and the terms and conditions of its remuneration;
- verifies and monitors the independence of the financial auditor and particularly of the audit key-partner and analyses together with the financial auditor the measures needed to be undertaken to decrease any threats to the financial auditor's independence;
- supervises the financial audit process within the Company and of the annual individual/consolidated financial statements of the Company and receives and reviews the auditors' report and the auditor's

opinion, particularly on the material aspects resulting from the audit engagement and on the material deficiencies in the internal control of the Company;

- endorses the audit scope and the frequency of audit engagements;
- discusses and endorses the internal audit reports and submits such reports for the approval of the Supervisory Board through the committee's activity report;
- checks whether the Management Board takes necessary corrective actions to address the deficiencies identified in the control and compliance area, as well as issues identified by the internal and/or financial auditor;
- endorses Company's internal audit function policy and manual and submits such documents with the Supervisory Board for approval;
- endorses the Company's annual and multiannual internal audit plan and recommends the approval thereof to the Supervisory Board;
- if there are differences in opinion between the internal auditors and the Company's executive management, examines the differences in opinion and issues opinions and recommendations.

**B) compensation and nomination committee**, whose main duties and responsibilities are :

- is in charge of the personnel issues of the Management Board members, including succession planning which should ensure the continuity of decision making and prevent, where possible, the majority of the members of the Supervisory Board and of the Management Board having to be replaced simultaneously;
- prepares the remuneration policy and ensure that the remuneration policy:
  - is grounded on a thorough analysis;
  - captures both the fixed component and the variable component;

- is correlated with the business strategy, the objectives and the long term interests of the Company;
- includes measures aimed at preventing conflicts of interest;
- promotes an efficient risk management and is correlated with the Company's overall risk tolerance;
- considers clearly defined key individual performance indicators established in accordance with the activity carried out which are correlated with the collective performance of the Company;

- reviews at least annually the remuneration policy and updates it according to the legislative amendments or as a result of certain internal adjustment needs, if the case;
- negotiates, prepares, drafts and, if the case, amends the content of management contracts to be entered into with management board members and the remuneration of such management board members and presents them to the President of the Supervisory Board;
- drafts and negotiates the management contracts to be executed with the newly appointed /prolonged members of the Management Board and presents them to the President of the Supervisory Board;
- submits to the Management Board for endorsement and to the Supervisory Board for approval the remuneration policy;
- revises the remuneration scheme of the Management Board to assure that this remains appropriate to the changes occurred at operational or business environment of the company;
- recommends to the Supervisory Board appropriate candidates: (a) for positions of members of the Supervisory Board, to be proposed by the Supervisory Board at the general shareholders meeting of the Company and (b) for positions of members of the Management Board.
- recommends to the Supervisory Board appropriate candidates that fulfill the legal requirements regarding knowledge, competency,



professional expertise, integrity, honesty, good reputation and governance requirements;

- evaluates and sets the variable remuneration for the Management Board Members, according to the Group Policies;
- identifies potential conflicts of interests of the Management Board Members;
- submits to the Supervisory Board, annually or whenever appropriate, reports with respect to the activity carried out.

**C) committee for urgent matters** – the main responsibility is to advise the Supervisory Board on the urgent matters that are subject to the approval of the Supervisory Board.

The composition of the Audit committee set up at the level of the Supervisory Board at the reference date, December 31, 2021, is the following:

- Mr. Harald Riener – President;
- Mr. Franz Fuchs – Vice-president;
- Mr. Klaus Muhleder – Member.

The composition of the Nomination and Compensation Committee set up at the level of the Supervisory Board at the reference date, December 31, 2021, is the following:

- Mr. Harald Riener – President;
- Mr. Franz Fuchs – Vice-president;
- Mr. Klaus Muhleder – Member.

The composition of the Committee for Urgent Matters set up at the level of the Supervisory Board at the reference date, December 31, 2021, is the following:

- Mr. Harald Riener – President;
- Mr. Franz Fuchs – Vice-president;
- Mr. Klaus Muhleder – Member.

**3. The Management Board** is the statutory body that conducts the business of the Company and acts on its behalf, engages the liability of the company, according to legislation, to the statute and its bylaws, under the management of a president.

**The Management Board has the following main duties:**

- convenes the GSM, according to the law and these Articles of Association;
- decides upon: (i) setting up, dissolution or changes to the name or the registered seat of the branches, agencies and working points or other such secondary offices of the Company, with no legal personality, in any location in or outside Romania, in accordance with the provisions of these Articles of Association and the Romanian legislation in force; the Management Board's decision with respect to setting up or closing of the branches can be enforced only with the Supervisory Board's prior approval; (ii) appointing and revoking the representatives of secondary offices;
- approves the annual financial statements and the annual report, including the annual report on the Company's solvency and financial standing, in accordance with FSA regulations;
- presents the annual financial statements and the annual report to the Supervisory Board immediately after these documents have been approved by the Management Board; presents at least once every 3 (three) months a written report to the Supervisory Board regarding the Company's business and potential evolution;
- submits proposals on setting dividends;
- drafts the organizational chart, job descriptions files, payrolls and establishes additional benefits for the Company's employees, within the limits set out by the remuneration policy;
- hires and dismisses the Company's employees, in compliance with the personnel recruitment and hiring policy;

- negotiates, approves and signs the collective bargaining agreement in the name of the Company;
- approves the Internal Regulation and the Regulation for the functioning and organization of the Company, as well as the Code of ethics and compliance for the employees;
- provides qualitative and quantitative information to the Supervisory Board in due time, at its request or on their own initiative, to allow the Supervisory Board to perform its duties in an efficient and operative manner;
- timely communicates to the Supervisory Board any information regarding events that could have a significant impact upon the Company's situation;
- informs the Supervisory Board regarding all misconducts discovered during performance of its duties, including with respect to conflicts of interest, should such conflicts appear;
- ensures that the information conveyed towards FSA are available in accordance with the legislation in force and that the reporting deadline is observed;
- issues procedures regarding the identification and management of conflicts of interest and submits such procedures to the Supervisory Board for approval;
- assesses the plans for business continuity and for emergency situations each semester;
- establishes actions and measures to be undertaken to streamline the business, based on the findings and recommendations from the internal audit function;
- approves the submission with the FSA of the application to use an internal model/ partially internal model and submitting further applications regarding material changes of the respective model;
- orders the establishment of certain systems that ensure the adequate and continuous functioning of the internal model/ partially internal model;
- ensures that the structure and functioning of the internal model/ partially internal model are permanently adequate to reflect the risk profile;

- makes a prior assessment that the persons who are to be appointed in key and critical positions by the Supervisory Board meet the legal requirements;
- following the appointment and approval of persons in key and critical positions, annually assesses their activity and whether or not they meet the legal requirements in force.

On December 31, 2021, OMNIASIG's Management Board is the following:

- Mihail Tecau – President of the Management Board (CEO)
- Costinel Stratnic- Vice-President of the Management Board (CSO)
- Bogdan Tudor Sfetea- Member of the Management Board (CUO)
- Madalin Rosu – Member of the Management Board (CCO)
- Michal Leja – Member of the Management Board (CFO)

# OMNIASIG's MANAGEMENT BOARD



MIHAIL TECĂU  
President of the Management Board



COSTINEL STRATNIC  
Vice-President of the Management Board



BOGDAN TUDOR SFETEA  
Member of the Management Board

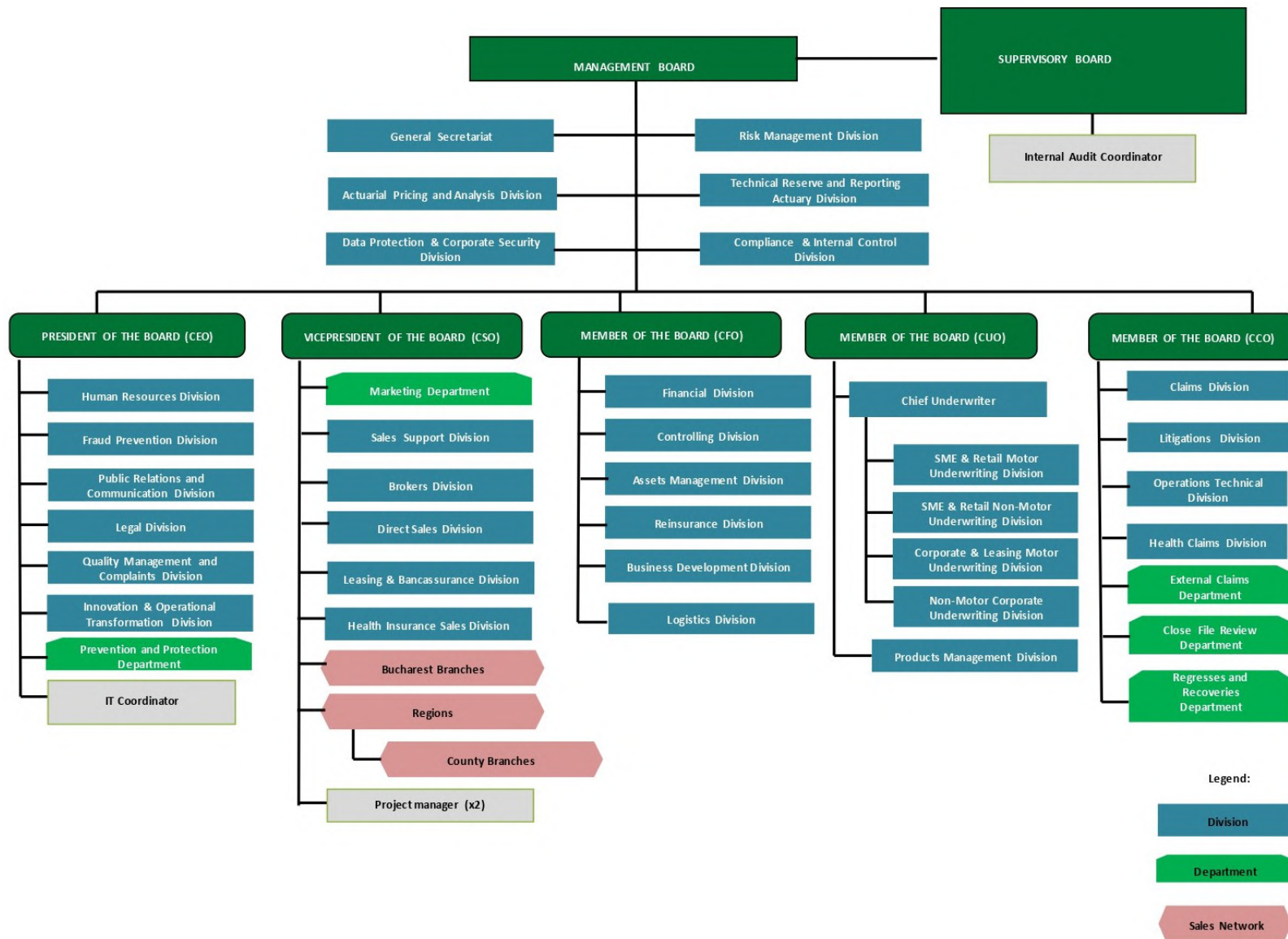


MĂDĂLIN ROȘU  
Member of the Management Board



MICHAŁ LEJA  
Member of the Management Board





## Committees Established at the level of The Management Board

At the level of the Management Board, the following committees are set-up:

**1. THE RISK MANAGEMENT COMMITTEE (RMC)** is established upon decision of the Supervisory Board of OMNIASIG VIG. RMC shall foster the awareness and regular communication regarding risk management within OMNIASIG VIG between the risk manager and risk owners within divisions/departments. The general aims of the RMC are:

- to define the framework of risks analysis
- to set a communication flow between risk owners and risk manager
- integration risk owners in risk management activities
- information on the risks identified by risk owners to the Risk Management Division
- proposal on risk mitigating measures.

### **2. ASSET LIABILITY COMMITTEE – OBLIGATIONS (ALCO)**

ALCO has the authority to express opinions within the following areas:

- Investment Management
- Asset and Liability Management
- Market Risk
- Credit Risk
- Insurance reserves
- Other assets
- Other liabilities
- Liquidity
- Investment profit performance

### **3. CLAIMS COMMITTEE**

Comitetul are urmatoarele competente si atributii:

- analyses and approves the payments of the claims files in the material competencies limits attached to ROF;
- analysis and proposes measures in order to diminish the claim ratio for the assumed risks or for the risks that will be assumed, in order to ensure a proper risk management;
- Oproposes changes to the claims procedures or in other areas that impact the activity of the Committee;

### **4. DEMAND CHALLENGE COMMITTEE (DCC)**

The Demand Challenge Committee main responsibilities are:

- to provide support, on the management's request, for finding optimal budget allocation solutions within the framework of general policies approved by the Management Board;
- to examine the management's recommendations on specific projects, business initiatives whose internal and external expenditures exceed the limits of the material competencies granted according to the applicable competence policy, sends the recommendations to the Management Board for the approval or not of such expenditures.
- to undertake such other responsibilities as may be delegated by the Management Board from time to time in relation to appropriate budget allocation

### **5. COMMITTEE FOR ANALYSIS AND COMMERCIAL POLITICS**

This Committee is an analytical and decision-making body that, within the limits of the authority established by internal regulations, is

competent to decide on the granting of facilities / exemptions to the business activity of the company.

In addition to the afore mentioned Committees, through the Executive Board's decision, the following committees are also set up at the company level:

### **B.1.2 FINANCIAL AUDITOR**

The responsibility of the financial auditor is to form an independent opinion on the preparation of the relevant elements of the Solvency and Financial Condition Report ("S.02.01.02 - Balance sheet", "S.23.01.01 - Own funds", "S.25.02.21 - Solvency Capital Requirement - for the companies that use the standard formula and partial internal model", "S.28 .01.01- Minimum capital requirement -Only Life insurance or reinsurance activity or only for general insurance or reinsurance activity"), in accordance with the financial reporting requirements of the Law no. 237/2015 on the authorization and supervision of insurance and The financial auditor of the Company is KPMG Audit S.R.L.

The main duties of the financial auditor are the following:

- To audit whether the Company's financial information is prepared in accordance with the financial reporting requirements of the Law no. 237/2015 regarding the authorization and supervision of insurance and reinsurance activity, as amended and supplemented, and

- The Labor Security and Health Committee,
- The Petitions Analysis and Solving Committee,
- The Commission for the evaluation of the Repair Units,
- Commission of evaluation regarding the conflict of interest
- Investment Committee set up at VIG Group level.

the Financial Supervisory Authority's Norm no. 21/ 2016 regarding the reporting on insurance and/or reinsurance activity, as amended and supplemented;

- to report to the Audit Committee on the key issues arising from the audit mission;
- to review with the Audit Committee the protection measures required to mitigate the threats to the auditor's independence and to confirm annually in writing to the Audit Committee the auditor's independence towards the Company;
- to communicate annually to the Audit Committee the additional services provided to the Company in accordance with the legislation in force and the rules of the VIG Group;
- to carry out any other duties provided in the contract or in the regulations in force.

### B.1.3 ROLES AND RESPONSABILITIES OF KEY FUNCTIONS WITHIN THE COMPANY

The people who run the company as well as those who hold key positions within the organization must meet the requirements of competence and professional experience, integrity and good reputation as well as governance, as set out in the company's internal policies / procedures and legal regulations in force.

The key functions within the company are: Internal Audit, Actuarial, Compliance and Internal Control, Risk Management; the person responsible for preventing and sanctioning money laundering and combating terrorist financing (AML), the person designated in the application of SB / FT.

Internal Audit Function (Outsourced):

Objective examination of the manner in which the risk management, the internal control system and the management processes are carried out, in order to provide a reasonable assurance that they function properly and will allow the achievement of the company's objectives;

Actuarial Function:

The main responsibilities: evaluation of the technical indicators of portfolio and damage, solving technical problems regarding the calculation of the following: obligations of the company (technical reserves), premium rates and technical indicators of portfolio and damage; Considering the complexity of the company's activities, the legislative provisions regarding the insurance distribution, the importance of the actuarial calculations in carrying out the activity and taking into account the provisions of the ASF norms, for the actuarial activity, within the company, are two key actuarial functions, respectively: Technical reservations and reporting and Actuarial Pricing and Analysis Function. Thus, the main responsibilities for each of these key functions are as follows:

- **The actuarial function Technical reserves and reporting is responsible for:**

- The activity of evaluating and ensuring the adequacy of the technical reserves;
- Reporting activity to the Supervisory Board, Management, group (VIG), ASF, auditors, other entities;
- The activity of estimating the technical indicators

- **The Actuarial Pricing and Analysis function is responsible for:**

- The activity of estimating the risk premiums and the tariff premiums
- The activity of estimating the necessary parameters for the evaluation of the underwriting risk with the partial internal model
- Actuarial activity regarding Solvency II, including the reports related to the actuarial area and requested according to the Solvency II regime.

**Risk Management Function:**

The main responsibility of this key function is to identify, analyze, evaluate, monitor and report on existing or new risks (generated by internal and external factors) that have or could have a negative impact on the company's activity and / or financial results.

**Compliance function and Appointed person for International Sanctions**

The main responsibilities of this key function are: ensure the establishment of policies and procedures necessary to conduct business in accordance with the applicable legal provisions, advise the company's



management in order to implement the legal provisions, assess the impact of legislative changes on the company's business, coordinate the implementation of internal procedures for international sanctions, verify the updating of information held by the company on the international sanctions regimes in force, manage with the AML appointed person the alerts received from ASF, update and endorse the internal documents on international sanctions.

#### **AML:**

The main responsibility of this key function is to identify, analyze, evaluate, monitor and report existing or new risks (generated by internal and external factors) that have or may have a negative impact on the company's activity and / or financial results.

The person appointed in the application of SB / FT: coordinates the activities regarding the prevention of money laundering and the fight against the financing of terrorism; draws up and reviews the operational policy and procedure on preventing and combating money laundering and terrorist financing; proposes, for the approval of the company's management, the necessary measures to ensure compliance with the applicable legal requirements; ensures compliance with legal requirements for preventing and combating money laundering and terrorist financing; performs employee training in order to know the applicable legal requirements; collaborates and ensures the interface with the Romanian authorities, in the field of preventing and combating money laundering and terrorist financing.

### **B.1.4 CHANGES OF THE GOVERNANCE SYSTEM IN THE REPORTED PERIOD**

During 2021, the existing policies and procedures within the company were reviewed in accordance with the legislative changes and business objectives. Also, the Remuneration Policy the Solvency report was mentioned as a determining factor in the calculation of the variable remuneration.

### **B.1.5 REMUNERATION PRACTICES**

At the organization's level, there is a Remuneration Policy whose main purpose is to establish, implement and maintain remuneration practices according to the business strategy and risk management practices, as well as the long-term interests and performance, including avoiding the conflicts of interests and excessive risk-taking for the company.

#### **The principles on which this policy is based are:**

- supervising the application of clear, transparent and efficient remuneration rules, according to the internal and international law in force;
- respecting the business strategy, the values and long-term objectives of the company, considering the internal organization and the nature and complexity of inherent risks;
- avoiding certain excessive risks for the company and implicitly for the shareholding;

- developing remuneration practices meant to avoid potential conflicts of interests.

**The entire remuneration system for the employees/mandated persons, in accordance with the law in force and the remuneration policy, is established as follows:**

- the remuneration of the Supervisory Board by General Assembly of Shareholders;
- the remuneration of the Management Board by the Supervisory Board, at the recommendation of the Nomination and Compensation Committee;
- the remuneration of the employees based on the decision of the Management Board members.

**The Remuneration Policy establishes the fixed and variable remuneration where:**

- the fixed component is a predefined, negotiated amount of money in the form of a base salary (given on a monthly basis)
- the variable component which represent an amount of money given on the basis of performance

**The performance objectives that determine the value of the variable remuneration will be transparent, updated each year and will be clearly communicated to the employee concerned:**

- are established in compliance with the regulations of the Internal Regulation and/or the decision of the company's board

- are transparent
- are updated periodically
- are clearly communicated to the employees together with the evaluation method

**Therefore, the variable component is established in line with:**

- the individual performance, related to the fulfillment and quality of the specified tasks, taking into account the responsible management of the risks and the compliance with the laws, internal norms and practices of risk management;
- the performance of the business area for which the person has attributions, taking into account the contribution to the fulfillment of the business strategy of the company, the risk profile and its objectives;
- the general performance of the company during a certain period.

The variable component of the remuneration is established by decision of the Administrative Management/Management Board of the company, and/or the Internal Regulation, according to the principles of the remuneration policy.

There is no pension fund within OMNIASIG. The Collective Labour Agreement of the company regulates the granting of benefits for all employees, under various forms (i.e. allowances for legal holidays, various categories of allowances for special events, retirement allowances).

## B.2 FIT AND PROPER

As regards the skills, knowledge and experience applicable to persons appointed in management positions or in key functions, OMNIASIG applies:

- Suitability Policy
- Procedure regarding the Suitability, Recruitment, Training and Integration of the members of the management structure and for the holders of the key/critical/AML/PDSI function.

The OMNIASIG's Supervisory Board is responsible for controlling the compliance of the Board members according to the company's policies and national legal regulations.

The responsibility for verifying the compliance with fit and proper requirements of the members of the Supervisory Board of OMNIASIG rests to the General Meeting of OMNIASIG Shareholders.

The Board Members identify and evaluate the key functions holders and other employees exercising critical functions positions for establishing the requirements of competence and professional experience, integrity and good reputation.

The competence standards and professional experience, integrity and good reputation must be permanently fulfilled by the Board members, the key functions and other persons who have a major impact on the decisional process. The company's management is responsible for the communication to the Supervisory Authority of the situations in which the persons who manage the company or have key functions are considered non-compliant in terms of competence and professional experience, integrity and good reputation.

In order to ensure a cautious and correct management, the company makes sure that the persons in the positions mentioned, fulfill and maintain, throughout the period of their activity, the requirements regarding:

- the competence and professional experience
- integrity and good reputation
- governance requirement

The Policies and Procedures specifying the competence and honourableness of persons managing the company and of persons in key functions within the organization are:

- The Suitability Policy
- Procedure regarding the Suitability, Recruitment, Training and Integration of the members of the management structure and for the holders of the key function
- The Procedure for Establishing the important Activities and Critical Functions and Insurance Distribution Functions
- The Succession Planning and Professional Development Procedure

The evaluation of competence and solvency criteria applies to persons who apply for such a position (management or key functions). This is done previously, annually or at the renewal of the mandate, through the annual performance evaluation process and by documenting the criteria identified in the policies mentioned.

## B.3 RISK MANAGEMENT SYSTEM

### Risk Management System

The company's risk management system is implemented and submitted to a continuous efficiency process aiming to protecting the organization and its stakeholders, through supporting the organization's objectives by:

- providing a framework for an organization that enables future activity to take place in a consistent and controlled manner
- establishing an authorizing system for the operations affected by risks;
- establishing an exposure to risks limits system and the way for monitoring these limits, which reflects the assumed risk profile;
- improving decision making, planning and prioritization by comprehensive and structured understanding of business activity, volatility and projects opportunities/threats;
- establishing a reporting system for exposures to risk, as well as other risk-connected aspects;
- contributing to more efficient use/allocation of capital and resources within the organization;
- reducing volatility in the non-essential areas of the business;
- protecting and enhancing assets and company's image;
- developing and supporting people and the organization's knowledge base;
- establishing correct criteria for recruiting and remuneration of employees, specifying education, experience and integrity standards;
- optimizing operational efficiency.

OMNIASIG VIG is exposed to a variety of risks. These include standard underwriting risks resulting from underwriting non-life and health insurance business as well as risks stemming from the investments (market risks) and also general risks such as the counterparty default risk, concentration risk, operational risk or group specific risks such as

the contagion risk. Besides that, OMNIASIG VIG can be also affected by standard risks of an undertaking, such as reputational risk.

Company's risk management consists of policies, rules and guidelines necessary for identification, measurement, management and reporting of risks which the company is exposed to, taking also into consideration the interdependencies among risks.

### Risk Management Organization

#### *OMNIASIG VIG Managing Board*

The Managing Board defines the risk principles of the business of OMNIASIG VIG, taking into consideration proposals submitted by divisions and the Risk Committee and other relevant Committees within the company. Regularly the current risk situation is discussed on Board level as an agenda item on the Managing Board meeting. The Risk Manager - with support of Risk Management division, OMNIASIG VIG Risk Committee or the risk owners, provide the needed information and each of them could propose measures to be taken. The decision of measures to be implemented rests within OMNIASIG VIG Managing Board. The responsibility for implementation, reporting and coordinating of corrective action could be delegated to OMNIASIG Risk Management division or other divisions/departments involved in the Risk Management System of OMNIASIG VIG or the respective risk owner.

#### *Risk Committee*

To strengthen the Risk Management within OMNIASIG VIG and to integrate the operative Risk Owners closer in the Risk Management process, a Risk Management Committee is established and approved by OMNIASIG VIG Managing Board.

OMNIASIG VIG Risk Management Committee is functioning as a supporting body for OMNIASIG VIG Managing Board, regarding actual risk topics for further decisions on Board level.



### *Risk Management Division*

OMNIASIG VIG Risk Management Division is part of the organizational structure of OMNIASIG VIG and is established by OMNIASIG VIG Managing Board. The head of this department is defined as the Risk Manager of OMNIASIG VIG and also owner of Risk Management Function.

Organizational set up and reporting lines make sure that independent risk oversight is strictly obeyed.

Besides the responsibilities of OMNIASIG's VIG Risk Management Division, other risk management activities are directly provided by the different operative risk owners. These include the operative management of the corresponding risk types. The operative risk owners are responsible for identifying, measuring, analysing and limiting risks as well as implementing decided measures in their area of responsibility. Furthermore they have to provide OMNIASIG VIG Risk Management Division with necessary information and reports concerning risk relevant topics.

### **Risk Management Process**

This risk management process consists of the following process steps: risk identification, risk measurement, risk treatment analysis, risk management decision and execution, risk monitoring, risk reporting. The process is not a strictly sequential process, but a control cycle which involves feedback and forward loops. In addition, a parallel quality assurance and control process to all stages of the risk process is applied.

### *Risk Identification*

Risk 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 the objectives. Risks in this context refer to the risk defined categories. Risk identification itself is a process which is performed on a regular basis, at least once a year. It includes the review of existing risks and sources that might have

changed as well as the detection and documentation of new sources of risks that have emerged and additionally have to be taken into account. The results of the risk identification process is recorded and documented. Within OMNIASIG VIG, the major element of the risk identification is the risk inventory process.

### *Risk Measurement*

Following the risk identification, an essential prerequisite for the risk handling by the decisions of OMNIASIG VIG Managing Board is the measurement of all risks identified. This includes also the evaluation of the materiality. In this process, the various risks types are classified to the defined risk categories. On this basis different assessment methods for each risk type in line with the proportionality principle are used.

### **Measurement of risk categories and risk factors is based on two different approaches:**

- **quantitative approach:** it applies for all risk categories which can rely on sufficient historic data for statistical analysis such as market risks, credit risks, underwriting risks;
- **qualitative approach:** it applies for all risk categories, where not sufficient data for valid statistical analysis is available such as operational, strategic, reputation and global risks. A final outcome of the measurement by experts is a frequency / severity estimate or an estimate based on scaling approach (high, middle, low).

### *Risk Treatment Analysis*

After the risk is measured, either quantitatively or qualitatively, and the materiality of risk is stated, an effective risk handling is performed. Therefore measures and mechanisms are assessed for the change of the risk situation. The main possibilities of the risk treatment as part of the risk controlling are: risk avoidance, risk mitigation, risk transfer, risk acceptance.

Each of these risk controlling techniques has different impact on the risk structure and are analysed by the responsible unit, as the risk owner, Risk Management Division or Risk Management Committee. The result of the analysis then forms the fundamental basis for following management decisions.

#### *Management Decision and Execution*

In the risk management process a broad range of risk decisions need to be taken and the decision has to be executed by the responsible unit.

Management decisions that substantially affect the risk structure are supported by sufficient analysis regarding the impact on the business and the risk situation. After the decisions on the way to handle the risks, the execution of the decision has to be implemented by the responsible unit in a prompt and efficient manner.

#### *Risk Monitoring and Reporting*

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

Within risk management of OMNIASIG VIG the following processes support this step: Risk Inventory, ORSA, Risk Committee meetings.

The main steps in risk management processes described previously are addressed in a comprehensive set of reporting products, both ex-ante as a basis for decisions and ex-post for review / follow-up purposes. Risk reporting is performed by Risk Management Function and risk owners.

The risk reporting includes both regular reports as well as ad hoc reports. While the regular reports are defined out of the standard processes, the ad-hoc reports are provided in cases where risks appear

suddenly or unexpectedly. Nevertheless ad-hoc reports might be transformed into regular reports if their nature was not a once-only situation and will not be included by other reports.

#### **Risk capital and own funds calculation**

OMNIASIG VIG calculates its capital requirement and corresponding own funds on a regular basis. The calculation is based on a methodology framework defined by VIG. This methodology is in accordance with Solvency II and mainly based on the standard approach. The inappropriateness of the standard formula in non-life, resulted in a partial internal model approach for non-life business.

Documentation regarding methodologies and standards for the calculation as well as a detailed scope definition of the partial internal model are kept within the Risk Management Division of OMNIASIG and are aligned with VIG Enterprise Risk Management documentation.

#### **Own risk and solvency assessment (ORSA)**

The Own Risk and Solvency Assessment (ORSA) is one of the central elements of the Risk Management System of OMNIASIG VIG. Within the ORSA, the results of several Risk Management Processes are combined and analyzed, challenged against future expectations and reported to the managing board and supervisory authorities. Major elements of the ORSA are among others:

- identification of risks and future scenarios;
- projection of future solvency needs and own funds;
- sensitivity analysis;
- stress testing based on future adverse scenarios;
- reporting to the managing board.

Within OMNIASIG VIG, the ORSA is performed in accordance to Solvency II once every year and ad-hoc if necessary. It is based on an ORSA Policy which defines the key principles and rules to conduct the ORSA in a consistent way throughout the group.

### **Risk Inventory**

The Risk Inventory is one of the central elements of OMNIASIG VIG's risk management when it comes to risk identification and measurement. Based on a group guideline the risk inventory is established and performed by OMNIASIG in scope of the Solvency II regime once a year. Clear reporting structures ensure the adequate and update information of key stakeholders as the Management Board.

The risk inventory is based on a group risk catalogue, covering the risk categories. The risk management function discusses and analyzes the materiality of risks identified during this process as well as possible risk mitigating measures with the risk owners.

The documentation regarding the risk inventory covering the methodology, process description and the risk catalogue as well as the corresponding reporting is kept within the Risk Management Division.

### **Internal Control System**

The internal control concept is widely spread in the risk culture of OMNIASIG VIG. Well established internal controls cover all relevant areas to prevent or minimize operational and financial misstatement risks. In OMNIASIG VIG a group-wide approach to document and report on the internal control system is established. This approach is based on policies and guidelines.

Within the yearly ICS process, OMNIASIG VIG has to identify and document the existing risks and corresponding control infrastructure to these risks. In case of missing or ineffective controls it is required to setup remediation plans to implement new controls or improve the existing controls. The results of the ICS assessment are reported to the board as well as to the group by the director of Internal Control Division.

### **Risk reporting**

The risk management function is responsible to report on the actual risk situation to the Managing Board on a regular basis. Besides regular yearly risk reports (risk profile and risk inventory report, ORSA report),

the results of the standardized risk management processes are reported to the managing board.

#### *Internal Risk Reporting*

The risk management function reports the results of the following processes internally to the management board and to group: SCR and own funds calculation, ORSA, risk inventory and risk profile, quarterly risk and limit reporting.

Additionally to the well-defined reporting requirements in the standard risk management processes, OMNIASIG risk management unit is responsible to report to VIG on an ad-hoc basis any finding (e.g. new risks, capital measures) reported to the management or supervisory board that has material impact on the risk profile of the entity.

#### *External Risk Reporting*

OMNIASIG VIG is required to provide risk relevant information to supervisory authorities and stakeholders. It includes the following reports: Solvency Financial Condition Report (SFCR), Regular Supervisory Reporting (RSR), Quantitative Reporting Templates (QRT).

### **Risk strategy**

The risk strategy is an integral and essential component of a management framework. OMNIASIG VIG Risk Management provides enhanced capabilities to support OMNIASIG VIG Managing Board in aligning risk appetite and strategy as well as in linking growth, risk and return. Moreover, the risk strategy is an integral part of the overall business strategy concerning capital needs to support strategic growth as well as risk types and categories that are not taken from a strategic point of view.

The risk strategy of OMNIASIG VIG is evaluated within the yearly ORSA process. Based on the results of the ORSA the chosen risk strategy shall be confirmed or adapted according to the findings of the ORSA taking into account the actual business strategy.

The business and risk strategy have to be updated and aligned to each other on a yearly basis. If the business strategy or the risk profile

changes significantly during the year, the risk strategy needs to be reviewed and adapted to the new situation.

#### *Business strategy principles*

In order to reach its objectives, OMNIASIG VIG defines the four criteria – growth, stability, quality and profitability – as core dimensions for its management.

For the realization of the company's goals, OMNIASIG VIG relies on proven management principles, which also form the basis of all material business decisions in the future:

- concentrating on the core business;
- focus on Romania;
- affiliation to VIG;
- multi-channel distribution;
- conservative investment strategy;
- alignment to VIG's principles;
- optimize the processes;
- insurance business development for non-auto LoBs.

#### *Risk Strategy principles*

Basically OMNIASIG VIG defines the following overall approach to risks, it might be exposed to:

##### Accepted risks

- OMNIASIG VIG generally accepts those risks that are directly associated with the exercise of its insurance business (underwriting risks, partially market risks).

##### *Conditionally accepted risks*

- Operational risks need to be avoided as far as possible, but have to be accepted to a certain degree, as on the one side operational risks cannot be eliminated fully and on the other side expenses for protection against

certain risks may exceed the expected loss, which would be economically unreasonable.

- Investment management shall follow the prudent person principle, unreasonable risks need to be avoided, high-risk investment products shall only be held in case of hedging of other risks.

##### Risk Mitigating measures

- Fostering and promotion of strong risk awareness together with well-defined risk governance in all business areas.
- The calculation of the technical provisions has to be performed in a prudent way, especially to compensate undesirable, but possible fluctuations.
- Reinsurance is a central instrument to hedge against major loss events (tail risks), in particular in the area of non-life business.
- Strict limits for market risks and investments well-matched to the liabilities of OMNIASIG VIG.

##### Not Accepted Risks

- Risks are not accepted, if either OMNIASIG VIG has not the necessary know-how or not the necessary resources for the management of the risk, or OMNIASIG VIG's capital resources are insufficient for the coverage of the risk.
- OMNIASIG VIG does not accept certain underwriting risks, if they cannot be evaluated and priced.
- Asset Management does not accept risks, if the know-how for the valuation of these risks is not available in an adequate kind.

OMNIASIG VIG has defined clear principles and goals to steer risks it is exposed to. The implementation of these principles and the achievement of the goals are supported by a well-defined operational and organizational risk management organization as defined in the risk policy of OMNIASIG VIG.



| Area  | Principles and Goals  |
|---|---|
| Risk management framework                           | <ul style="list-style-type: none"> <li>• Overall responsibility of the Management Board</li> <li>• Clearly defined organizational and operational structure and procedures in risk management</li> <li>• Clear division of tasks between risk taking and risk monitoring</li> </ul>   |
| Risk profile  | <ul style="list-style-type: none"> <li>• Adequate solvency ratio</li> <li>• Well-balanced risk profile</li> </ul>   |
| Diversification                                     | <ul style="list-style-type: none"> <li>• Use of diversification effects as risk minimization in investments and reinsurance</li> <li>• Diversification of insurance business across lines of business</li> <li>• Diversification of distribution channels</li> </ul>  |
| Adequate time horizon                               | <ul style="list-style-type: none"> <li>• Time horizon at least over the duration of assets/products</li> <li>• Assessment of risks at least over the planning horizon <math>\geq 3</math> years</li> </ul>  |
| Insurance Business                                  | <ul style="list-style-type: none"> <li>• Increase non-motor insurance</li> <li>• Monitoring of the business development</li> </ul>  |
| Investments   | <ul style="list-style-type: none"> <li>• Pursuit of an investment strategy focused on the portfolio security</li> <li>• Clear limits for investments into highly risky financial instruments</li> <li>• Strict range with respect to the asset allocation</li> </ul>  |
| Underwriting & Reserving                            | <ul style="list-style-type: none"> <li>• Strict compliance with the underwriting guidelines</li> <li>• Alignment to the group-wide underwriting and reserving policy</li> </ul>   |
| Reinsurance   | <ul style="list-style-type: none"> <li>• Pursuit of a conservative reinsurance program</li> <li>• Contracts are not closed without adequate reinsurance coverage</li> <li>• Strictly binding reinsurance principles</li> <li>• Definition of a percentage of the non-life equity as maximum for the net retention per risk and loss</li> </ul>                    |
| Asset-Liability Management and Liquidity Management | <ul style="list-style-type: none"> <li>• Alignment to the group-wide ALM and liquidity management guidelines</li> <li>• Regulatory requirements on liquidity always have to be fulfilled</li> </ul>   |
| Operational Risk Management                         | <ul style="list-style-type: none"> <li>• Internal control system and inspection of establish controls</li> <li>• Business continuity plans have to be present for all critical areas</li> <li>• Cost-benefit-analyses have to be considered whenever measures are implemented</li> <li>• Regular review and measures in case of high operational risks</li> </ul> |

### Limits and measures

VIG Group Management Board defined minimum limits for the solvency coverage ratio for both solo and group level to ensure that the aspired future risk profile and risk situation can be achieved. In case of a solvency ratio below the set level, OMNIASIG VIG has to implement additional measures relative to its risk positions.

### Identified risks

The consideration of opportunities and risks is a fundamental element of entrepreneurial activity. On the one hand taking risks increases the prospects of higher profits, but on the other hand, it also increases the danger to suffer major losses. Therefore, it is of great importance for OMNIASIG VIG to completely identify and analyse all risks the company is exposed to and adopt an optimal course of action based on a complete risk profile and the company's risk strategy.

The following figure illustrates the embedding of the Risk Inventory into the risk management system:



The complete identification of all risks OMNIASIG VIG is exposed to is the foundation of the risk inventory. The risks are summarized in a risk catalogue, which is reviewed on an annual basis and updated, if necessary.

The following risks are identified in OMNIASIG VIG: non-life underwriting risk, health non-similar to life underwriting risk, market risk, life longevity risk, counterparty default, liquidity risk, operational risk, reputational risk and strategic risk.

#### **Assessment method – connection to solvency needs**

The assessment of the risks showed that the standard formula is an appropriate model for all risks categories where it should be applied (health underwriting, market, counterparty default, longevity, operational) except for non-life risk, where the partial internal model ariSE proved itself more appropriate.

The subcategories of operational risk are evaluated based on estimated frequency-severity, while liquidity, reputational, strategic and global risks are qualitatively assessed by expert judgment.

## B.4 ORSA

ORSA is a tool of the risk management system that requires insurance undertakings to properly assess their own short and long term risks and the amount of own funds necessary to cover them. Withal, the ORSA represents an important source of information for the supervisory authorities.

Accordingly, the ORSA can be defined as the entirety of the processes and procedures employed to identify, assess, monitor, manage and report the short and long term risks OMNIASIG VIG faces or may face and to determine the own funds necessary to ensure that OMNIASIG VIG's overall solvency needs are met at all times.

OMNIASIG's ORSA policy set out the rules for executing ORSA in a way that ensures that the ORSA provides the OMNIASIG VIG Managing Board with appropriate assessment of whether the risk management and solvency position are adequate, and likely to remain so in the future. Also the purpose of the ORSA process is to provide a tool to the Managing Board in deliberating major decisions.

OMNIASIG VIG is considering the following principles when conducting its ORSA:

- The ORSA is a responsibility of OMNIASIG VIG and should be regularly reviewed and approved by OMNIASIG Managing Board and Supervisory Board.
- ORSA encompasses all material risks that may impact on OMNIASIG VIG's ability to meet its obligations under insurance contracts.
- The ORSA is based on adequate measurement and assessment processes and forms an integral part of the management process and decision making framework.
- The ORSA is forward-looking, taking into consideration the OMNIASIG VIG business plan and projections.
- The ORSA process and outcome is appropriately evidenced and internally documented.

The ORSA process is interconnected with the other elements of the risk management system.

The purpose of the ORSA is to ensure that undertakings have robust processes for assessing and monitoring their overall solvency needs, not to duplicate, validate or analyse in detail the parameterization of the SCR calculation.

In accordance with national legislation and Solvency II Directive, OMNIASIG VIG develops for the forward looking assessment of own risks its own processes with appropriate and adequate techniques, tailored to fit into its organizational structure and risk management system and proportional in its sophistication and depth to the nature, scale and complexity of the risks inherent to the business.

OMNIASIG VIG takes the appropriate steps to:

- establish a process to develop a forward looking assessment of own risks; and
- compile qualitative information supporting the forward looking assessment of own risks that will allow national competent authorities to review and evaluate the quality of the process.

OMNIASIG VIG takes the results of ORSA and the insights gained into the process into account for, at least, the system of governance and business planning.

The ORSA is not a stand-alone process, but rather an all-encompassing procedure connecting several processes from business planning to day-to-day risk management. The main input interfaces which flow into the ORSA are business and risk strategy and operational business plans – these three elements form the main prerequisites for ORSA. Other input interfaces are connected with the risk management processes and they provide the risk profile assessment – risk inventory, risk bearing capacity, SCR and technical provisions calculations.



### **Connection between ORSA, business and capital planning**

The ORSA is a key tool in the management of the company that allows the Board and senior management to have better insight regarding risks and solvency requirements in OMNIASIG VIG business plan and the overall business strategy. ORSA is used in the determination of strategy and also assists OMNIASIG VIG to develop potential management actions. Based on the overall business strategy and current business goals, the department responsible for operational business planning (Controlling) develops the business plan for the next 3 years in the form of the scenario which describes in detail the actual business plan (base scenario). The ORSA then provides the solvency perspective to the planning and assesses the achievability of the business plan given OMNIASIG VIG capital capabilities (an iterative process).

### **ORSA process**

The major steps of the ORSA process are described in the following:

#### *Identify risks & scenarios*

This step includes the processes which are in place to identify risks that OMNIASIG VIG faces and is likely to face while performing its business and which potentially impact the solvency position at least over the planning period. This step also includes regular calculations of capital requirements and technical provisions and assessment of suitability of the calculation methods and regular own funds monitoring.

The risks are identified and assessed by the risk management function in accordance with the risk inventory process. The risk catalogue – as an outcome of the risk inventory process – provides also information on whether a risk is covered in the SCR calculation (standard model or partial internal model) or if risks are assessed with alternative methods (qualitative assessments, alternative calculations, expert judgement).

#### *Project future – Perform stress testing*

OMNIASIG VIG does not only assess its current risks, but also the risks it faces in the long term. This means that long term projections of the business which are a key part of any undertaking's financial planning, such as projections of business plans, economic balance sheet and profit

and loss account, are required. These projections should feed into the ORSA in order to enable OMNIASIG VIG to form an opinion on the future overall solvency needs and own funds.

This process step actually includes the modelling and calculation part where the future solvency position is projected and where the development of SCR, MCR and own funds under several stress scenarios is calculated. The results indicate how sensitive OMNIASIG VIG solvency position is to stresses changes of important risk factors and their combination and what impacts could these stress scenarios could have on the limit structure.

#### *Assess & Advice*

In this process step, an analysis of the results obtained in previous steps is made from the point of view of what actions will be required to keep the business adequately capitalized. The process step results in an advice to management (recommended management actions).

#### *ORSA reporting*

In this step, the information and decisions made during ORSA are reported in the ORSA report. Final management decisions and actions are recorded in the final report as well.

The ORSA report is prepared by the Risk Management Function. The report contains a static and a dynamic part. The static part briefly describes the ORSA process, references documentation prepared along the process and outlines the main responsibilities within the process, together with the main assumptions underlying ORSA. The dynamic part contains the outcomes of previous process steps. The dynamic ORSA report evidences the embedding of the ORSA in the decision making process.

The results of the ORSA are communicated to the Supervisory Board, at a minimum on an annual basis by the Managing Board. The results of each ORSA are submitted to the supervisory authority.

### **Governance over the ORSA process**

The roles and responsibilities for ORSA are as follows:

- The Risk Management Function is the owner of the ORSA process, the Risk Committee overviews the ORSA process. Managing Board uses the information and results of the ORSA process for steering purposes.
- ORSA policy and any updates to it must be approved by the Managing Board.
- The Risk Committee is responsible for coordination of activities under the ORSA policy and reviewing ORSA results.
- The Risk Management Function is responsible for execution, documentation and reporting of each ORSA run, including preparation of the ORSA report, having support from other functions and departments
- The Actuarial Function within the ORSA provides assurance that technical provisions are calculated in accordance with the requirements set by the Framework Directive, the delegated act and further implementing legislation.

### **ORSA frequency**

The complete OMNIASIG VIG ORSA process is performed on regular, annual basis. The regular ORSA frequency setting is based on the OMNIASIG VIG long term strategies, risk profile assessment, volatility of the solvency needs relative to the capital position, possible changes in the planning procedures, business development and other factors.

#### *Ad-hoc ORSA*

A non-regular or ad-hoc ORSA is performed if there is a significant change to the risk profile of OMNIASIG VIG. This change might be due

to external reasons or plans to make a decision with potentially significant impact on OMNIASIG VIG strategy, risk profile or solvency position.

### **Time horizon**

A time horizon of 3 years is used for ORSA forward looking purposes. This is consistent with the time horizon used in the business planning process.

### **Valuation basis and SCR assumptions**

The valuation basis used for ORSA purposes is the same as for SCR and own funds calculation. The solvency needs for ORSA purposes are projected using the assumptions underlying OMNIASIG VIG SCR calculations.

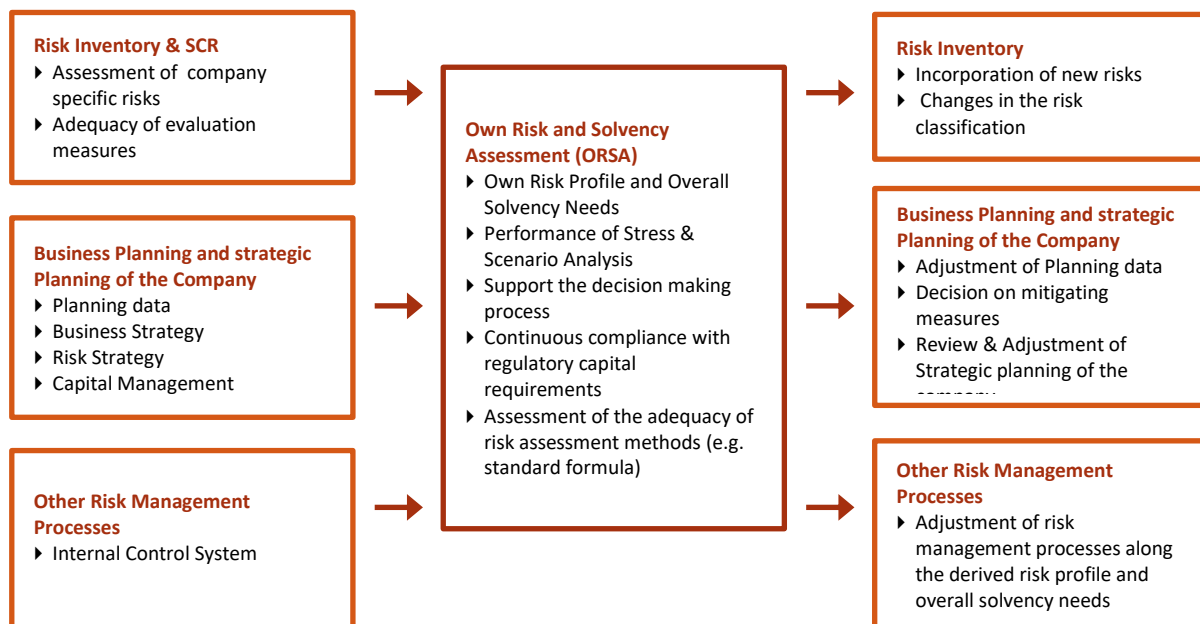
### **Internal Communication**

Internal communication of the results of the ORSA process includes the Managing Board, senior management (at least directors of Controlling and Financial divisions), and the key functions holders – risk management, actuarial, compliance and coordinator of the outsourced internal audit.

### **Embedding of the ORSA into the Risk Management System**

The ORSA Process is well-integrated in the risk management system. The results and findings of central risk management processes and analysis form the basis for an ORSA in OMNIASIG VIG. Among these are the risk inventory, the company planning and strategy setting of the company as well as the SCR calculation.

The following chart shall illustrate the embedding of the ORSA process into the risk management system of OMNIASIG VIG and its interfaces to most relevant risk management processes.



**Business- and risk strategy and planning process**

One essential input of the planning process is the business and risk strategy, and the assumptions and results of the planning process are input for the ORSA projections. The results of the ORSA projections on the other hand loop back as input of the planning process and show the consequences for the solvency situation and are therefore used to assess the adequacy of the planning assumptions.

**Risk inventory**

The risk inventory is the basis of the risk profile and delivers in depth knowledge of the actual and potential risks in single and aggregated view. The risk identification includes the definition of adverse scenarios as well as the assessment of the deviation from the standard formula.

**Other risk management processes**

The internal control plays a central role in the risk management process and consequently in the risk and solvency assessment. The Internal Control System (ICS) ensures compliance with applicable laws, regulations and administrative provisions and the effectiveness and the efficiency of operations in light of company's objectives, as well as ensures the availability and reliability of financial and non-financial information, protection of assets and resources, transparent and effective reporting internal and external.

There are no changes in ORSA process as compared to previous period.



## B.5 CONTROL SYSTEM

### B.5.1 INTERNAL CONTROL SYSTEM DESCRIPTION

In order to implement and evaluate an efficient control system, capable of ensuring proper risk management, with the ultimate aim of ensuring the company's business objectives are achieved, OMNIASIG applies:

- **Directive 2009/138 / EC of the European Parliament and of the Council of 25 November** on the access to the activity and the performance of the insurance and reinsurance activity (Solvability II);
- **Commission Delegated Regulation (EU) 2015/35 of 10 October 2014** to supplement Directive 2009/138 / EC of the European Parliament and of the Council of 25 November on the access to the activity and the performance of the insurance and reinsurance activity (Sovereignty II);
- **EU Regulation 2016/679** on the protection of individuals with regard to the processing of personal data
- **Internal control - Integrated framework - COSO version 2013** (The Committee of Sponsoring Organizations of the Treadway Commission);
- **Law no. 237/2015** regarding the authorization and supervision of the insurance and reinsurance activity (Solvency II);
- **Law no. 129/2018** for amending and completing Law no. 102/2005 regarding the establishment, organization and functioning of the National Supervisory Authority for the Processing of Personal Data, as well as for the repeal of Law no. 677/2001 for the protection of persons regarding the processing of personal data and the free movement of these data
- **ASF Regulation no. 2/2016** regarding the application of the principles of corporate governance by the entities authorized, regulated and supervised by the Financial Supervisory Authority;
- **ASF Regulation no.1 / 2019** on the evaluation and approval of the members of the management structure and of the persons

holding key functions within the entities regulated by the Financial Supervisory Authority

- **ASF norm no. 4/2018**, regarding the management of the operational risks generated by the information systems used by the authorized / approved / registered entities, regulated and / or supervised by the Financial Supervisory Authority.
  - **Norm no. 25/2021** regarding the governance and security of information and communication technology systems used by insurance and reinsurance companies
- **ASF Regulation no.13 / 2019** on the establishment of measures to prevent and combat money laundering and terrorist financing through the financial sectors supervised by ASF
- **ASF norm no. 21/2016** regarding the reports regarding the insurance and / or reinsurance activity
  - **Internal control system policy** - Vienna Insurance Group;
  - **Policy regarding the internal control system** - OMNIASIG;
  - **Procedure regarding the organization of the internal control system and the internal control activities related to operational risks;**
  - **The constitutive act of OMNIASIG;**
  - **The Regulation of Organization and Functioning of OMNIASIG (ROF);**
  - **Internal Regulation of OMNIASIG;**
  - **Code of ethics and compliance**

In designing the internal control system, the following principles were taken into account:

- Adaptation to the size, complexity and specific environment of OMNIASIG;
- General standards, clear responsibilities, documentation requirements regarding the internal control system

- Internal controls applied at different levels of the organizational structures
- Effective communication channels and information systems
- Ensuring, at a reasonable level, the general control objectives, as follows:
  - efficiency and effectiveness of operations;
  - the accuracy of the financial and non-financial information;
  - appropriate control activities for operational risks;
  - prudent approach in business decisions;
  - compliance with the laws, norms, regulations in force;
  - compliance with the company's strategies, policies, procedures, norms and reporting procedures

### **Internal control system responsibilities**

OMNIASIG's internal control system consists of continuous operational processes, which ensure an appropriate and effective control environment and activities, compliance with local, group and European regulations, as well as an efficient management tool. The control environment is based on an organizational and operational structure within which clear communication and monitoring procedures are ensured and clear responsibilities are established at all organizational levels of the company. These responsibilities refer to the daily activity carried out within the company, but also to the evaluation process of the internal control system.

### **SUPERVISORY BOARD AND MANAGING BOARD**

The Supervisory Board holds - together with the Managing Board - the primary responsibility for the implementation and maintenance of an adequate internal control system within the company and for the implementation of the policy regarding the internal control system.

The management ensures that the responsibilities within the internal control system are defined in accordance with the processes carried out in the company and that they are well defined. In addition, the Managing Board receives the regular results regarding the evaluation of the control over the operational risk management, as well as the

evaluation report of the internal control system and decides on the measures and the comprehensive actions for reducing the risks in line with the business strategies and plans.

### **DIVISION MANAGER/HEAD OF DEPARTMENT**

The division's managers / Heads of department are responsible for: implementing, applying and monitoring the control in their area of responsibility. In their capacity as risk owner and control processes, they are obliged to decide on the quality of the controls and the application of their improvement measures and any other risk reduction measures. In addition, division's managers / heads of departments are required to support the periodic process of evaluating the internal control system and are responsible for communicating to employees information about risks and deficiencies identified in internal control processes regarding the existence and effectiveness of controls. established for the proper management of the risks, as well as the measures established in order to remedy these deficiencies.

### **EMPLOYEES**

All employees have the responsibility to implement and apply the controls established by their superiors to carry out the activity in the best conditions and according to the company standards. Every OMNIASIG employee is obliged to carry out his tasks conscientiously and professionally. In doing so, each employee is responsible for ensuring the quality of his work with appropriate effort and applying appropriate controls in his activity. When risks or deficiencies in the control activity are identified, which cannot be managed by the employee, they are obliged to communicate them to the superior.

### **INTERNAL AUDIT**

OMNIASIG's Internal Audit is responsible for the independent review of the efficiency of the company's internal control system and control activities, based on the internal audit plan or at the request of the Management Board or the Supervisory Board / Audit Committee and

according to the outsourcing contract, since this key function is outsourced.

The independence of the internal audit function is ensured by reporting to the Supervisory Board.

### **RISK MANAGEMENT FUNCTION**

The risk management function has as main responsibilities the calculation of the SCR and the validation of the Partial Internal Model (PIM), realization of ORSA process, periodic internal and external reporting. In addition, the risk management function provides support for the assessment of residual operational risks (according to the Risk & Control matrix).

### **COMPLIANCE FUNCTION**

The compliance function is included in the governance system and is responsible for assessing compliance risks and verifying controls related to operational risks. It supports the evaluation process of the control system and informs / reports to the Management and, as the case may be, VIG Compliance Group and / or VIG ERM on the evaluation of compliance risks and controls related to operational risks, as well as the measures established to correct deficiencies found and it is responsible for the application of the international sanctions, manages together with the AML appointed person the alerts received from the ASF, updates and endorses, if necessary, the internal documents on international sanctions.

From an organizational point of view, the compliance function is an independent key function, which reports to the Management Board.

As main responsibilities, the compliance function has to ensure:

- advising the management and the structures of the company regarding the compliance with the legal provisions in force
- monitoring the legislative framework and evaluating the possible impact that legislative changes may have on the company's activity
- proper identification and assessment of compliance risks
- prevention of non-compliance

- elaboration of the Compliance Plan including activities in the area of compliance and verifications of the operational risks
- Ensures/coordinates the establishment of policies and procedures necessary to carry out the activity in accordance with and for the implementation of international sanctions, with the applicable legal provisions-assessing the impact of legislative changes on the company's activity;
- Check the updating of the information held by the company on the international sanctions regimes in force ;
- Manages, together with the AML d appointed person, the alerts received from the ASF, updates and approves, if necessary, the internal documents on international sanctions.

### **INTERNAL CONTROL DEPARTMENT**

The Internal Control Department, the structure within the Compliance and Internal Control Division, coordinates and ensures the identification and analysis of the internal controls implemented to manage the risks associated with the activities and processes within the company. It supports the process of evaluating the internal control system regarding the assessment of operational risks, ensures the completion of the risk and controls matrix by the risk holders, verifies and provides recommendations on the effectiveness of the internal controls and follows their implementation.

### **Internal control system components**

The internal control system within the company is composed of 5 components that interact and are interdependently established, as follows:

**1. The internal control environment**, respectively the attitude and level of awareness within the company regarding the internal control processes; represents the environment in which the employees of the company carry out their activity and exercise the assigned control activities. A control environment is evaluated as being effective when

the employees (at all levels) understand what their responsibilities are, act within the limits of the authority assigned, possess the necessary knowledge and commit to work in accordance with the company's policies / procedures; also, the employees of the company undertake to respect the code of ethics and to consistently apply the code of good practices in business.

Significant for an efficient control environment are the actions and the attitude of the Supervisory Board and the Company's Management towards the control processes, regarding:

- Establishing and effectively communicating the company's policies and procedures;
- Developing, implementing, communicating and monitoring the application of the Code of Ethics and good business practices;
- Setting company values and ethical and business standards, applying them consistently by all employees of the company
- Communication, inside and outside the company, of the values and standards established;

In this context, within the company are implemented:

**Code of ethics**, which sets the standards of ethics and behavior in business and which contains aspects related to business conduct, conflict of interest, use of company resources, protection of company assets, prevention of market abuse, human rights, environmental protection and social responsibility. The code of ethics is supplemented by the Guideliness on gifts, entertainment and travel. The code of ethics and any modification thereof is communicated to all employees of the company, the document being posted on the Intranet. Failure to comply with the provisions of the Code of Ethics entails taking measures, as described in the chapter "Corrective actions". Each year, a compliance test is conducted regarding the knowledge and application of the provisions of the Code of Ethics, of the different legislative provisions and of the company's policies.

**As policies and procedures**, the company has implemented both documents required by the legislative provisions, as well as documents considered necessary in carrying out the activity, such as, but not limited to: Policy of the compliance management system, Anti-corruption policy, Warning procedure (" Wistleblowing Procedures "), Policies and procedures for identifying and managing conflicts of interest, Procedure for information on international sanctions, Corporate governance policy, Document governance policy, Distribution policy, Subscription policy, Claim policies and procedures, Policies of accounting, Policies and procedures related to human resources, Policies and procedures regarding the measures for the prevention and combating of money laundering and terrorist financing, Procedures regarding the protection of persons regarding the processing of personal data.

**Competence standards**, based on which are identified:

- The necessary requirements for carrying out the service tasks for each employee;
- The level of competence, knowledge and experience required to perform the job specific tasks;
- Providing the necessary resources for the implementation of training / improvement plans for employees in order to improve professional performances;
- Requirements and skills specific to management positions for key activities within the company;

**Organizational structure**, respectively:

- Clear definition and communication within the company of the key areas of responsibility and authority;
- Establishing internal reporting lines;
- Periodic evaluation of the organizational structure and implementation of the necessary changes;
- Establishing an appropriate level of management positions so as to ensure efficient control;

- Sizing staff in such a way as to ensure the efficient conduct of the company's operations;
- Clear delimitation of competence limits, delegation of authority and responsibilities;
- Defining and communicating job descriptions for all positions within the company; periodic reassessment of job description

**Human resources policies** include:

- Implementation of policies and procedures regarding recruitment, employment, professional training, performance evaluation, promotion, pay / remuneration, disciplinary actions, dismissal;
- Establishing and monitoring performance; establishing the performance objectives of the employees according to the company objectives;
- Vocational training plans;
- Request / check references

## 2. Identification and assessment of risks

The essential condition for identifying and efficiently assessing the risks faced by the company refers to the establishment of objectives, both at the level of the entire company and at the level of activities, programs, projects. Establishing the company's objectives allows the identification of those risks that can prevent their efficient achievement, and for the risks thus identified, the control processes / activities / objectives that contribute to the elimination / mitigation of risks can be established. In this sense, in the process of establishing an adequate control system, the cooperation between the key functions is important.

**The company's objectives** are presented in the strategic plans that include (a) defining the mission and values of the company, as well as (b) the strategic lines / initiatives / programs.

The objectives, both global and established at the level of activities, will be communicated to all employees of the company. It is also intended that the set objectives can be commensurate with key performance indicators for a correct evaluation and monitoring of their achievement,

identifying deviations and establishing measures to improve the performances.

**Identifying and evaluating the risks** that may adversely affect the achievement of the objectives (strategic, operational, financial reporting, compliance) implies :

- Existence of the mechanisms for identifying the risks that come from both the external environment of the company and the internal ones;
- Methodologies for assessing identified risks (strategic and operational, at company level and at the level of activities / processes). Risk assessment is performed both by qualitative methods and by quantitative methods; also, within the risk assessment processes are established (1) the probability of occurrence and (2) the impact;
- The methodology of identification, communication, accountability, monitoring of risk control measures;
- Establishing and communicating responsibilities in the field of risk identification, assessment and control;
- Establish methodologies for risk appetite assessment;
- The methodology of communicating the results of the processes of identification, evaluation and control of the risks to the Executive Management and the Administrative Management of the company.
- Risk control methodologies in case of changes

The complete identification and documentation of the risks is performed only once, respectively when implementing the evaluation of the internal control system. Subsequently, for the evaluation of the internal control system, the heads of structures only review the existing risks and evaluations and add or eliminate risks / controls. The result of this process is a list of all possible operational, business interruption, financial reporting and compliance risks, including an assessment of whether the risk is material or not and whether control measures need to be implemented.



### 3. Control activities

The control activities are the actions, specified in procedures, instructions, working rules, which, if applied properly and on time, ensure the elimination or reduction to an acceptable level of risks. The responsibility for the implementation and monitoring of an efficient internal control system rests with the management.

#### The controls implemented within the company are preventive and detective (later):

- **Preventive controls** aim at preventing an unwanted event from happening; they are proactive in preventing loss (financial, operational, non-compliance). This category includes: separation of responsibilities, limits of authorization, standards of documentation, physical access control;
- **Detective control** (later) aims to identify / detect unwanted events. They point out that a loss has occurred, but do not allow the avoidance of such losses. This category includes analysis, review of documents / transactions, analysis of variations, reconciliations, inventories, audits.

Also, the conditions for the implementation of the automatic controls, integrated within the computer applications will be ensured in order to reduce the resources allocated to the manual control activities as well as to ensure the uniformity of the control process.

#### The control activities include:

- approvals;
- authorizations;
- checks;
- reconciliation;
- analysis of key performance indicators;
- protection of assets
- segregation of responsibilities;

- general IT controls and controls at the level of IT applications.
- disaster recovery plans and business continuity.

**Approvals, authorizations, checks (preventive):** The management may delegate to the employees the carrying out of certain activities or the execution of transactions within the limits of some parameters established by policies, procedures, formal delegations of authority. Also, the management determines which activities or transactions are needed for supervision and approval before these activities are performed or the transactions are executed by the employees. The approvals category includes:

- policies and procedures written and approved by the company management;
  - the limits of authority / competence;
  - supporting documentation;
  - explanations for unusual transactions;
  - holographic or electronic signatures;
- Within the company, the approvals can be:
- general (approval of the budget for departments);
  - specific - at the level of transactions;

Approvals may be granted:

- electronic (in the case of processes assisted by BPM systems);
- manual

Approvals will be granted only by the persons who have the necessary authority in this regard, explicitly established by decisions of the Management Board or the job description.

The approval of a transaction implies that the approver:

- reviewed the supporting documentation;
- is satisfied that the transaction is appropriate, correct and will be carried out in accordance with the applicable laws, policies, procedures, working rules approved

The approval authority may be granted within the limits of certain value thresholds; transactions that exceed these thresholds must be approved at the appropriate level, established by the decisions delegating the authority. In no case can a transaction be approved / authorized on behalf of another person or outside the limits of competence; in the case of electronic approvals, it is forbidden to send the authentication elements (username, password) to the persons who do not have the necessary authority to approve transactions in the IT environment.

The effectiveness of this control activity is ensured by the appropriate separation of responsibilities.

### Reconciliations

They are detective, and represent comparisons between different data sets, identifying and investigating differences, establishing the necessary corrective measures to resolve differences. These types of control activities ensure the accuracy and completeness of transactions. The effectiveness of this control activity is ensured by the appropriate separation of responsibilities.

**Analysis (detective)** to establish the degree to which the proposed objectives have been achieved and to identify the causes that have generated deviations and ways to correct them.

This category of control activities includes:

- budget analysis: planned versus accomplished;
- analysis of trends, evolutions from one period to another;
- key performance indicators;
- identifying and monitoring unexpected or unusual situations / evolutions.

The analysis of reports, financial statements, reconciliations and other information are performed by the company's management, for:

- establish the consistency and reasonableness of reports, analyzes, etc;

- to compare the current performances with those established in budgets, planning, estimates, forecasts, previous periods in order to establish the degree of achievement of the company's objectives;
- identifying unfavorable / unusual / unexpected evolutions and establishing ways to improve;
- to document the analysis activity, as a management and control tool.

Assets protection (preventive si detective), such as:

- physical security of assets, information, personnel, etc;
- access controls;
- periodic inventories;
- periodic comparisons between operational / accounting records and inventory;
- identifying and resolving the differences between the operative-accounting records, the factual inventory, primary documents.

**Separation of responsibilities**, respectively:

1. separation of activities from:
  - a. initiation of the transaction;
  - b. approval of the transaction;
  - c. registration of the transaction;
  - d. reconciliations in connection with transactions;
  - e. asset management;
  - f. review, analysis of reports
2. double check.

### General IT controls and controls at the level of IT applications

General IT controls are applicable to the entire computer system (hardware, software, infrastructure, communications). These include:

- logical access control, data and application security, physical security;
- application development control and change management;
- IT operations at server level, data centers;
- back-up and disaster recovery.

***The objectives of general IT controls ensure that:***

- the correct / current data files are processed;
- ensures the integrity and availability of data processing, network and associated applications;
- complete and correct processing is ensured;
- processing errors are identified, notified and resolved;
- program routines / tasks within the applications are processed as established in the task scheduling;
- back-up files are provided at the established intervals;
- recovery procedures are implemented in case of processing failure;
- there are and are applied change management procedures in the IT environment;
- the actions taken by users and administrators are monitored;
- access to the spaces where the servers are located is restricted;
- the existence of an environment conducive to the proper functioning of the servers;
- ensuring recovery in case of disaster.

**The control activities on the application level include:**

- Input controls, respectively:
  - authorizations;
  - validations;
  - notification of errors and their correction.

These control activities ensure that only authorized transactions are registered correctly and completely, registered by users who have this right; identifies rejected, suspended, or duplicate items; ensures that rejected items are identified, analyzed and resolved. This category includes: error lists, checks within data fields, limits, validation checks, completeness checks, etc.

- Processing controls, which ensure complete and correct processing of authorized transactions.
- Output controls, report, processing result, transmission of reports to the authorized user

**1.Information and communication system**

The company implements an information system that ensures credible information at all levels within the organization in order to establish, achieve and monitor the objectives set by the company's management, as a result of efficient decision-making processes. In this sense, the internal control system must ensure effective communication procedures. Such communications are internal and / or external, and include both formal and informal information channels.

The information communicated inside or outside the company must meet the following quality criteria:

- Correct
- Complete
- Current and obtained on time
- Consistent
- Transparent
- Relevant

**The objectives of the internal control system for ensuring efficient information and communication refer to:**

- Receiving by the company's management, from internal and external sources, the necessary information for evaluating the operational and financial performances compared to the proposed objectives;
- Identifying within the company, obtaining and distributing relevant information to staff, with a sufficient level of detail, in an appropriate form and in a timely manner so as to enable the staff to perform their duties effectively and efficiently;
- Implementing an efficient communication system, both internally - with the company's structures and staff -, and externally, with bodies / groups that may have an impact on the company's programs, significant projects, objectives;
- The use by the company's management of different forms and methods of communicating significant information to employees;

- Administration, development and periodic review of the information system for the continuous improvement of the utility and credibility of information communication.

## 2. Monitoring

Monitoring the effectiveness of the internal control system is done by:

- Continuous actions, undertaken at all levels of the company
- Separate evaluations, performed by the internal audit function

The actions of monitoring the internal control system aim at establishing the degree to which the internal control activities are adequate from the conception point of view, are executed properly and are efficient. Just as control activities aim at proper risk management, monitoring the internal control system provides reasonable assurance that control activities are carried out properly and in a timely manner and ultimately results in an effective control system.

### Periodic evaluation of the internal control system

The internal control activities are operated daily, but the evaluation of the internal control system is performed at least once a year. The annual evaluation of the internal control system is performed in accordance with the planning established and provided by the group and adjusted according to the internal conditions. During the annual evaluation process, the group may request periodic reports on the status of implementation in order to ensure the timely completion of the report on the evaluation of the internal control system (local and group level).

### The documentation based on which the internal control system is evaluated includes the following elements:

- Matrix of risks and controls (MRC);
- Guides and explanatory notes on how to prepare / complete the MRC;
- Reporting forms

**MRC** includes all the risks and controls relevant to the company and allows a systematic approach in the process of identifying, evaluating and controlling the risks. This approach has 2 major benefits:

- It allows to increase the degree of awareness regarding the risks that may manifest within the company, as well as to identify the weaknesses and deficiencies of the internal control processes / activities for which remedial measures are necessary to be implemented in due time;
- MRC ensures the complete documentation of the risks and, respectively, of the afferent controls and describes the way in which the controls thus documented are functional.

**Guidelines and explanation notices** are made available by the group for all local companies and describe the stages of the process of identification and assessment of risks and related controls, how to complete the basic documentation and explanations for the key indicators that are presented in each document.

**Reporting templates** contain the basic chapters / information to be reported to the Group and the Management Board, including key indicators on internal controls, identified deficiencies and remediation plans.

### B.5.2 COMPLIANCE FUNCTION and Person Appointed with International Sanctions

The compliance function is held by the Director of the Compliance and Internal Control Division. The compliance function operates independently of the other operational functions, is subordinated and reports to the Managing Board. The compliance function identifies, evaluates, controls and reports compliance risks and verifies the controls of operational risks identified within the company, ensures the monitoring of the legislative framework and evaluates the possible impact that its changes may have on the company's activity. For certain specific fields such as money laundering, capital market, information security, personal data protection, within the company there are specific directions / departments led by managers / persons responsible for the respective field.

The Compliance function and person appointed with international sanctions coordinates the implementation of internal procedures for the implementation of international sanctions, verifies the updating of the information held by the company on the international sanctions regimes in force, manages together with the appointed AML person the alerts received from the ASF, updates and endorses, if necessary, the internal documents on international sanctions.

In view of its responsibilities, the holder of the compliance function reviews at least once a year all policies and procedures in the area of responsibility, such as, for example, compliance management system policy, internal control system policy, monitoring legislative changes procedure, the procedure regarding the organization of the internal control system and the internal control activities related to the operational risks and elaborates new documents, if necessary. Also, the holder of the compliance function endorses all the policies, procedures and guidelines developed within the company, as well as their updates.

Given the situation generated by the COVID-19 pandemic, a Guide was developed regarding the conduct in carrying out the activity both during the state of emergency and later during the state of alert. Also, in the risk matrix, a new risk was introduced for the activity carried out at home (WFH risk). This risk was replicated in all independent departments and divisions, and the effectiveness of the controls was verified at each risk owner.

**During 2021, the following reports were presented and submitted for the approval of the Management Board and, as the case may be, to the Supervisory Board:**

- Compliance report
- Compliance risk inventory report
- Reports on the situation of conflicts of interest
- Monthly reports on legislative changes
- Periodic reports on the result of the activity of verification of the controls established for the operational risks mentioned in the risk matrix
- Annual report on the internal control system with reference to the evaluation of the effectiveness of the controls related to the risks mentioned in the risk matrix
- Reports on the results of compliance tests

In order to manage the risk of non-compliance with the legal provisions and to prepare the reports, the holder of the compliance function monitored daily the legislative changes in the project phase and / or published in the Official Gazette and informed the company's management and the directions involved. Subsequently, monthly reports were presented containing the legislative changes, their impact on the company's activity, the measures to be taken for implementation, responsibilities and deadlines for implementing measures, the date of entry into force. Virtual meetings necessary for



understanding and establishing the terms and measures to be applied were organized with the involved departments.

The approved compliance and internal control plan for 2021 included daily monitoring of legislative changes, scheduling of committee meetings to assess declarations of conflict of interest, compliance courses and warnings, compliance risk checks, checks on the effectiveness of operational risk controls, revisions / updates / approvals of the policies and procedures issued by the company in accordance with the legal provisions or requests of the VIG group, quarterly screening of the portfolio during the checks on international sanctions,

reports to be submitted to the Management and VIG Group Compliance, annual tests to assess knowledge and the application of the provisions of the Code of Ethics and of the compliance norms.

To know and comply with the Code of Ethics and internal procedures, but also to know and avoid any risk of breaking the law, have been posted POPs with information on anti-corruption, anti-fraud and whistleblowing.

Compliance policies, compliance courses, the Code of Ethics, various laws and rules are posted on the Intranet for ongoing consultation.

## B.6 INTERNAL AUDIT FUNCTION

The internal audit function provides the third line on defense and is classified as a key function.

The internal audit function is an independent structure subordinated by the Supervisory Board having the role to assist the Audit Committee in executing their oversight responsibilities and to provide and independent assessment of the Company's internal control and risks management systems and generally, of the governance system, through reviewing how effectively key risks are being managed and assists management in the effective discharge of its responsibilities by carrying out independent appraisals and making recommendations for improvement.

Beginning with 2020, the internal audit function has been outsourced under the monitoring of the internal audit coordinator.

The legal framework, the organization, the governing standards and the attributions of the internal audit function are described by the Internal Audit Policy.

The internal audit scope is to determine if the risk management, audit and corporate governance processes, defined and under the responsibility of the management, operate so as to ensure that:

- The business, operational, financial, IT risks, etc. are adequately identified and solved;
- The financial, operational and managerial information used in the decisional process are accurate, reflect reality and are acquired in useful time;
- The actions of the company employees observe the governing policies, standards, procedures, regulations and laws;

- The company resources are procured and used efficiently; the company assets are protected from theft, destruction and inefficient use;
- The company schedules, plans and objectives are met;
- The increase of quality and the constant improvement of the risk management, audit and corporate governance processes;
- The laws and regulations regulating the insurance company are known and observed accordingly.

The internal audit strategy is correlated with the company strategy and with the key objectives thereof, including the understanding of the expectations of the organization's interest groups, so as to form a vision over the internal audit activity, its role in the company, the place or in the context of risk management (together with the risk department, it creates value through the improvement of risk management).

The Internal Audit Coordinator reports on the internal control system and governance system related to the processes audited, the findings and recommendations and the status of the implementation directly to the Supervisory Board through Audit Committee. This reporting relationship which also includes audit plans achievement, financial budgets and staffing considerations is designed to ensure the ongoing independence of the internal audit function, in order to provide for the objectivity of its findings, recommendations and opinions.

The Internal Audit Coordinator is authorized by the Audit Committee to have full and complete access to any of the organization's records, properties and personnel.

The Internal Audit Coordinator is also authorized to designate members of the audit staff to have such full and complete access in the discharging of their responsibilities.

Consistent with generally accepted professional internal auditing standards relating to the independence, objectivity and authority, internal auditors cannot have tasks and responsibilities in areas not related to internal audit activity. Internal auditors are not to have direct responsibility or any authority over any of the activities or operations that they review. Internal auditors will assist management in maintaining adequate and effective systems of controls through objective appraisals, recommendations and control consultations.

## B.7 ACTUARIAL FUNCTION

On the basis of Solvency II regulation, OMNIASIG VIG actuarial function needs to meet the requirements of an adequate system of governance and covers all lines of business (health NSLT and non-life). These requirements are covered by explicit and adequate internal controls employing the four-eyes-principle. In this context, the main tasks of the actuarial function are as follows:

(i) **coordination of the calculation of technical provisions which translates into:**

- appropriateness of the methodologies and underlying models (including assumptions),
- understanding of the different drivers of risk,
- appropriateness of the valuation model to address the main drivers of risk,
- appropriateness of the segmentation of risk groups,
- sufficiency and quality of the data used (internal as well as external),
- possibility to challenge each particular component of the valuation including the relationship between the different components, their integration and the recognition of diversification effects,
- validation of the methodologies used to assess the sufficiency of the technical provisions, including back testing against past experience,
- uncertainty associated with estimates used in the calculation,
- explanation for material differences of estimates of technical provisions in comparison to different years (caused either by internal or external factors),
- Identification as well as interpretation of material deviations between best estimates and experience.

(ii) **issuing an opinion with respect to:**

- underwriting policy
- reinsurance treaties
- considerations regarding changes in the composition of OMNIASIG VIG's portfolio, the effect of bonus-malus systems and other risk factors,
- opinion on the likely financial impact of any material planned changes in terms of products
- explanations on the approximate degree of variability surrounding the estimate of expected profitability

(iii) **internal reports - information to Managing Board and Supervisory Board of OMNIASIG VIG and to VIG - with respect to:**

- reasoned analysis on the reliability and adequacy of the calculation of the technical provisions and on the sourced and the degree of uncertainty of the estimates,
- sensitivity analysis including investigations of sensitivity of technical provisions to each of the major risk underlying the obligations covered by the technical provisions, and
- statement and explanation of concerns regarding the adequacy of technical provision;

(iv) **effective implementation of the risk-management system:** report on how the actuarial function contributes to the effective implementation of OMNIASIG VIG's risk management system;

(v) **partial internal model of OMNIASIG VIG:**

- Providing data input for PIM (portfolio, premiums, claims, etc.)
- Parameterization of partial internal model
- opinion on which risks should be covered, in particular to risks relating to the terms on which business is

written, and how dependencies between risks should be derived, and

- technical analysis based on experience and expert judgment;

(vi) **Cooperation with other OMNIASIG VIG functions** (e.g., with risk Management function, Controlling, Financial, Underwriting divisions and Reinsurance).

**Applicable standards for actuarial function refer to:**

- (i) objectivity and independence, respectively its segregation from operational function and freedom from the influence of other functions or management boards members;
- (ii) access to the appropriate resources and information systems that provide all necessary information relevant for the discharge of its responsibilities; and
- (iii) professional requirements: knowledge of actuarial and financial mathematics, commensurate with the nature, scale and

complexity of the risks inherent in the business of the insurance/reinsurance undertaking, and relevant experience with applicable professional and other standards.

**Organizing of actuarial function in OMNIASIG**

OMNIASIG VIG actuarial function is organized within the Actuarial Divisions. Actuarial Divisions is coordinated functionally and operationally by OMNIASIG VIG Managing Board. Its structure includes two Divisions as follows: Technical reserve and Reporting, Pricing and Analysis.

Besides the internal cooperation with various departments of OMNIASIG VIG, Actuarial Divisions has also intra-group cooperation with VIG affiliates, such as Arithmetica, the provider of VIG partial internal model ariSE, or VIG departments, such as VIG ERM (Enterprise Risk Management) and VIG Actuarial Department.



## B.8 OUTSOURCING

At the end of 2021 OMNIASIG revised the outsourcing policy approved the previous year, further providing for the requirements for documentation and approval of outsourcing intention, identifying as well as implementing outsourcing contracts, including those specific to outsourcing to cloud providers (according to ASF no. 33/2020). The policy adopted by the company was designed to comply with the legal provisions regarding outsourcing, OMNIASIG VIG ensuring: (i) the collaboration of the service provider with ASF in connection with the activity, function or outsourced process (a); (ii) that its representatives and auditors and the FSA have effective access to information about the outsourced activity, function or process (a); and (iii) that the FSA has effective access to the premises of the service provider at any time it deems necessary and all the conditions for the exercise of its duties are created.

According to the provision of the Outsourcing Policy, before outsourcing any activity, the departments must take into account certain principles laid down in the legislation in force, namely:

- Outsourcing of critical or important operational functions or activities shall not be undertaken in such a way as to lead to any of the following:
  - materially impairing the quality of the system of governance;
  - unduly increasing the operational risk;

- undermining continuous and satisfactory service to contracting parties.

- Outsourcing of the activities/functions must not impair the ability of ASF to monitor the compliance of the undertaking with its obligations;
- Responsibility for outsourced activities / functions is always the responsibility of OMNIASIG VIG, including in the case of intragroup outsourcing or chain outsourcing, OMNIASIG VIG remaining obliged to fulfill all obligations in relation to insurers / contractors;

After effectively implementing an outsourcing contract, OMNIASIG VIG's responsible department(s) regularly review(s) the effectiveness and adequacy of its controls in monitoring the performance of the service provider and in managing the risks involved in the outsourced activity, function or process.

Specific requirements related to outsourcing to cloud service providers were enclosed in the Outsourcing Policy.

Below is the list of important or critical operations or activities that the company has outsourced until 31 December 2021, including, with reference to the jurisdiction in which the service providers carrying out those functions or activities are located (headquartered).

| SERVICE SUPPLIER   | OUTSOURCED FUNCTION/ACTIVITY  | JURISDICTION |
|--|---|--------------|
| <b>IBM ROMANIA SRL</b><br>(until september 2021)<br>(KYNDRYL ROMANIA SRL,<br>starting with september 2021) | Hosting for principal Data Center   | Romania      |
| <b>TELEKOM ROMANIA COMMUNICATIONS S.A.</b>   | Hosting for Secundar data Center  | Romania      |
| <b>FADATA EOOD</b>   | Development and support for IT systems (core-insurance-INSIS)   | Bulgaria     |
| <b>IT IS SP ZOO</b>  | Development and support for Portal application  | Polonia      |
| <b>FINTECH OS SRL</b><br>(until april 2021)  | Development and support for important applications  | Romania      |
| <b>SOFTELLIGENCE SRL</b><br>(starting with april 2021)   | Development and support for important applications  | Romania      |
| <b>SOFTESCU SRL</b><br>(starting with march 2021)  | Development and support for important applications<br>–Mobile App   | Romania      |
| <b>BUSINESSVIEW SOFTWARE S.R.L.</b>  | IT support services for the INSIS application - Back-office insurance application (core-insurance) and PORTAL application - Front-office insurance application (insurance portal, dedicated to the sales force).  | Romania      |
| <b>VIG MANAGEMENT SERVICE SRL</b>  | <ul style="list-style-type: none"> <li>- IT services for ::</li> <li>- DOCUMENTUM – insurance policies, claim management documents application;</li> <li>- ZE (Zgłoszenie/Ekspertyza) – claim evaluation application.</li> <li>- IT infrastructure</li> </ul> | Romania      |
| <b>PLAUT CONSULTING ROMANIA SRL</b>  | IT services to support SAP FI application   | Romania      |
| <b>GLOBAL ARCHIVE MANAGEMENT SRL</b>   | Archiving services  | Romania      |
| <b>SZU EVALUARE DAUNE SRL</b>  | Evaluations for abroad events   | Romania      |

|   |  |         |
|---|--|---------|
| <b>CIVIL SOCIETY OF LAWYERS<br/>FILIP SCA</b>             | Legal consultancy in competition law   | Romania |
| <b>LAW FIRM MAGDALENA DANIELA<br/>POPESCU</b>             | Legal consulting and representation services in the field of criminal law  | Romania |
| <b>CLAIM EXPERT SERVICES SRL</b>                          | Claim evaluation , call center and connex activities   | Romania |
| <b>ERNST&amp;YOUNG ASSURANCE<br/>SERVICES SRL/ROMANIA</b> | Internal Audit   | Romania |
| <b>SIGNAL IDUNA ASIGURARE<br/>REASIGURARE S.A.</b>        | Claim findings/health insurance  | Romania |
| <b>GLOBAL ASSISTANCE SERVICES<br/>SRL</b>                 | Roadside assistance and towing<br>Home assistance<br>TRAVEL assistance   | Romania |
| <b>EXPERTS IN AGRICULTURAL<br/>FIELD</b>                  | Claim evaluation for agricultural insurance  | Romania |
| <b>RISK CONSULT &amp;ENGINEERING<br/>ROMANIA SRL</b>      | Property risk inspections  | Romania |
| <b>EVDEMON, RADU&amp;PARTNERS SRL</b>                     | Expertise on cause and circumstances / assessment / consulting for all types of marine insurance and related activities and risk inspections | Romania |
| <b>PREMIA INSURANCE<br/>CONSULTING</b>                    | Medical Call Center and evaluation   | Romania |
| <b>SURVEYOR LOYD'S ACCREDITED<br/>IN THE LOYD NETWORK</b> | Expertise on cause and circumstances for marine insurance  | -       |
| <b>EXPERTS IN AGRICULTURAL<br/>FIELD</b>                  | Evaluation of agricultural claims  | Romania |
| <b>REPAIR UNITS WITH THE RIGHT<br/>OF SELF- ASSEMENT</b>  | Motor claim self-assement  | Romania |

## B.9 OTHER INFORMATION

The information presented in section B provides a complete picture of the governance system and its evolution over the year 2021 .



C

**RISK PROFILE**



## C. RISK PROFILE

The company's risk management system is implemented and submitted to a continuous efficiency process aiming to protecting the organization and its stakeholders, through supporting the organization's objectives. As part of risk management system, risk management processes comprise: establishing the general framework, risk evaluation, risks identification and their quantification, the management decision, measures, results and adjustments.

Risks identification and evaluation processes are continuously developed, taking into account the changes in the nature and dimension of company's activity and in insurance market as a whole, and also considering the newly identified risks or the modification of the already existing risks. The risks identification and evaluation are performed taking into account both internal factors (complexity of organization structure, types of activity, employees' quality and employees' changeability) and external factors (economic environment, legal changes competitive environment in insurance business, technological progress). The risks identification and evaluation is conducted both at the overall level of the company and departments level, they cover all activities and take into account all new activities.

Company's risk profile represents a description of risks the company faces and expresses risks nature according to complexity level of company's activity and its strategic objectives.

Risks categories (and their subcategories) identified, evaluated, monitored and reported include: credit risk, market risk, underwriting

risk, liquidity risk, operational risk, strategic risk, reputation risk, contagion risk and concentration risk. Risks are treated both individually and aggregated, taking into account the causal relationship/correlations among them.

Concentration and contagion risks are assessed within the risk category they fall in, because of strong correlations with other risks and of direct effects on corresponding risk category.

### Development in 2021 – most significant risks:

- non-life insurance risk – the most significant risk, as usual for non-life insurance companies; based on the quantitative assessment, one could observe an increase of this risk, due to increase in business volume in 2021, as well as estimated increase for next year (according to the planning elaborated in September/October 2021);
- market risk – significant impact in interest rate risk triggered by higher yield (increase of IR curve on RON; the level of market risk is mainly explained by interest rate risk, property and spread risks;
- counterparty default risk – the third important; the risk increased as a consequence of higher risk mitigation effect and higher exposure on not rated counterparties;
- operational risk – 4.89 mio RON increase as compared to previous year (due to increase of GEP).

## C.1. UNDERWRITING RISK

Non-life underwriting risk is the risk arising from non-life insurance and reinsurance obligations, in relation to the perils covered and the processes used in the conduct of business.

### The main categories of this risk are:

- non-life premium and reserve risk: the risk of loss, or of adverse change in the value of insurance and reinsurance liabilities, resulting from fluctuations in the timing, frequency and severity of insured events, and in the timing and amount of claim settlements. As part of the premium risk, this also includes the expense risk resulting from the volatility of expense payments;
- non-life lapse risk: the risk of loss, or of adverse change in the value of insurance and reinsurance liabilities, resulting from changes in the expected exercise rates of policyholder options. The relevant options are all legal or contractual policy holder rights to fully or partly terminate, surrender, decrease, restrict or suspend insurance cover or permit the insurance policy to lapse;
- non-life catastrophe risk: the risk of loss, or of adverse change in the value of insurance and reinsurance liabilities, resulting from significant uncertainty of pricing and provisioning assumptions related to extreme or exceptional events. This extends to natural disasters and man-made catastrophes;
- non-life concentration risk: the risk stemming from a lack of diversification in the non-life insurance portfolio. This extends to all policies considered in the non-life underwriting risk.

### Risk reducing methods

In order to correctly manage the underwriting risk, OMNIASIG maintains:

- business strategy;
- underwriting policy;
- an adequate reinsurance strategy/program;

- risk strategy;
- reserving policy and methodologies;
- underwriting methodology;
- appropriate risk policy and methodology for underwriting risks assessment;
- legal requirements fulfilled at any time;
- regularly perform stress tests in order to assess the volatility of main risk factors which impact underwriting risk;
- evaluate and take into account the correlation of underwriting risks with other risks.

### Underwriting risk assessment

#### *Partial internal model*

Non-life underwriting risk and its components – premium risk, reserve risk and catastrophe risk - are assessed/measured using the partial internal model of VIG. The model is parameterized taking into account OMNIASIG portfolio particularities. Lapse risk is also reflected in partial internal model results.

#### *Standard formula*

Health non similar to life risk (and its components: premium and reserve risk, lapse risk and catastrophe risk) are assessed using standard formula methodology provided by EIOPA.

#### *Analysis based on areas of activity generating underwriting risk (list not exhaustive):*

- *Pricing*: pricing models; stress tests for price adequacy; average premium/average loss;
- *Claims*: claims frequency; claims severity; claims development analysis; distribution of claims;
- *Net Retention*: reinsurance performance/stress tests;

- *Concentration*: concentration level by products; concentration level by clients; concentration level by regions;
- *Policyholder Behavior*: lapse rate; renewal rate;
- *Reserving*: reserving models; liability adequacy tests; impact on SCR (non-life risk)
- *Extreme events*: probable maximum loss assessment; impact in SCR (catastrophe risk); external models.

#### **Situation at the reference date 31.12.2021**

- The most important subcategories of this risk are premium and reserve risk and claims risk – due to potential adverse development of claims, inherent volatility and potential increase in frequency. The capital requirement is estimated taking into account the portfolio specificity and business strategy.
- One of the most important factors leading to an increased underwriting risk in OMNIASIG is its portfolio structure – with the main exposure on automobile insurance, this fact being more Romanian

insurance market particularity than company's strategy. Concentration underwriting risk is assumed by the company up to a certain level.

- The main contributing lines to non-life insurance risk are MTPL, Casco and Property.
- OMNIASIG VIG is exposed to catastrophe risks. These types of risks (both natural catastrophe and man-made) are adequately and prudently managed through reinsurance program. The reinsurance program and strategy are based on company's overall business strategy and comply with security rules applicable at group level.

#### **Insurance risk concentration**

Our insurance business is concentrated on auto portfolios. Measures are taken to change insurance portfolio structure in the sense of increasing exposure on Property, Health, and other non-auto lines.

In what concerns the structure of net underwriting risk, the main part is explained by premium risk and reserve risk. On gross, the catastrophe risk (from both natural catastrophe and man-made) explains approximately 83% from overall risk level.

## C.2. LIQUIDITY RISK

Liquidity risk is the risk that necessary financial resources cannot be provided in time, without additional costs, to fulfill the company's short and long term due payment obligations.

### Risk reducing methods

The company maintains:

- Procedures/rules for continuously monitoring the liquidity;
- An adequate portfolio of liquid assets;
- Investments strategy – including assets allocation and limits;
- Risk strategy – with defined limit for liquidity risk and liquidity ratio;
- ALM policy;
- Contingency funding plan;
- Legal requirements fulfilled.

### Liquidity risk assessment

The company regularly applies the following types of analysis:

- Cash-flow analysis;

- Cash-flow projection- liquidity gap report;
- Liquidity ratios;
- Stress tests.

### Situation at the reference date 31.12.2021

Company's liquidity situation remained at stable level during 2021 due to different measures taken by the management. During 2021 the company had investments in liquid assets, including ON deposits and current accounts. According to internal rules, the newly acquired bonds were allocated to available for sale or trading categories in order to disinvest if necessary. The good liquidity management and the cash-flow planning proved to be efficient. Nevertheless, considering the economic situation in 2021/current and potential negative effect of the crisis, the assessment (qualitative) of the risk remained at medium level and close monitoring was necessary and implemented.

To be mentioned that for the moment the company did not encounter any liquidity problem.

### Liquidity risk concentration

As a non-life insurer, OMNIASIG has the financial investments in current accounts, short-term (up to 1 year) deposits and bonds designated as available for sale or trading and therefore they can be sold when needed. The liquidity concentration on assets and liabilities is presented in the next tables (values in RON – 31.12.2021 and 31.12.2020):

#### 31.12.2021

| <b>Liquid Assets</b>                    | <b>&lt;=1 an &amp; on demand</b> | <b>1-5 yrs</b>     | <b>5-10 yrs</b>    | <b>&gt;10 yrs</b> | <b>Total</b>         |
|---|----------------------------------|--------------------|--------------------|-------------------|----------------------|
| Cash and cash equivalents               | 26.226.406                       | -                  | -                  | -                 | 26.226.406           |
| Insurance & intermediaries receivables  | 82.386.311                       | -                  | -                  | -                 | 82.386.311           |
| Reinsurance receivables                 | 18.008.308                       | -                  | -                  | -                 | 18.008.308           |
| Receivables (trade, not insurance)      | 118.665.720                      | -                  | -                  | -                 | 118.665.720          |
| Deposits other than cash equivalents    | 121.699.092                      | -                  | -                  | -                 | 121.699.092          |
| Reinsurance recoverable                 | 94.615.919                       | 210.621.787        | 35.550.608         | 13.802.811        | 354.591.124          |
| Shares in other participating companies | 6.187.554                        | -                  | -                  | -                 | 6.187.554            |
| Bonds                                   | 213.159.779                      | 490.930.254        | 344.786.216        | 77.012.507        | 1.125.888.755        |
| Other loans & mortgages                 | 2.074.994                        | 11.908.160         | -                  | -                 | 13.983.154           |
| Other assets                            | 222.178.787                      | -                  | -                  | -                 | 222.178.787          |
| <b>Total liquid assets</b>              | <b>905.202.871</b>               | <b>713.460.200</b> | <b>380.336.823</b> | <b>90.815.318</b> | <b>2.089.815.212</b> |
| <b>Liabilities</b>                      |                                  |                    |                    |                   |                      |
| Technical provisions                    | 645.131.453                      | 444.811.059        | 65.466.541         | 26.390.236        | 1.181.799.289        |
| Financial liabilities                   | 60.377.648                       | -                  | -                  | -                 | 60.377.648           |
| Insurance & intermediaries payables     | 64.399.216                       | -                  | -                  | -                 | 64.399.216           |
| Reinsurance payables                    | 80.056.469                       | -                  | -                  | -                 | 80.056.469           |



|                                  |                      |                    |                    |                   |                      |
|----------------------------------|----------------------|--------------------|--------------------|-------------------|----------------------|
| Payables (trade, not insurance)  | 23.134.507           | -                  | -                  | -                 | 23.134.507           |
| Deposits from reinsurers         | 178.307.597          | -                  | -                  | -                 | 178.307.597          |
| Other liabilities                | 21.745.974           | -                  | -                  | -                 | 21.745.974           |
| <b>Total liabilities</b>         | <b>1.073.152.864</b> | <b>444.811.059</b> | <b>65.466.541</b>  | <b>26.390.236</b> | <b>1.609.820.700</b> |
| <b>Liquidity surplus/deficit</b> | <b>-167.949.993</b>  | <b>268.649.141</b> | <b>314.870.282</b> | <b>64.425.082</b> | <b>479.994.512</b>   |

### 31.12.2020

| Liquid Assets                           | <=1 an & on demand | 1-5 yrs     | 5-10 yrs    | >10 yrs     | Total         |
|---|--------------------|-------------|-------------|-------------|---------------|
| Cash and cash equivalents               | 15.486.946         | -           | -           | -           | 15.486.946    |
| Insurance & intermediaries receivables  | 97.671.933         | -           | -           | -           | 97.671.933    |
| Reinsurance receivables                 | 31.077.058         | -           | -           | -           | 31.077.058    |
| Receivables (trade, not insurance)      | 76.623.753         | 40.269.419  | -           | -           | 116.893.172   |
| Deposits other than cash equivalents    | 46.977.558         | -           | -           | -           | 46.977.558    |
| Reinsurance recoverable                 | 113.672.119        | 202.332.883 | 32.689.172  | 12.631.678  | 361.325.851   |
| Shares in other participating companies | 5.703.620          | -           | -           | -           | 5.703.620     |
| Bonds                                   | 156.390.224        | 536.407.246 | 254.325.898 | 175.009.350 | 1.122.132.718 |
| Other loans & mortgages                 | -                  | 9.610.526   | -           | -           | 9.610.526     |
| Other assets                            | 188.869.405        | -           | -           | -           | 188.869.405   |

|                                     |                     |                    |                    |                    |                      |
|-------------------------------------|---------------------|--------------------|--------------------|--------------------|----------------------|
| <b>Total liquid assets</b>          | <b>732.472.617</b>  | <b>788.620.073</b> | <b>287.015.069</b> | <b>187.641.028</b> | <b>1.995.748.787</b> |
| <b><i>Liabilities</i></b>           |                     |                    |                    |                    |                      |
| Technical provisions                | 547.047.500         | 431.791.443        | 58.046.467         | 27.921.134         | 1.064.806.545        |
| Financial liabilities               | 19.896.168          | 37.931.072         | -                  | -                  | 57.827.240           |
| Insurance & intermediaries payables | 57.972.098          | -                  | -                  | -                  | 57.972.098           |
| Reinsurance payables                | 77.657.668          | -                  | -                  | -                  | 77.657.668           |
| Payables (trade, not insurance)     | 19.610.899          | -                  | -                  | -                  | 19.610.899           |
| Deposits from reinsurers            | 173.893.110         | -                  | -                  | -                  | 173.893.110          |
| Other liabilities                   | 14.114.654          | -                  | -                  | -                  | 14.114.654           |
| <b>Total liabilities</b>            | <b>910.192.097</b>  | <b>469.722.515</b> | <b>58.046.467</b>  | <b>27.921.134</b>  | <b>1.465.882.213</b> |
| <b>Liquidity surplus/deficit</b>    | <b>-177.719.480</b> | <b>318.897.558</b> | <b>228.968.602</b> | <b>159.719.894</b> | <b>529.866.574</b>   |

### C.3. MARKET RISK

Market risk arises from the level or volatility of market prices of financial instruments. Exposure to market risk is measured by the impact of movements in the level of financial variables such as stock prices, interest rates, immovable property prices and exchange rates.

The market risk main components are:

- interest rate risk - arises from all assets and liabilities which are sensitive to changes in the term structure of interest rates or interest rate volatility, whether valued by mark-to-model or mark-to-market techniques;
- equity risk - arises from the level or volatility of market prices for equities; exposure to equity risk refers to all assets and liabilities whose values are sensitive to changes in equity prices;
- property risk - arises from the sensitivity of assets, liabilities and financial investments to changes in the level or volatility of market prices of property; this includes land, buildings and immovable-property rights, as well as property investment;
- spread risk - arises from the sensitivity of the value of assets, liabilities and financial instruments to changes in the level or in the volatility of credit spreads over the risk-free interest rate term structure;
- currency risk - arises from changes in the level or volatility of currency exchange rates;
- concentration risk - 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.

#### Risk reducing methods

The company maintains:

- strategy for investments for current year—such as the company is able to identify, measure and control the financial risks; the strategy contains internal rules (additional to legal regulations), specifies assets

classes where the company is willing to invest – together with the limits and responsibilities;

- “security against profit” profile in order to prevent losses from counterparty default/failure;
- asset-liability management (policy);
- legal requirements for investments fulfilled at any time;
- risk strategy;
- approval process for investments;
- continuously monitoring the market risk.

#### Market risk assessment

##### *Standard formula*

The following components of market risk are assessed using standard formula methodology provided by EIOPA: interest rate risk, property risk, currency risk, spread risk, concentration risk, equity risk.

Stress tests and scenario analysis are performed regularly for the quantitatively assessed risks.

Analysis based on market risk generating factors/activities (list not exhaustive):

- **Interest rate:** interest rates volatility; stress test/scenario analysis; modified duration of assets and liabilities under interest rate risk; impact of interest rate risk on SCR;
- **Currency:** volatility of currency exchange rates; scenario analysis; currency exposure analysis; impact of currency risk on SCR;
- **Equity:** equity price volatility; scenario analysis; impact of equity risk on SCR;
- **Property:** property re-evaluation; impact of property risk on SCR;

- **Concentration:** analysis per asset class, financial instrument, counterparty; impact of concentration risk on SCR;
- **Asset-liability matching:** cash-flow modeling; ALM analysis with respect to currency matching, exposure matching, duration matching;
- **Reinvestment:** analyzed according to Investment Strategy (for reinvestments per asset class).

#### **Situation at the reference date 31.12.2021**

OMNIASIG kept the risk associated with investments at an acceptable level – with respect to impact – mainly due to the fact that investments portfolio is quite conservative, consisting of deposits on short term (up to 1 year) and bonds – ROMGB, supranational, financials, corporate and municipals. The same trend of a conservative portfolio will be maintained in 2022, the company having implemented very strict rules with respect to investments; these rules are described in Investment Strategy, together with the limits set on assets classes, ratings, issuers/partners or maturities. In 2021, equities portfolio at the end of the year consists of strategic participations. The company's strategy is to maintain the same profile in 2022. The property risk remains at a significant level, being assumed by the company. The SCR for equity

risk increased in 2021 because of increased exposure on this asset classes (–higher exposure on Right of Use assets); property risk slightly decreased (lower exposure due to property revaluation) According to Solvency II evaluation principles – standard formula, market risk is the second important one for OMNIASIG –after non-life insurance risk.

At 31.12.2021, SCR for interest rate risk is higher than at 31.12.2020; higher IR curve on RON at the end of 2021 (also during 2021) had a significant negative impact on both value of bonds and SCR for interest rate risk.

Currency risk increased as a consequence of increased gap between assets and liabilities in foreign currencies.

SCR for spread risk increased in line with exposure on corporate & financial bonds.

Concentration increase is explained by increased exposure on certain counterparties.

#### **Market concentration risk**

OMNIASIG VIG has a significant exposure on Romanian government bonds, mainly in RON.

## C.4. CREDIT RISK

Credit risk or counterparty default risk is the risk of loss, or adverse change in the value of assets and financial instruments related to the unexpected default of counterparties and debtors over the forthcoming twelve months.

### The main components of this risk are:

- **Type 1 counterparty default risk:** the risk arising from exposures which may not be diversified and where the counterparty is likely to be rated. The class of type 1 exposures consists of exposures in relation to risk-mitigation contracts, cash at bank, and other financial commitments. Therefore, its subcategories are:
  - *Reinsurer default risk: the risk of loss related to the default of reinsurers;*
  - *Cash risk: the risk of loss related to the default of financial companies;*
  - *Financial commitment risk: the risk of loss related to the default of third parties.*
- **Type 2 counterparty default risk:** the risk arising from exposures which are usually diversified and where the counterparty is likely to be unrated (such as receivables from intermediaries and policy holder debtors).

Credit risk is related to policyholders characteristics, reinsurance, investments, other counterparties.

### Risk mitigating measures

The company maintains:

- Reinsurance policy; security list;
- Reinsurance strategy/program;
- Operational procedures for reinsurance;
- Risk strategy;

- Strategy for investments – with the specification of limits on credit quality of the issuer/banks where the company has investments;
- Policies and procedures;
- A “security against profit” profile in order to prevent losses from counterparty default/failure – limits on ratings for banks and financial instruments issuers;
- Legal requirements fulfilled.

### Credit risk assessment

#### *Reinsurance risk - partial internal model and standard formula*

Since non-life underwriting risk and its components – premium and reserve risks and catastrophe risk - are assessed/measured using the partial internal model of VIG, the reinsurance risk will be assessed based on these values of non-life underwriting risk. The differences (as compare to standard formula evaluation) reside in catastrophe risk value (based on external models) and premium and reserve risks (non-life) – gross and net. Consequently the risk mitigating effect and, implicitly, loss given default estimated using partial internal model are different than the ones estimated using standard formula.

#### *Standard formula*

For business credit risk (related to receivables from policyholders, intermediaries and other business partners) and invested assets credit risk (current accounts), OMNIASIG VIG uses standard formula provided by EIOPA.

Stress tests and scenario analysis are performed regularly for the quantitatively assessed risks.



**Analysis based on credit risk generating factors/activities (list not exhaustive):**

- *Insurance Business:* receivables from policyholders are analyzed regularly – ageing analysis; rate of recoveries; impact on SCR (receivables) – standard formula;
- *Reinsurance:* analysis of receivable from reinsurers; exposure on reinsurers per rating class; impact in SCR;
- *Concentration:* concentration on products/clients; concentration on invested assets; concentration on time maturity of assets.

**Situation at reference date 31.12.2021**

- In 2021, the credit risk remained at a significant level, increasing as compared to 2020 due to increase in business volume and consequently in risk mitigating effect and increase of exposure on certain counterparties.

- The most important subcategory is business credit risk.
- In what concern reinsurers default, security list is in place and no reinsurance arrangements are done outside the framework of reinsurance rules/guidelines.
- Counterparty default risk is the third highest risk according to Solvency II principles, mainly because of high risk mitigating effect of reinsurance and loss given default.

**Credit risk concentration**

A significant part of reinsurance is intragroup. The risk is further reduced/spread by retrocessions. Furthermore, the exposure to counterparties is concentrated in rating categories A. In what concerns type 2, the exposure is well-diversified.

## C.5. OPERATIONAL RISK

Operational risk is the risk of loss arising from inadequate or failed internal processes, or from personnel and systems, or from external events. Operational risk includes legal risks, and excludes strategic and reputational risks.

The main components of this risk are: business disruption risk; know-how concentration risk; insufficient human resources; hardware and infrastructure risk; IT software and security risk; model and data quality risk; IT development risk; project risk; external crime risk; compliance risk; process and organization risk; human error.

The company maintains general HR procedures, procedures for internal control, compliance with legal, group and internal requirements.

### Identification of Operational Risk

During the annual risk inventory process, operational risks are identified and reported, based on risk inventory policy, risk inventory guideline, risk inventory report and risk and control matrix. All operational risks owners have the obligation to report any newly identified operational risk immediately.

### Operational risk assessment

#### *Quantitative assessment - Standard formula*

Operational risk (at aggregated level and without any distinction among its subcategories) is quantitatively assessed using standard formula methodology provided by EIOPA. According to the standard formula the operational risk is mainly dependent on the level of earned premiums and technical provisions. However, even though the quantitative risk level is sufficient to cover the risk, this approach does not provide a deeper understanding of the sources behind operational risks. Therefore, the operational risk is separated into 12 sub-risks and assessed qualitatively together with experts from all departments.

#### *Qualitatively assessed risks*

The annual assessment of operational risks is based on estimations of frequency and severity of sub risks identified by risk owners in Risk & Control matrix. The frequency is rated on a scale from *rare* to *frequent*. The severity is rated on a scale from *insignificant* to *severe*. After risk owners identify and assess the sub risks – according to the methodology, the risks are aggregated into the 12 categories mentioned. To reach a final result for each operational risk the estimates of frequency and severity are subsequently presented in the operational risk map.

### Operational risks controls

The controls are clearly specified in Risk & Control matrix by every risk owner, for each identified operational risk.

The risk is controlled and monitored through (list not exhaustive):

- *Business disruption risk*: Business Continuity Policy; Business continuity plan;
- *Know-how concentration, insufficient human resources*: HR policies/procedures; back up plans at department/division level; training strategy at department/division level;
- *Hardware and infrastructure risk*: logistic procedures; outsourcing policy/procedures; IT policies/procedures;
- *IT software and security risk*: IT policies/procedures; general and specific controls; back-up plans;
- *Model and data quality risk*: written methodologies available in each department where models are used; fit and proper policy; data quality framework/policy/assessment;
- *Process and organization risk*: organization policies/procedures; committees; code of ethic; communication system;
- *Compliance risk*: compliance function; compliance policy;
- *Operational risk – general*: risk strategy; qualitative limit/target – for each subcategory - in risk strategy.

**Situation at the reference date 31.12.2021**

The estimated value of capital requirement for operational risk (according to standard formula technical specifications) is around 44.6 mio RON. The company's size and its complex activity makes from operational risk one of the most important risks the company is facing. The management of the company takes the necessary measures to maintain the risk at stable acceptable level.

In October 2021, a cyber/IT security event occurred. Business Continuity Plan (BCP) was activated immediately, company's MB implementing several necessary measures meant to stabilize the

situation and reduce the potential further impact. Since most of the operational risks are correlated, the IT security event triggered the ratings' increase of other risks, which we expect to return to previous assessments.

Changes in qualitatively assessed risk in 2021 (as compared to 2020): IT software and security risk - remained high, compliance risk - high, process and organization - high (during BCP). Current situation: BCP is closed, the Company activates in normal conditions; the financial impact of cyber incident was not significant.

## C.6. OTHER RISKS

### Reputational risk

Reputational risk is 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. Reputational damage can be caused by misspelling products, poor customer service, inadequate disclosure to stakeholders, or negative publicity, and may spread from one company to another.

#### The company maintains:

- best practice business principles, responsible manner in order to protect its clients, employees and stakeholders' expectations;
- proper conduct of the business activities in accordance with its values and business principles;
- alignment to policies and values of company and group;
- ensuring long-term business success whilst contributing to economic and social development and to a stable company;
- compliance with legal requirements;
- compliance with internal and group regulations;
- appropriate standards of ethics and professionalism.

#### Identification and assessment of reputation risk

OMNIASIG VIG is exposed to reputation risk in a number of situations. Some of these relate to legal and operational risk management issues, therefore the identification and assessment of reputation risk is done simultaneously with other risks of operational type.

#### Limit risk exposure by

- Full compliance with all legal and internal requirements;
- Company's public statements in the media – if considered necessary;
- Internal communication to the employees;

- Monitoring the perception of the company's stakeholders with respect to the company on a regular basis.

#### Situation at the reference date 31.12.2021

In order to reduce the impact of the coronavirus crisis, regarding company's reputation and image, even from the beginning of the pandemic situation, we have initiated and maintained an intense and transparent communication with all our stakeholders and partners, detailing the measures we have taken in order to ensure the continuity of our activity, especially focusing on all the services and facilities we are offering (electronic, online, call-center etc). Thus, we want to highlight our position as a solid, stable and reliable in-surer, able to adapt to the current situation, and offering to our clients and partners the best possible services during this period.

We made all the necessary efforts to answer promptly and solve every request from our clients and partners as fast as possible. We have also initiated different CSR actions for supporting the community in these difficult times. Moreover, the service quality is maintained at an appropriate level.

Because of potential impact of cyber incident, the reputation risk rating was evaluated to medium (increased from low).

**Strategic risk**

Strategic risk is the risk of adverse business development related to poor business and investment decisions, or to inadequate communication and implementation of goals, or to a lack of adjustment capacity to changes in the economic environment, or to conflicting business objectives.

Strategic objectives for next period are defined, approved and communicated. Corresponding measures are or will be (according to strategy deadlines) implemented by the company's management for reaching the strategy's goals and mitigating the risk.

The risk didn't change its assessment, remaining at low level. The company is able to adjusted the strategy considering the new circumstances and expected economic downturn.

## C.7. SCENARIOS AND SENSITIVITIES

### Scenario analysis

Within yearly ORSA (September – November 2021), OMNIASIG VIG performed 3 scenarios, which are developed based on the most important 3 risks on company goals identified by us with respect to the most important lines of business in our insurance portfolio.

The first one is an MTPL scenario related to both external and internal factors, while the second two are meant to challenge a potential change of strategy and refer to lines Casco and, respectively, Property.

#### MTPL scenario

*The problems that some insurance companies are facing in 2021&2022 and/or different implemented strategies generate their clients' migration to other insurers. The good reputation of OMNIASIG in what concerns the services to clients has the effect of increasing our portfolio (increase in number of risks); our portfolio changes its structure, therefore frequency increased.*

The scenario has the following features:

- MTPL -increase of new business rate; increase in frequency of attritional claim; additional assumption: increase of receivables from two counterparties on which we have the highest exposure coming from regresses and increase their probability of default; for the following years of the planning horizon it is assumed that premium will have the same growth rate as in initial planning.

Overall result of scenario: the modified inputs bring a decrease of solvency ratio (especially for years 2022-2024 – impacted by both SCR increase and EOF decrease). Still, solvency ratio remains above 125% for end of 2021-2024.

#### Casco scenario

*As an effect of the current situation, Casco portfolio profitability cannot be realized because of increase of average claim and market pressure in what concerns portfolio acquiring (aggressive strategy of our competitors).*

The scenario has the following features:

- increase of average commission rate; increase in average claim; the additional assumption regarding increase in receivables from regresses (and increase of probability of default of the corresponding counterparties) considered in the MTPL scenario was maintained for this scenario as well; for the following years of the planning horizon it is assumed that premium will have the same growth rate as in initial planning.

Overall result of scenario: the modified inputs bring a decrease of solvency ratio (especially for years 2022-2024). Still, solvency ratio remains above 125% at the end of all years 2021-2024.

#### Property scenario

*In 2022, we have to face an aggressive strategy of our competitors in what concerns Property insurance (decrease of premiums and increase in commissions). Even though measures related to tariffs reduction and increase in commission are implemented, the expected new business rate cannot be realized.*

The scenario has the following features:

- decrease of new business rate; decrease of new business premium; average commission rate increase; average attritional claim higher; increase of big claims number; the additional



assumption regarding increase in receivables from regresses (and increase of probability of default of the corresponding counterparties) considered in the MTPL scenario was maintained for this scenario as well; for the following years of the planning horizon it is assumed that premium will have the same growth rate as in initial planning.

Overall scenario: the modified inputs bring a decrease of solvency ratios, all these still remaining above the targeted level of 125% for years 2021-2024.

### Sensitivity analysis – ORSA

Sensitivity analysis (based on 31.12.2020 reference date) shows how the defined stresses affect the Own Funds, SCR and coverage ratio. Proposed sensitivities are:

|    |  |
|----|--|
| 1  | 1% up shift to interest rate (IR) curve                              |
| 2  | 1% down shift to IR curve  |
| 3  | Standard equity -20%   |
| 4  | Assets spreads +100bps   |
| 5  | Rating downshift 1 notch   |
| 6  | LLP from 20 to 30 years for EUR                                      |
| 7  | Increase UFR 30bps   |
| 8  | Decrease UFR 30bps   |
| 9  | Assets under eq risk module -20%                                     |
| 10 | EIOPA stress test YE2020   |
| 11 | Assets under property risk module -5%                                |
| 12 | Assets under property risk module +5%                                |
| 13 | Premiums +5% - partial internal model (PIM)                          |
| 14 | Premiums -5% - partial internal model (PIM)                          |
| 15 | Provisions for claims outstanding +5% - partial internal model (PIM) |
| 16 | Provisions for claims outstanding -5% - partial internal model (PIM) |

The sensitivity analysis was performed based on reference date 31.12.2020 and partial internal model; this analysis revealed that the highest impact is given by decrease in premium by 5%, increase in spread (for assets sensitive to credit spreads) and increase of claims reserve by 5%; in the first case, the decrease of solvency ratio with 10.20% is mainly generated by increase of SCR by 10.68%, in the

second case, decrease in solvency ratio with 6.80% is explained by decrease of EOF by 7.21%, while in the third case, the decrease of solvency ratio with 5.61% is triggered by decrease of own funds by 3.74% and increase in SCR by 1.99%. Furthermore, the increase in IR curve with 1% leads to a solvency ratio decrease with 6.10% (decrease of EOF by 5.57%, increase in SCR by 0.57%).

| 31.12.2020                                  | SCR ratio     |
|---|---------------|
| <b>Base case</b>                            | <b>150.8%</b> |
| 1% up shift to IR curve                     | 141.6%        |
| 1% down shift to IR curve                   | 159.9%        |
| Standard equity – 20%                       | 150.8%        |
| Assets spreads +100bps                      | 140.5%        |
| Rating downshift 1 notch                    | 147.8%        |
| LLP from 20 to 30 years for EUR             | 151.0%        |
| Increase UFR 30bps                          | 150.8%        |
| Decrease UFR 30bps                          | 150.8%        |
| Assets under eq risk module -20%            | 150.3%        |
| EIOPA stress test YE2020                    | 141.2%        |
| Assets under property risk module -5%       | 149.2%        |
| Assets under property risk module +5%       | 152.4%        |
| Premiums +5% - PIM                          | 169.6%        |
| Premiums -5% - PIM                          | 135.4%        |
| Provisions for claims outstanding +5% - PIM | 142.3%        |
| Provisions for claims outstanding -5% - PIM | 159.5%        |

### Uncertainty analysis for non-life insurance risk under partial internal model – reference date 31.12.2021

The sensitivity test evaluates the effect on the results of the internal model when single input parameters (assumptions) are changed. The purpose of sensitivity testing is the identification of key underlying parameters and assumptions.

#### *Claim frequency over dispersion*

A confidence interval was constructed for over dispersion. The test consists of re-assessing capital requirement for non-life insurance risk by replacing the original parameter with its upper bound. Test result is presented below:

| Final SCR (adjusted correlated SCR) net | Base case   | Absolute deviation | Relative deviation |
|---|-------------|--------------------|--------------------|
| Upper bound                             | 238,849,793 | 1,342,149          | 0.56%              |

\*All absolute values in RON

#### *Claim severity*

At each Sub-LoB level, the expected value and variance were replaced by their upper bounds.

Compared to the final net SCR of the base case, the following results were achieved given by relative and absolute deviations:

| Final SCR (adjusted correlated SCR) net | Base case   | Absolute deviation | Relative deviation |
|---|-------------|--------------------|--------------------|
| Upper bound – normal losses             | 238,849,793 | 3,119,030          | 1.31%              |
| Upper bound – large losses              | 238,849,793 | 6,177,375          | 2.59%              |

\*All absolute values in RON

The net SCR for non-life using the upper bound for normal losses is higher than in base case (relative deviation of 1.31%). The impact is more significant than for claim frequency over dispersion uncertainty. As expected, the uncertainty for large losses parameters leads to more significant impact.

## C.8 PRINCIPLES OF INVESTMENT

OMNIASIG closely follows national and European legislation in the context of adhering to the investment and risk principles considered appropriate to the insurance industry.

The company has a series of standards of conduct that guides its investment activity - investment standards and related procedures are set out in: Investment policy of the VIG Group, the OMNIASIG Investment Policy, the Investment Strategy and the Investment Risk of OMNIASIG as well as OMNIASIG Asset Management Operational Procedure. Thus, according with OMNIASIG Investment Policy, the guiding principles of investment activity are:

- Fulfillment of Solvency II obligations (VIG Group Supervision)
- Fulfillment of contractual obligations
- Competitiveness
- Continuity of earnings
- Rating-maintenance
- Transparency
- Equity protection and growth

All this defines the conservative position of the insurance undertaking and the Group of which it is part in the financial investment activity.

Under Article 132 of Directive 138/2009 / EC, insurance and reinsurance undertakings must comply with the prudent person principle.

As far as the portfolio of assets is concerned, insurance and reinsurance undertakings only invest in assets and instruments presenting risks that they can adequately identify, measure, monitor, manage, control and report and which they can take into account in way to assess their global solvency needs.

According to the Investment Risk Strategy, the company will invest the vast majority of the available assets (approximately 80% of total financial assets) in bonds (out of which over 90% of government bonds issued by the Romanian state), deposits (at banks approved for investments and within the limits set by the strategy) and cash. Thus, this portfolio is extremely liquid, it is a clear and low risk, and the portfolio and changes are tracked on a daily basis. Currently there are no investments planned in shares, but in case of investment decisions, the target will be on some very small proportions relative to the value of the portfolio in shares listed on the Bucharest Stock Exchange, components of the BET index (by the most liquid in the market) and in investment funds. The other investment classes are generally strategic investments of the company (loans and participations).

Assets held to cover technical provisions shall also be invested in a manner appropriate to the nature and duration of the insurance and reinsurance obligations. These assets are invested in the full interest of all policy holders and beneficiaries, taking into account the contractual conditions communicated to them.

The insurance undertaking has implemented the asset and liability management policy that defines the risks and hedges pursued by the investment business. Both the currency gap (monthly) and the assets and liabilities duration are monitored.

In order to keep the credit risk as low as possible, a major exposure of the Romanian financial investment portfolio is consciously accepted. This is represented by the exposures in government bonds (both in lei and in foreign currency) as well as banks owned by the Romanian state.

Regarding the exposure on banks deposits, a concentration of these deposits is registered with the Romanian Commercial Bank (BCR). This is due to the fact that the company's main collections and payments

accounts are with this bank. Also, from the current accounts opened at BCR, bond transactions agreed by the company are settled.

Analyzing assets that are not admitted to trading on regulated markets, there is a reduction of volume to the minimum. Thus, the unlisted participations are in strategic holdings for OMNIASIG, and their level is very low.

The use of derivatives is limited (according to the Investment and Investment Risk Strategy) to cover the risks assumed in the portfolio and to prepare a major acquisition and / or sales. Any acquisition of derivative financial instruments will be subject to the approval of the

asset management department of the Group, the OMNIASIG Management Board and the approval of the Supervisory Board.

In addition to setting high security standards through the company's financial policies and strategies, OMNIASIG has an asset management team with an experienced team of members, with more than 15 years of experience in financial analyses, asset management, financial and controlling in the insurance industry.

One can observe such increased attention given by OMNIASIG to the safety and proper monitoring of the portfolio of financial instruments.

## C.9 REINSURANCE DETAILS

Reinsurance was organized and conducted within the framework and in accordance with the principles outlined in the company's reinsurance policy. Reinsurance programme is submitted for approval to the Supervisory Board on an annual basis, at the end of each year for the next calendar year.

### **Reinsurance scopes and objectives**

The main objective of reinsurance is to contribute to maintaining the financial stability of the company and mitigate the impact of potential fluctuations of annual aggregate losses through reinsurance programs protecting each line of business in accordance with its respective specificities, historical technical results and expected future developments.

Main targets considered when designing the 2021 reinsurance program:

- Concluding reinsurance contracts with adequate capacities for each insurance lines. All business lines are protected by reinsurance treaties, except a few products whose maximum policy limits or expected annual aggregated losses are very low and may be safely retained on the net account of the company.
- Setting optimum retention levels based on frequency and severity expected on each line, but also with a view to an efficient utilization of the capital.
- Maintaining a superior security level through rigorous selection of reinsurers participating in all reinsurance contracts and an appropriate management of exposure accumulation.
- Reinsurance program was also aimed to support direct underwriting by achieving adequate underwriting capacity and correlating treaty limits and scope of coverage with the development plans of each line of business.

The impact on company's solvency ratio was also taken into consideration, with a view to increasing the available capital through transferring part of the assumed risks to reinsurers and thus releasing the portion of the capital which would have otherwise been required for covering those respective risks.

### **Criteria used in order to achieve an efficient reinsurance programme:**

In order to identify the most appropriate reinsurance programme for each lines of business, the following mix of quantitative and qualitative criteria has been assessed:

#### **1. Quantitative criteria:**

- Maximum retention per risk/event for each line of business must not exceed 3% of Equity, in accordance with VIG security rules.
- Net retention was established separately for each business line, taking into account loss experience, exposure (in terms of both frequency and severity) as well as expected volatility of the result for each line of business.
- Treaty limits were set with a view to including the average big risks typically written in each portfolio on an automatic basis. Peak risks exceeding treaty limits were dealt with individually and reinsured on facultative basis.

A special consideration was given to the Natural Catastrophe protection, whose limit was fixed on the basis of Probable Maximum Loss (PML) calculated for the portfolio, but also considering the development expected in the year ahead. VIG takes a very prudent approach and uses a 250 years return period for the PML used for setting the treaty limit, which is more prudential than the standard applicable according to the regulations in force.



Exposure modeling was coordinated by VIG using the most advanced models available on the reinsurance market. Several alternative models were run by international reinsurance brokers, whose results were analyzed and the most relevant outcome was selected as a basis for determining the Group's treaty capacity. Treaty limit was set in accordance with the largest PML calculated on a cross-country basis for catastrophic risks, so that it is sufficient for each company covered thereunder.

## **2. Qualitative criteria:**

- Financial strength and security of reinsurers was the main criteria used for selecting our reinsurers. Minimum rating required is A- assigned by an international rating agency, with exceptions from this rule accepted only in special cases and based on sound arguments, always provided that a prior approval has been obtained from VIG Security Committee or VIG Management Board.
- Contribution to increasing the flexibility in underwriting (the higher the limits and the scope of treaty cover, the more flexible direct underwriting).

### **Selection of reinsurers and credit analysis**

Selection of reinsurers and monitoring the aggregated liability ceded to each counterparty follows very strict rules and criteria, in accordance with the security policy which VIG requires each Group company to comply with.

Eligible reinsurers are included in a list attached to VIG Group Guideline Reinsurance Security Information, which is updated quarterly or whenever necessary, so that any change in the rating or in the financial position of a reinsurer can be properly reflected in our security rules.

In order to be included in the Security List, a reinsurer must have a rating assigned by Standard & Poor's or AM Best of A or above for long-tail and A- or above for short-tail risks, respectively. In order to use a reinsurer not included in the Security List, a prior special acceptance must be obtained from VIG Security Committee.

A Cession Limitation Table has been developed to ensure a proper management of exposure accumulation per one single reinsurer, by setting maximum limits and cession shares by types of contracts (treaty or facultative) and by each main class of business. The aim of this rule is to prevent concentration on certain markets and thus the negative impact that failure of a reinsurer can have on the company's financial stability.

Reinsurance diversification in the case of Group treaties ceded 100% to VIG Re is ensured through the retrocession contracts arranged by VIG Re with external reinsurers.

### **Risk credit of reinsurers**

Risk credit associated to the reinsurance business is evaluated by the Risk Management department within the counterparty default risk (SCR counterparty default risk type 1).

All objectives, procedures and principles mentioned above were considered for designing the reinsurance program applicable in 2021, but also for the program approved for 2022.

## C.10 OTHER INFORMATIONS – EPIFP

EPIFP shall be calculated as the difference between the risk-free technical provisions calculated in accordance with Article 77 of the Directive and the risk-free technical reserves calculated on the assumption that the premiums relating to existing insurance and reinsurance contracts, which are expected to be received in the future, will not be received for any other reason except that the insured event occurred irrespective of the legal or contractual rights of the policyholder to dispose of the termination of the contract. The value of this indicator at December 31, 2021 is RON 22,283,578.72.





**D**

# VALUATION FOR SOLVENCY PURPOSES



## D.1 ASSETS

The main asset groups used in the form of economic balance sheet of Solvency II are:

- I Intangible assets
- II Deferred tax
- III Property, plant & equipment held for own use
- IV Investments
  - a) *Property*
  - b) *Investments in affiliated companies*
  - c) *Bonds*

- *government bonds*
- *corporate bonds*
- d) *Investment funds*
- e) *Bank deposits*
- V Other loans
- VI Reinsurance recoverable
- VII Insurance and intermediaries receivables
- VIII Reinsurance receivables
- IX Receivables (trade, not insurance)
- X Cash and cash equivalents
- XI Any other assets, not elsewhere shown

The value of these at 31 December 2021 and 31 December 2020 is shown in the table below:

| Asset name                                   | 31 december<br>2020 | 31 december<br>2021 |
|--|---------------------|---------------------|
| Intangible assets                            | -                   | -                   |
| Deferred tax                                 | 18.049.416          | 50.280.819          |
| Property, plant & equipment held for own use | 134.310.237         | 138.100.860         |
| Investments                                  | 1.200.576.896       | 1.279.161.124       |
| a) <i>Property</i>                           | 25.763.000          | 25.385.723          |
| b) <i>Investments in affiliated</i>          | 5.703.620           | 6.187.554           |
| c) <i>Bonds</i>                              | 1.122.132.718       | 1.125.888.755       |
| • <i>government bonds</i>                    | 1.031.631.691       | 1.017.828.670       |
| • <i>corporate bonds</i>                     | 90.501.027          | 108.060.085         |
| d) <i>Investment funds</i>                   | -                   | -                   |
| e) <i>Bank deposits</i>                      | 46.977.558          | 121.699.092         |
| Other loans                                  | 9.610.526           | 13.983.154          |
| Reinsurance recoverable                      | 361.325.851         | 354.591.124         |
| Insurance and intermediaries receivables     | 97.671.933          | 82.386.311          |
| Reinsurance receivables                      | 31.077.058          | 18.008.308          |
| Receivables (trade, not insurance)           | 116.893.172         | 118.665.720         |
| Cash and cash equivalents                    | 15.486.946          | 26.226.406          |
| Any other assets, not elsewhere shown        | 10.746.752          | 8.411.387           |

## I Intangible assets

The Company does not have intangible assets that can be included in the Solvency II economic balance sheet at this position.

## II Deferred tax

The Company calculated and recognized deferred tax receivables related to taxable temporary differences or deductibles, defined as differences arising between the value of an asset or liability in the statement of financial position of the Solvency II economic balance sheet and its tax base.

The values and the calculation are shown below:

| Asset  | EBS<br>Solvency II   | The tax base         | Deferred tax       |
|--|----------------------|----------------------|--------------------|
| Deferred acquisition costs   | -                    | 190.989.822          | 30.558.372         |
| Intangible assets  | -                    | 17.094.989           | 2.735.198          |
| Deferred tax   | 50.280.819           | -                    | -                  |
| Property, plant & equipment held for own use                       | 138.100.860          | 122.203.511          | -2.543.576         |
| Investments  | 1.279.161.124        | 1.330.640.386        | 8.236.682          |
| Other loans  | 13.983.154           | 34.292.629           | 3.249.516          |
| Reinsurance recoverable  | 354.591.124          | 429.927.686          | 12.053.850         |
| Insurance and intermediaries receivables                           | 82.386.311           | 468.249.567          | 61.738.121         |
| Reinsurance receivables  | 18.008.308           | 15.950.475           | -329.253           |
| Receivables (trade, not insurance)                                 | 118.665.720          | 241.147.640          | 19.597.107         |
| Cash and cash equivalents  | 26.226.406           | 26.226.406           | -                  |
| Any other assets, not elsewhere shown                              | 8.411.387            | 8.411.387            | -                  |
| <b>Total assets</b>  | <b>2.089.815.212</b> | <b>2.885.134.496</b> | <b>135.296.016</b> |
| Liabilities  | EBS<br>Solvency II   | The tax base         | Deferred tax       |
| Technical provisions   | 1.181.799.289        | 1.686.284.376        | -80.717.614        |
| Other technical provisions   | -                    | 8.573.361            | -1.371.738         |
| Provisions other than technical provisions                         | 20.792.749           | 6.996.043            | 2.207.473          |
| Provisions for pensions and similar obligations                    | 649.538              | -                    | 103.926            |
| Deposits from reinsurers   | 178.307.597          | 178.307.597          | -                  |
| Financial liabilities other than debts owed to credit institutions | 60.377.648           | 10.518.945           | 7.977.393          |
| Insurance & intermediaries payables                                | 64.399.216           | 119.849.065          | -8.871.976         |
| Reinsurance payables   | 80.056.469           | 88.727.139           | -1.387.307         |
| Payables (trade, not insurance)                                    | 23.134.507           | 9.263.274            | 2.219.397          |
| Any other liabilities, not elsewhere shown                         | 303.687              | 32.645.886           | -5.174.752         |
| <b>Total liabilities</b>   | <b>1.609.820.700</b> | <b>2.141.165.686</b> | <b>-85.015.198</b> |

### III Property, plant & equipment held for own use

|   | 31 december<br>2020 | 31 december<br>2021 |
|---|---------------------|---------------------|
| Land and buildings used for own use                                     | 122.124.543         | 120.694.242         |
| Right of use assets   | 8.502.791           | 11.634.250          |
| Other tangible assets   | 3.682.903           | 5.772.368           |
| <b>Total Land, buildings and other tangible assets used for own use</b> | <b>134.310.237</b>  | <b>138.100.860</b>  |

In this position the Company presents the lands and buildings used for own use and other fixed assets (right of use assets, according to IFRS 16, technical installations and cars, other instalations, equipment and furniture). Property, plant and equipment are evidenced at acquisition cost, less those in the land and buildings group.

The assets related to the right to use have increased due to the fact that in 2021 the Company renewed its car fleet.

On entering the corporate assets, the assets are evaluated and shall be accounted for at cost. This can be represented by: the cost of acquisition, cost of production, input value or fair value - where assets

received free or ascertained addition to inventory - depending on how it is purchased.

At the presentation in the Solvency II economic balance sheet form, tangible assets are reflected at cost minus cumulative value adjustments.

For the purpose of presenting the lands and buildings at the current market value and in order to comply with provisions on the taxation of the Tax Code, the Company performs their revaluation every three years.

At December 31, 2020, the revaluation of the buildings and lands owned by the Company (both for own use and those classified as financial investments) was performed by the SC NG Consulting SRL company. The result of the revaluation is presented in the following table:



|                           | Balance before revaluation | Entries   | Decrease the revaluation reserve | Outputs          | Depreciation adjustment | Cancellation cumulative depreciation | Balance after revaluation |
|---------------------------|----------------------------|-----------|----------------------------------|------------------|-------------------------|--------------------------------------|---------------------------|
| Land                      | 41.799.515                 | -         | 2.504.053                        | -                | 1.879.120               | -                                    | 37.416.342                |
| Buildings                 | 132.659.186                | -         | 10.812.772                       | 2.335.545        | 1.974.132               | 10.081.624                           | 109.790.658               |
|                           | <b>174.458.701</b>         | <b>-</b>  | <b>13.316.825</b>                | <b>2.334.545</b> | <b>3.853.252</b>        | <b>10.081.624</b>                    | <b>147.207.000</b>        |
| Depreciation of buildings | 6.701.089                  | 3.583.906 | -                                | 136.846          | -                       | 10.081.624                           | 66.525                    |

### Depreciation

The lifespan of fixed assets used are established according to the Government Decision no. 2139/2004 for approval of the Catalogue on the classification and normal periods of operation of fixed assets, and the depreciation method is linear.

The management reconsiders the accounting value of buildings and equipment, if the events or changes of circumstances indicate that the accounting value could not have been recovered.

The gains and losses upon decommissioning the fixed assets are determined by reference to their net value and shall be taken into account when determining the profit from operations.

The tangible assets written off or assigned are deregistered from the balance sheet together with the applicable cumulated depreciation. The profit or loss resulting from such an operation is determined as the difference between the amount obtained and the net accounting value and are included in the operating profit of the period.

The depreciation is achieved on the basis of equal annual rates for depreciation of the revalued amount of fixed assets during the remaining period of their lifespan as follows:

| Category                | Years |
|-------------------------|-------|
| Buildings               | 40-50 |
| Equipment and furniture | 3-20  |
| Means of transport      | 4-5   |
| Information equipment   | 3     |

Tangible assets in progress are not depreciated until they are used.

### Revaluation reserve

The Company opted for revaluation of tangible assets according to current regulations.

The fair values of tangible assets reevaluated according to ASF Norm no. 41/2015, with subsequent amendments, are updated with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the balance sheet date. If there is no market information on fair value, the fair value is estimated based on net cash flows or depreciated replacement cost.

The revaluation surplus included in the revaluation reserve is capitalized through direct transfer in reserves when the surplus is a realized gain or when the asset for which revaluation reserve was established is derecognised or as the asset is used by the entity. During the year the Company transferred part of the revaluation reserve in revaluation surplus at deregistration of some assets.

At December 31, 2020, the revaluation reserve was diminished by the value of RON 13.316.825, as a result of the revaluation of the lands and buildings from the patrimony (according to the Fiscal Code).

## IV Investments

Financial assets of the Company presented in the form of Solvency II economic balance sheet are measured at fair value, less investments in affiliates that are stated at cost.

### Recognition

The Company recognizes financial assets when it becomes part of the contractual provisions of the instrument.

### Evaluation

Financial instruments are initially measured at fair value.

After initial recognition, all financial assets measured at fair value that are not quoted in an active market and those whose fair value cannot be properly assessed, are valued at cost, including transaction costs, less impairment losses.

The fair value of financial assets is based on their quoted market price at the balance sheet date without any deduction for transaction costs. If

there is no market quotation, the fair value of the instrument is estimated using pricing models or techniques for updating cash flows.

When used discounted cash flow analysis, future cash flows are based on management's best estimates and the discount rate is a market rate

on the balance sheet date for financial instruments that have the same terms and conditions. When using pricing models, input is based on measurements of the market at the balance sheet date.

### Land and buildings

In this position, the Company registers the lands and buildings classified as financial investments.

They follow the same recognition and assessment as land and buildings of position III Land, buildings and other tangible assets used for own use.

|  | 31 December 2020 | 31 December 2021 |
|--|------------------|------------------|
| Land and buildings financial investments | 25.763.000       | 25.385.723       |

### Bonds, listed shares and investment funds

The fair value of the bonds, listed shares and investment funds presented in the form of Solvency II economic balance sheet was estimated based on quoted prices:

|                    | 31 December 2020<br>-fair value- | 31 December 2021<br>-fair value- |
|--------------------|----------------------------------|----------------------------------|
| Bonds:             | <b>1.122.132.718</b>             | <b>1.125.888.755</b>             |
| • government bonds | 1.031.631.691                    | 1.017.828.670                    |
| • corporate bonds  | 90.501.027                       | 108.060.085                      |

### Bank deposits

The Company treats these short-term financial assets that are not quoted in an active market, therefore bank deposits are valued at nominal value less specific allowance for credit risk when recording possible impairment losses on these assets.

|               | 31 December<br>2020 | 31 December<br>2021 |
|---------------|---------------------|---------------------|
| Bank deposits | 46.977.558          | 121.699.092         |

## Investments in affiliates

The company has investments in unlisted affiliated companies.

If there is objective evidence that a loss from impairment of any unlisted share that is not presented at fair value because fair value can not be reliably measured, the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of future cash flows using current internal market rate of return for a similar financial asset. Such impairment losses are not mentioned in the result.

The company presented in the form of Solvency II economic balance sheet the following values of investments in affiliated companies after deducting value adjustments:

|  | 31<br>December<br>2020 | Ownership<br>percentage | 31 December<br>2021 | Ownership<br>percentage |
|--|------------------------|-------------------------|---------------------|-------------------------|
| VIG Management Service   | 6.912.000              | 18%                     | 6.912.000           | 18%                     |
| Autosig SRL  | 900.000                | 100%                    | 900.000             | 100%                    |
| Global Assistance Services SRL   | 415.200                | 25%                     | 415.200             | 25%                     |
| Adjustment for depreciation of participation in affiliated companies (i) | -2.523.580             |                         | -2.039.646          |                         |
| <b>Total</b>   | <b>5.703.620</b>       |                         | <b>6.187.554</b>    |                         |

(i) At December 31, 2021, as well as on December 31, 2020 the adjustment for depreciation was recorded for the value of equity securities held in the affiliated company Autosig. For the value from the economic balance sheet according to the Solvency II requirements, for 2021 a depreciation of the value of the participation titles held in the company VIG Management Service SRL in the amount of RON 1.157.755 (2020: RON 1.634.624) was registered. At the same time, for the Global Assistance Services Company there is a value adjustment amounting to RON 18.109 in 2021 (RON 11.044 in 2020).

## V Other loans

Loans are underived financial assets with fixed or determinable payments that are not quoted in an active market, other than those that the entity intends to sell immediately or in the near term, those that the entity at initial recognition, designates at fair value through income or loss account or for which the company may not recover substantially all of its initial investment, other than because of credit deterioration, or are classified as available for sale.

Given loans presented in the form of Solvency II economic balance sheet are valued and recorded at cost, less accumulated value adjustments.

The situation is as follows:

| <b>Autosig SRL</b>                | <b>31 December<br/>2020</b> | <b>31 December<br/>2021</b> |
|-----------------------------------|-----------------------------|-----------------------------|
| - loan amount                     | 29.216.400                  | 29.688.600                  |
| - attached receivables (interest) | -                           | -                           |
| - value adjustment                | -19.986.451                 | -20.309.475                 |
| <b>Loan net value (i)</b>         | <b>9.229.949</b>            | <b>9.379.125</b>            |

(i) In September 2020, the Company concluded with Autosig a trading agreement for the settlement of previous debts and the establishment of a new payment plan of the amounts due during 6 years. The first related tranche was collected by the Company in September 2020 in amount of RON 2.429.267, the equivalent of EUR 500.000. The next tranche is due in March 2022 (EUR 500.000). The differences between the values for the years 2021 and 2020 are due to exchange rates differences.

| <b>Claim Expert Services SRL</b>  | <b>31 December<br/>2020</b> | <b>31 December 2021</b> |
|-----------------------------------|-----------------------------|-------------------------|
| - loan amount                     | 65.000                      | -                       |
| - attached receivables (interest) | 3.823                       | -                       |
| <b>Loan net value (ii)</b>        | <b>68.823</b>               | <b>-</b>                |

(ii) In May 2021 the loan to Claim Expert Services SRL was collected.

| <b>VIG Management Service SRL</b> | <b>31 December<br/>2020</b> | <b>31 December 2021</b> |
|-----------------------------------|-----------------------------|-------------------------|
| - loan amount                     | -                           | 4.000.000               |
| - attached receivables (interest) | -                           | 98.771                  |
| <b>Loan net value (iii)</b>       | <b>-</b>                    | <b>4.098.771</b>        |

(iii) In 2021 a tranche of the loan was granted to VIG Management Service SRL.

| <b>Autosig SRL</b>                | <b>31 December 2020</b> | <b>31 December 2021</b> |
|-----------------------------------|-------------------------|-------------------------|
| - loan amount                     | 300.000                 | 475.000                 |
| - attached receivables (interest) | 11.753                  | 30.258                  |
| <b>Loan net value (iii)</b>       | <b>311.753</b>          | <b>505.258</b>          |

(iv) In 2021 a new loan was granted to Autosig in amount of RON 175.000.

## **VI Insurance and intermediaries receivables**

In this position the Company records the following types of assets, presented quantitative and qualitative as follows:

|   | <b>31 December 2020</b> | <b>31 December 2021</b> |
|---|-------------------------|-------------------------|
| Receivables from policyholders and intermediaries | 97.365.360              | 82.003.599              |
| Receivables from insurance companies              | 306.574                 | 382.712                 |
| <b>Total</b>                                      | <b>97.671.934</b>       | <b>82.386.311</b>       |

### **Receivables from policyholders and intermediaries**

Receivables from insurance premiums are assessed at cost less impairment of receivables. Impairment of receivables is made according to receivables due and if the Company has objective evidence that it will not collect amounts according to their initial conditions. In case it is found that these receivables cannot be collected, will be prescribed and recognized as expenses.

Receivables from insurance premiums, collected from the insured through insurance agents and not transferred in the accounts of the company, are stated on the basis of slip of the receipt of the notice provided, resulting the intermediate/agent receivable. The receivable from policyholder is cleared based on this notice.

## **VII Reinsurance receivables**

Reinsurance receivables are amounts receivable from reinsurers.

Reinsurance receivables are balances due by reinsurance companies. Recoverable amounts from the reinsurers are estimated in a compatible manner in accordance with the related reinsurance contract. These receivables are highlighted by reinsurance companies and brokers.

Reinsurance receivables are reviewed at each reporting date or more often when there are indications of impairment in the reporting year. Impairment occurs when there is objective evidence as a result of an event occurring after the initial recognition of the reinsurance claim and the Company may not receive all outstanding amounts owed under the terms of the contract and the event has a measurable measurable



impact on the amounts that will receive them from the reinsurer. Impairment loss is recognized in the income statement.

The Company presents receivables and payables from reinsurance as a net result (receivable or liability to reinsurers and brokers) between reinsurance premiums, commissions and damages.

In 2021, the way of presenting the receivables and liabilities from the reinsurance in the Solvency II economic balance sheet was changed. The value of future ceded premiums, deducted up to this reporting from

the 'Reinsurance liabilities' position, was broken down on each reinsurer and broker separately, thus, the balances (receivable or liability) on the reinsurer / broker were recalculated.

The comparative situation for 2020 is presented in the table below. The 'Difference' column represents the value of future assigned premiums, reclassified from 'Reinsurance liabilities' to 'Reinsurance receivables'.

|                         | 31<br>December<br>2020 | 31<br>December<br>2020 | 31 December<br>2020 | 31 December<br>2021 |
|-------------------------|------------------------|------------------------|---------------------|---------------------|
|                         | Initial                | Recalculated           | Difference          |                     |
| Reinsurance receivables | 31.077.058             | 36.677.886             | 5.600.828           | 18.008.308          |
| Reinsurance liabilities | 77.657.668             | 83.258.495             | -5.600.828          | 80.056.469          |

#### VIII Receivables (trade, not insurance)

In this position the Company records the following types of assets presented quantitatively and qualitatively as follows:

|   | 31 December<br>2020 | 31 December<br>2021 |
|---|---------------------|---------------------|
| Receivables from regresses for paid claims      | 67.985.845          | 68.965.457          |
| Receivables from VAT for paid claims            | 4.810.652           | 6.676.332           |
| Warranties and garnishment                      | 42.366.070          | 41.049.452          |
| Sundry debtors                                  | 753.389             | 521.102             |
| Other receivables with state budget             | 977.216             | 1.453.378           |
| <b>Receivables (trade, not insurance) Total</b> | <b>116.893.172</b>  | <b>118.665.720</b>  |

### Receivables from regresses for paid claims

The Company records regresses for paid claim files and in the case of CASCO files also for reported claims files.

The value of the recoverability of these regresses is tested for CASCO assumptions on the basis of the history of recovered receivables, based on the value of the damages plus the expenses for the liquidation of the damages, in order to construct the development triangles for each accident period.

The SCL (Standard Chain Ladder) method develops the pay triangles, respectively the recovered receipts, resulting in the estimated payments and final recoveries. Recovery rates are obtained by reporting the estimated value of the final recoveries to the estimated value of the final payments for each year of the event. These percentages applied to the value of the damage up to reporting date (compensation + expenses + RBNS) give us the final value of the expected regressions. From this amount the amount of recoveries recovered up to the date of the reserve is deducted, the remaining amount representing the reserve for future regresses.

In the last years of the analysis, due to a faster collection of the compensations paid for the regresses for claims, the percentage of recoverability obtained by the SCL method is very high. Thus, the evaluation of the recovery rates was made taking into account the value of recoveries from regressions and the value of the amounts to be recovered from the records of the Department of Regressions, ensuring that the final recovery rates are feasible and realistic.

The amount of the provision for regresses from paid claims CASCO files is the difference between the total value recognized for all regresses and the value to be recovered through the above method.

In the case of regresses for claims paid for non-CASCO claims, the Company records all amounts marked with high chances of recoverability.

The write-off of receivables from regressions will be made after the end of the prescription period and in the case of bankruptcy / insolvency of the other party.

The increase in Receivables from regresses for paid claims is due to CASCO claims, from increase of subrogation towards City Insurance, the insurance company which went bankrupt. In 2020, the Company started to collect from FGA, as the Law 123/2015 was modified by decision of the High Court of Justice (ICCJ) in regards to the limitation of the claim to RON 450.000; as such, this limitation no longer applies per creditor, but per claimed amount.

### Receivables from VAT for paid claims

VAT receivables are recognized when the Company has signed a collaboration / contract protocol. The value of the amounts to be recovered of the initially recognized VAT nature is composed of:

- the value related to the VAT from the repair invoices paid to the service units regarding the indemnities for the partial damages for the insured motor vehicles, owned by the leasing companies, identified and correct repair invoices;
- the value of the VAT percentage, in force at the date of the financial statements, applied to the damage files approved at the leasing companies with which the Company has a signed protocol.

The recovery is made only for the damages that are outside the process of collecting the regresses in the situation in which the VAT related to a regressive file has been settled, the regression to the insurance company of the culprit is made without including the VAT value.

The receivables are subsequently measured at their recoverable value, the company sets up for this purpose loss impairment for: legal period in which the company is entitled to recover (5 years), costs incurred in recovery as well as for unrecoverable amounts due to incorrect/non-

existent documentation or from causes related to partner companies through which these amounts are recovered.

Valuation impairment is based on the recoverability analysis, estimation of future recoverability based on historical recovery in recent years, qualitative assessment of expected recoverability, calculation of last assumed recovery rate.

Impairment is outlined as the difference between the last recoveries expected and recognized receivable. The final recoverability rate is the result of the adjustment analysis and will be applied to all years.

### Warranties and garnishment

The company was forced to set up guarantees for various performed economic operations. This includes participation in auctions, guarantees for rented securities given to various suppliers of goods and services or to specific general insurance control authorities.

|                              | 31 december 2020  | 31 december 2021  |
|------------------------------|-------------------|-------------------|
| Bank guarantee letter (i)    | 38.274.348        | 38.505.096        |
| Garnishments (ii)            | 561.853           | 501.282           |
| Auctions warranties (iii)    | 1.342.182         | 1.686.937         |
| Rental warranties (vi)       | 414.621           | 222.435           |
| BAAR receivables (v)         | 1.753.375         | 123.703           |
| Various suppliers warranties | 19.691            | 10.000            |
| <b>Total</b>                 | <b>42.366.070</b> | <b>41.049.452</b> |

- (i) In 2019 was issued by Unicredit Bank a bank guarantee letter, in the context of the decision of the Competition Council no. 63/2018.
- (ii) Garnishments are blocked amounts in the company's bank accounts by bailiffs for damage files contested in court and with court order in favor of the insured. Amounts are blocked by the bank based on the receipt addresses submitted by bailiffs.
- (iii) Auction warranties were established as a result of our participation in the various auctions for delivery of insurance products to state-owned companies. In the event that auctions are not won by the company, the money is refunded in a period of time stipulated in the contract. The same thing happens when the auction was won by the company, but only at the end of the contract.

- (v) Warranties for rental of premises in various locations in the country have been established under lease contracts concluded between the parties, warranties that expire in 10 years from the date of contract.
- (vi) BAAR receivables - Motor Insurers Bureau of Romania - are required by the above mentioned institution to offset a possible default of the Company, regarding claims for vehicle or passengers inside the vehicle. During 2021, the Company collected all the receivables in balance at December 31, 2020. The remaining amount represents the equivalent value of EUR 25.000, the minimum guarantee imposed by BAAR.

### **Receivables from sundry debtors**

Receivables from third parties or the state budget are evaluated at cost less impairment of receivables.

Impairment of receivables is made according to due receivables and if the Company has objective evidence that it will not collect amounts according to their initial conditions.

In case it is found that these receivables cannot be collected will be prescribed and recognized as expenses.

### **Other receivables with the State Budget**

Other receivables with the State Budget are the amounts paid and will be recovered from the State Budget.

## **IX Cash and cash equivalents**

Bank accounts include: amounts to be cashed (as checks and commercial effectives filed in banks), liquidities in RON and foreign currency, short-term bank loans and related interest.

Current accounts in banks are developed in each bank and on each currency.

Interest receivables on funds available in bank accounts are registered distinctly from those payable on loans granted by banks in current accounts and the short-term bank loans.

Payable interest and interest receivables for the current financial year are registered as financial expenses or financial income depending on the case.

At year end, foreign exchange differences resulting from the evaluation of available currency holdings and other cash, such as government bonds in foreign currency, letters of credit and short-term deposits in foreign currency at the exchange rate of the National Bank of Romania, valid on the closing date, are recorded in income or expense accounts from exchange rate differences.

Impairment of investments held as current assets at the end of the financial year, during inventory, based on expenses loss impairment is reflected.

At the end of each financial year, reflected adjustments for loss of value are supplemented, reduced or nullified. At the exit of short-term investment any adjustments for impairment are canceled.

**X Any other assets, not elsewhere shown**

In this position the company registers in Solvency II economic balance sheet amounts paid in advance for the lease contracts or other services that have a development period after closing the financial statement and inventory.

|  | 31 december 2020  | 31 december 2021 |
|--|-------------------|------------------|
| Expenses registered in advance                     | 10.539.111        | 8.090.625        |
| Inventory items                                    | 207.641           | 320.762          |
| <b>Total Any other assets, not elsewhere shown</b> | <b>10.746.752</b> | <b>8.411.387</b> |

## D.2 TECHNICAL RESERVES

The technical reserves are the sum of claims best estimate, premium best estimate, and unallocated claims reserve and risk margin.

Premium best estimate is determined for future claims which will appear on in force policies, claims that could be appear on unexpired part of validity of those policies. The method used for calculation is Combined Ratio Method (according to Solvency II methodology and respecting the actuarial standards in non-life insurance). The rates used for combined ratio (loss ratio, acquisition rate, administrative rate, rate for premium reinstatement and for reinsurance commissions rate) were estimated based on the history of the company for claims, expenses for portfolio in force at 31.12.2021 and taking into account the company's strategy for next year.

Claims best estimate is calculated based on internal methodologies and respecting the actuarial standards in non-life insurance. In order to

obtain adequate and sufficient values to cover the company's liability the claims were split into two categories (attritional and large claims). In case of MTPL and GTPL, annuities were estimated separately. The threshold was determined at 99% quantile. For each type of claim different method was used. For normal losses the claim reserve was estimated by applying Standard Chain Ladder based on paid method. In case of lines of business for which changes in payments pattern were observed the method applied was Standard Chain Ladder based on incurred. For the big claims, the internal method has been used, which is based on the frequency and severity of reported big claims.

ULAE reserve is estimated according to internal methodology and the method is based on number of claims unsettled and average cost for handling claims.

Risk margin - the rate of capital approach was applied in order to assess the risk margin value.

The calculations were performed separately for each LoB in company's portfolio. The total values for BE and risk margin separately for NL and Health NSTL are reported in EBS Solvency II.



In the table below are the values of technical provisions recognized as at 31.12.2021.

| Gross Claims BE - direct and indirect business |                                   |                   |                |               |                   |                 |                |
|--|-----------------------------------|-------------------|----------------|---------------|-------------------|-----------------|----------------|
| Cod  | SII LoB                           | O/S claims N-GAAP | IBNR negativ   | ULAE          | Future recoveries | Discounting     | O/S claims SII |
| H1   | Medical expense                   | 6.258             | (498)          | 181           | -                 | (126)           | 5.815          |
| NL1  | Motor vehicle liability           | 397.435           | (328)          | 3.875         | -                 | (22.234)        | 378.748        |
| NL2  | Other Motor                       | 204.363           | -              | 4.698         | (33.533)          | (1.783)         | 173.746        |
| NL3  | Marine, aviation and transport    | 29.360            | (2.485)        | 173           | -                 | (338)           | 26.710         |
| NL4  | Fire and other damage to property | 109.954           | -              | 285           | -                 | (5.716)         | 104.523        |
| NL5  | General liability                 | 89.285            | (5.903)        | 1.009         | -                 | (3.067)         | 81.324         |
| NL6  | Credit and surety ship            | 10.830            | -              | 16            | -                 | (528)           | 10.318         |
| NL8  | Assistance                        | 1.816             | -              | 18            | -                 | (29)            | 1.805          |
| NL9  | Miscellaneous financial loss      | 5.973             | -              | 111           | -                 | (18)            | 6.066          |
| <b>Total</b>                                   |                                   | <b>855.276</b>    | <b>(9.214)</b> | <b>10.366</b> | <b>(33.533)</b>   | <b>(33.840)</b> | <b>789.055</b> |

| Ceded - direct and indirect business |                                   |                         |                 |              |                | Net of reinsurance - direct and indirect business |
|--------------------------------------|-----------------------------------|-------------------------|-----------------|--------------|----------------|---|
| Cod                                  | SII LoB                           | OS_NGAAP _ nediscountat | Discount        | CDA          | O/S claims SII | OS claims SII                                     |
| H1                                   | Medical expense                   | 668                     | (13)            | (1)          | 654            | 5.161   |
| NL1                                  | Motor vehicle liability           | 207.182                 | (11.805)        | (148)        | 195.229        | 183.518   |
| NL2                                  | Other Motor                       | 351                     | (79)            | (0)          | 272            | 173.474   |
| NL3                                  | Marine, aviation and transport    | 14.277                  | (14)            | (8)          | 14.255         | 12.455  |
| NL4                                  | Fire and other damage to property | 61.992                  | (1.647)         | (118)        | 60.228         | 44.295  |
| NL5                                  | General liability                 | 46.167                  | (417)           | (29)         | 45.720         | 35.604  |
| NL6                                  | Credit and surety ship            | 8.648                   | (441)           | (3)          | 8.204          | 2.114   |
| NL8                                  | Assistance                        | -                       | -               | -            | -              | 1.805   |
| NL9                                  | Miscellaneous financial loss      | 3.427                   | 10              | (0)          | 3.437          | 2.630   |
| <b>Total</b>                         |                                   | <b>342.713</b>          | <b>(14.407)</b> | <b>(307)</b> | <b>327.999</b> | <b>461.056</b>                                    |
|                                      |                                   |                         |                 |              |                |   |

| Premium best estimate - Dec 2021 |                                   | Gross          | Ceded         | Net of reinsurance |
|----------------------------------|-----------------------------------|----------------|---------------|--------------------|
| H1                               | Medical Expenses                  | 6.510          | (393)         | 6.903              |
| NL1                              | Motor vehicle liability           | 147.910        | (9.558)       | 157.467            |
| NL2                              | Motor, other classes              | 131.534        | (838)         | 132.372            |
| NL3                              | Marine, aviation, transport (MAT) | 10.994         | 4.342         | 6.652              |
| NL4                              | Fire and other property dam.      | 25.417         | 3.897         | 21.520             |
| NL5                              | Third-party liability             | 29.864         | 21.219        | 8.645              |
| NL6                              | Credit and suretyship             | 7.691          | 7.327         | 364                |
| NL7                              | Legal expenses                    | -              | -             | -                  |
| NL8                              | Assistance                        | (164)          | 0             | (165)              |
| NL9                              | Miscellaneous                     | 1.701          | 596           | 1.105              |
| <b>Total</b>                     |                                   | <b>361.457</b> | <b>26.592</b> | <b>334.864</b>     |

| Technical Provision - total - 31.12.2021 - Solvency II |                                   |                              |                               |               | Thousand RON   |
|--|-----------------------------------|------------------------------|-------------------------------|---------------|----------------|
| Cod  | SII LoB                           | Claims BE_Net of Reinsurance | Premium BE_net of Reinsurance | Risk Margin   | Total TP       |
| H1   | Medical expense                   | 5.161                        | 6.903                         | 363           | 12.426         |
| NL1  | Motor vehicle liability           | 183.518                      | 157.467                       | 11.844        | 352.830        |
| NL2  | Other Motor                       | 173.474                      | 132.372                       | 12.207        | 318.053        |
| NL3  | Marine, aviation and transport    | 12.455                       | 6.652                         | 851           | 19.957         |
| NL4  | Fire and other damage to property | 44.295                       | 21.520                        | 3.206         | 69.021         |
| NL5  | General liability                 | 35.604                       | 8.645                         | 2.363         | 46.613         |
| NL6  | Credit and surety ship            | 2.114                        | 364                           | 147           | 2.624          |
| NL8  | Assistance                        | 1.805                        | (165)                         | 126           | 1.767          |
| NL9  | Miscellaneous financial loss      | 2.630                        | 1.105                         | 182           | 3.917          |
| <b>Total</b>   |                                   | <b>461.056</b>               | <b>334.864</b>                | <b>31.288</b> | <b>827.208</b> |

## D.3 OTHER LIABILITIES

The Company estimates and recognizes in this position of economic balance sheet for Solvency II the following main types of liabilities:

|  | 31 december 2020   | 31 december 2021   |
|--|--------------------|--------------------|
| Financial liabilities (i)                  | 57.827.240         | 60.377.648         |
| Provisions other than technical provisions | 13.879.053         | 21.442.287         |
| Deposits from reinsurers                   | 173.893.110        | 178.307.597        |
| Liabilities from insurance business        | 135.629.765        | 144.455.684        |
| Payables (trade, not insurance) (i)        | 19.610.899         | 23.134.507         |
| Any other liabilities, not elsewhere shown | 235.601            | 303.687            |
| <b>Total</b>                               | <b>401.075.669</b> | <b>428.021.411</b> |

- (i) In this position, the Company presents the debts to the State Budget, FSA obligations and other financial debts from the Debt to third parties item to the Financial debt position.

### I Subordinated loans

For 2021 and 2020 the Company has no subordinated loans.

### II Contingent liabilities

For the years 2021 and 2020 the Company has no estimated contingent liabilities.

### III Financial liabilities other than debts owed to credit institutions

At this position the Company presents the Debt arising from the leasing contracts, according to IFRS 16, and the Debt to the state Budget, taxes for insurance activity, obligations to FSA and other financial debts.

|                                    | 31 december 2020  | 31 december 2021  |
|------------------------------------|-------------------|-------------------|
| Financial leasing liabilities (ii) | 8.857.506         | 11.927.632        |
| Taxes for insurance activity       | 3.042.095         | 5.530.868         |
| Other taxes and fees (i)           | 45.676.324        | 42.688.191        |
| Other financial liabilities        | 251.315           | 230.957           |
| <b>Total Financial liabilities</b> | <b>57.827.240</b> | <b>60.377.648</b> |

- (i) Other taxes and fees include debts to the State Budget: the sanction received from the Competition Council (RON 37.931.071), profit on tax (2021: RON 3.928.377; 2020: RON 6.770.737), other taxes and fees (2021: RON 204.712; 2020: RON 298.220).
- (ii) The increase is due to the renewal of the Company's car fleet.

#### IV Provisions other than technical provisions

Provisions are recognized in Solvency II economic balance sheet when the Company acquires a legal or constructive obligation related to a past event and it is likely that in the future will be required consumption of economic resources to extinguish this obligation.

Provisions are reviewed at the end of each period and adjusted to reflect the current most appropriate estimate. Differences resulting from necessary adjustments are recognized in the income and loss account of the period.

A provision will be recognized only when:

- an entity has a present obligation generated by a previous event;
- it is probable that an outflow of resources will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

If these conditions are not met, the provision isn't recognized.

At December 31, 2021 and December 31, 2020 the Company had recorded the following non-technical provisions:

|  | 31 december 2020  | 31 december 2021  |
|--|-------------------|-------------------|
| Unsettled amounts to non-sales personnel                     | 6.179.044         | 6.996.043         |
| Unsettled amounts to sales personnel                         | 1.482.277         | 1.517.860         |
| Provisions for litigations other than the insurance business | 5.748.950         | 12.278.846        |
| Provisions for pensions and similar obligations              | 468.782           | 649.538           |
| <b>Total Provisions other than technical provisions</b>      | <b>13.879.053</b> | <b>21.442.287</b> |

#### **Provisions for unsettled amounts of non- sales personnel performance related**

The Company estimates the amounts owed to administrative and management personnel as a result of the performance for the current year set at the beginning of the year.

Estimation is done considering key performance indicators of the company (turnover, result) and aiming at achieving the objectives given to each employee.

#### **Provisions for litigations other than the insurance business**

The Company registers in this position amounts claimed in court litigations other than from insurance activity.

During the process, amounts requested are provisioned and at the end of the process these are issued or recognized as an expense based on the final decision, favorable or unfavorable.

#### **V Deposits from reinsurers**

The Company registers in this position amounts received from reinsurers according to share insurance contracts.

At December 31, 2021 and 2020 the Company has registered a deposit equal to the loss reserve in reinsurer`s charge at that time.

Loss reserve estimate was made on Solvency II methodology based on data from the technical system which highlights the amounts to be recovered for each claim file covered by this type of contract.

#### **Provisions for unsettled amounts of sales personnel performance related**

The Company estimates the amounts due to sales staff as a result of achieving performance goals set out for current year in the Annex to the labor contract.

Estimation is done considering the results obtained by employees during the current year.

The amounts are available from the databases provided by the technical system where sales activity is recorded at employee level.

The amounts required are provided by the Litigation Division, which monitors the process, directly or through lawyers that represent us.

#### **Provisions for pensions and similar obligations**

Starting with 2020, the Company has established a pension provision, based on the benefit granted to employees, in case of termination of the individual employment contract following retirement.

## VI Liabilities from insurance business

The main items shown in this position of Solvency II economic balance sheet are:

|  | 31 december 2020   | 31 december 2021   |
|--|--------------------|--------------------|
| Liabilities for contracts ceded to reinsurance         | 77.657.668         | 80.056.469         |
| Liabilities to insurance intermediaries                | 48.862.527         | 54.240.944         |
| Liabilities to insurance companies                     | 1.654.116          | 2.631.323          |
| Commission for not due part for the overdue recevables | 7.455.455          | 7.526.949          |
| <b>Total Liabilities from insurance business</b>       | <b>135.629.765</b> | <b>144.455.685</b> |

### Liabilities for contracts ceded to reinsurance

In reinsurance operations the relationship between the reinsured and reinsurer, rights and obligations of each part shall be established by the reinsurance contract.

The company analyzes all reinsurance contracts in order to determine their classification as transferring risk related to one or more contracts issued by the Company as assignor. Registrating reinsurance transactions is subsequently made respecting both contractual provisions and regulatory rules in force.

In Solvency II economic balance sheet liabilities related to reinsurance premiums ceded in reinsurance are recorded based on the provisions of Solvency II procedures and not on an accrual basis as the statutory statements.

Estimation of premiums ceded for Solvency II is based on the technical records on each contract which applies to the calculation method described in rules on Solvency II.

In 2021, the way of presenting the reinsurance receivables and liabilities in the economic balance sheet on Solvency II was changed. The value of future ceded premiums, deducted up to this reporting from the 'Reinsurance liabilities' position, was broken down on each reinsurer and broker separately, thus, the balances (receivable or debt) on the reinsurer / broker were recalculated.

The comparative situation for 2020 is presented in the table below. The 'Difference' column represents the value of future assigned premiums, reclassified from 'Reinsurance liabilities' to 'Reinsurance receivables'.

|                         | 31 december 2020 | 31 december 2020 | 31 december 2020 | 31 december 2021 |
|-------------------------|------------------|------------------|------------------|------------------|
|                         | Initial          | Recalculated     | Difference       |                  |
| Reinsurance receivables | 31.077.058       | 36.677.886       | 5.600.828        | 18.008.308       |
| Reinsurance liabilities | 77.657.668       | 83.258.495       | -5.600.828       | 80.056.469       |



### Liabilities to insurance intermediaries

The company registers duty operations on commissions from insurance premiums concluded by brokers, based on signed contracts.

For the economic balance sheet of Solvency II the debt recognized differentiated in statutory reporting as non-due debt from the moment of coming into force of the insurance contract (subscription policy) is not taken into consideration, in this position it's only presented the debt outstanding at the time of collecting the premium / premium rates, according to insurance contracts (policies) concluded.

In this position, the company registers also the amounts due and unsettled to insurance intermediaries as a result of achieving performances in sales, set in annexes to the insurance agent's contracts.

Estimation is done taking into consideration the results obtained by agents during the year.

The amounts are available from the databases provided by the technical system where sales activity is recorded for each agent/broker.

Debts from commissions for receivables collected from the insured through insurance agents, but not transferred to the accounts of the company, are stated separately in other commission liabilities - unearned premiums.

In case the premium receivables were prescribed (could not be collected) also the commission liabilities will be prescribed.

### Liabilities to insurance companies

Liabilities from the Company's reinsurance activity represent the amounts due to insurance companies arising from the acceptance contracts.

Amounts owed to insurers are estimated in a consistent manner, being in accordance with the related reinsurance contract.

## VII Payables (trade, not insurance)

The main items shown in this position from Solvency II economic balance sheet are:

|  | 31 december 2020  | 31 december 2021  |
|--|-------------------|-------------------|
| Tax to the state budget                      | 3.145.008         | 3.501.131         |
| Liabilities to employees                     | 4.401.898         | 5.039.889         |
| Liabilities for not taken leaves             | 1.926.354         | 2.398.500         |
| Liabilities for third party services         | 10.137.639        | 12.194.988        |
| <b>Total Payables (trade, not insurance)</b> | <b>19.610.899</b> | <b>23.134.507</b> |

### **Tax to the state budget**

This position includes amounts due to social insurance.

### **Liabilities for not taken leaves**

The Company estimates in this position the possible amounts payable on employees leave for 2021 and for the previous years, in case the employees where will require termination of employment before performing these days off.

The estimate is based on history of previous years and the data obtained from the employees evidence program.

### **Pensions and other post-retirement benefits**

The Company, in the normal course of business, makes payments to the Romanian State pension funds for its employees (pension, health and

unemployment insurance). All employees of the Company are included in the state pension system. These costs are recognized in the financial statements along with labor costs.

In case of termination of the individual labour contract following retirement, regardless of the type of retirement, the employee will benefit from an indemnity equivalent to 3 gross basic salaries, bearing taxes, held by the employee at the date of retirement, with the obligation for retirement on the date of fulfilling the retirement conditions.

The company has no other obligations related to additional services to current or former employees.

### **VII Any other liabilities, not elsewhere shown**

The company records in this position the revenues registered in advance and refers to the receipt for insurance to be subscribed during the next period.

## **D.4. OTHER INFORMATION**

The information provided in D section contains a complete image of the valuation for Solvency Purposes.

Note:

The SFCR (including the QRTs attached to it) has been prepared in accordance with Law 237/2015 on the authorization and supervision of

insurance and reinsurance activities, as amended and supplemented, and with Norm 21/2016 on reporting on insurance and/or reinsurance activities, as amended and supplemented.

The Solvency and Financial Condition Report must be published and the relevant users include, but are not limited to, Financial Supervisory Authority. Consequently, the Solvency and Financial Condition Report may not be appropriate for other purposes.



# **CAPITAL MANAGEMENT**



## E.1. OWN FUNDS

The capital management policy is addressed to the own funds requirements as defined in the regulations of Solvency II, to the governance system, own risks and solvency always taking into account the practices and current legislation.

### Objectives and Purpose

Capital management policy as described is applicable to OMNIASIG VIG.

OMNIASIG VIG's objectives in terms of capital management are to ensure the perpetual existence of the company in order to provide continuously returns to shareholders and other stakeholders (customers, management, employees, partners, etc.) and especially customer payments that are due under concluded insurance contracts.

OMNIASIG's capital management policy is consistent with Articles 41, 93 and 246 of the Solvency II Directive, which provide to ensure sufficient solvency position of the company. To achieve this goal, the policy describes the minimum requirements and standards for capital management. Moreover, the capital management is described so that the development of a medium-term plan of capital is a prerequisite to ensure a correctly and anchored planning process (business) in capital needs and possibilities of the company.

The entity responsible for implementing this policy is OMNIASIG VIG. The company management must ensure that relevant policies are implemented and that they comply with the VIG Group capital management policy.

The institution's management is responsible for the development and implementing initiative of a capital management system. For the business plan development, the Company's Board will analyse the

existent capital as well as the needed capital in order to be capable of implementing the strategic established objectives; thereby, an analysis

will be made for the necessary additional capital, in case, to reach its objectives.

Regarding the target level of available capital, the Executive Board will ensure that the target is consistent with the risk profile of the company and the business existing / planned environment.

To ensure correct classification of own funds under Solvency II standards, will perform the following actions:

- will consider equity components and features and will compare these with existing provisions of Solvency II;
- will consult Solvency II Directive updates concerning the classification of own funds:
  - **Level 1** Features determining classification
  - **Level 2** Basic own funds – Features determining classification
  - **Level 3** Subordinated own funds – Features determining classification
  - **Level 4** Basic own funds – Features determining classification
- identifying components that do not have the necessary characteristics to be classified as equity;
- preparation and submission of documents for evaluation and classification of items that are not classified in the category of own funds by the supervisory authority;
- updating the own funds classification according to the characteristics set by Solvency II directives

- for new capital issue (bonds) the opinion of legal consultant and of the structured products department bank is necessary in order to accurately adopt the equity prospectus writing
- for new capital issue (bonds) according to legal counsel is required to define the necessary conditions to be placed in equity prospectus;
- will ensure that the draft prospectus of the new element of own funds is according to rank classification required under Solvency II rules;
- will ensure through prospectus that own funds to be collected are classified clear without ambiguity.

### Recognition limits for items from own funds

In terms of compliance with SCR, eligible own funds will have to be within the following limits:

**a. Level 1 eligible funds** will have to cover at least 50% of the SCR

**b. Level 3 eligible funds** will have to cover more than 15% of the SCR

In terms of compliance with MCR eligible funds for Level 1 will have to cover at least 80% of MCR.

**In the limit concerning Level 1 eligible funds, the sum of the following items will cover more than 20% (or 25% of available funds Level 1, whichever is greater) of the total:**

- paid preferential shares (by shareholders and received by company) and the related share premium accounts;
- paid subordinated liabilities (by officer and received by company) evaluated under Article 75 of Directive 2009/138 / EC (Solvency II).

### Assessment of capital adequacy

Capital management process begins with assessing existing capital adequacy. Different stakeholders have different views when considering the available capital. Regulatory institutions have defined the elements that may be included in the company's capital. Additionally to regulatory institutions, the results of internal models for solvency are taken into account in determining the current capital position.

Any anticipated legislation changes is considered in evaluating the capital position. After the evaluation, the Company analyzes the results presented in accordance with Solvency II norms.

The assessment includes capital requirements resulting from the solvency calculation.

### Capital planning

When analyzing the capital requirements for future periods are taken into consideration the strategic and business plans of the Company.

In the budgeting process it is analyzed how changes or underwriting volumes or mix portfolio affects the risk and capital requirements.

Results of the analysis of capital adequacy assessment phase are then combined with the business plans for the next 2-3 years in order to identify possible deficiencies that may arise in capital allocation.

### Capital management measures

A prudent assessment of capital requirements and attention in capital planning are important steps in creating and understanding the actions to be done to maintain the balance between capital and risk. To implement capital management plan, measures to be taken are submitted by Executive Management and the Supervisory Board.

### Capital management plan

The main result of the process of capital management is medium-term capital plan.

It is updated annually by the Company.

### The following considerations apply to plan capital management at group level:

a) analysis of current capital position and capital plan based on the following requirements:

- The minimum level of capital is enough to cover at least 125% of the SCR – group requirement; in addition, the Company has 130% as internal limit for maintaining the “green” area;

b) any issue of capital, including its impact on capital structure and costs (this step is necessary for the implementation of capital management measures and is required whenever there is a need for additional capital);

c) the analysis of equity by maturity structure, incorporating both contractual maturity and any opportunity to pay or redeem until maturity (if such instruments exist in the financing structure of the company);

d) analyze any developments (new issuance, redemption payment) or changes in the assessment of an item of equity on dividing the levels of own funds.

The eligible own funds to cover solvency capital requirement and the minimum capital at are presented below.

| 31 December 2021   | Total        | Level 1<br>unrestricted | Level 2 | Level 3    |
|--|--------------|-------------------------|---------|------------|
| Available and eligible own funds                           |              |                         |         |            |
| Total available own funds to meet the SCR                  | 479.994.512  | 429.713.693             | -       | 50.280.819 |
| Total available own funds to meet the MCR                  | 429.713.693  | 429.713.693             | -       | -          |
| Total eligible own funds to meet the SCR                   | 429.713.693  | 429.713.693             | -       | 50.280.819 |
| Total eligible own funds to meet the MCR                   | 429.713.693  | 429.713.693             | -       | -          |
| SCR  | 370.840.654  | -                       | -       | -          |
| MCR  | 160.516.285  | -                       | -       | -          |
| Ratio of Eligible own funds to SCR                         | 1,29         | -                       | -       | -          |
| Ratio of Eligible own funds to MCR                         | 2,68         | -                       | -       | -          |
| Reconciliation reserve                                     | -200.059.560 | -                       | -       | -          |
| Excess of assets over liabilities                          | 479.994.512  | -                       | -       | -          |
| Other basic own funds items                                | 680.054.072  | -                       | -       | -          |
| Total Expected profits included in future premiums (EPIFP) | 22.283.579   | -                       | -       | -          |



| 31 December 2020   | Total        | Level 1<br>unrestricted | Level 2 | Level 3    |
|--|--------------|-------------------------|---------|------------|
| Available and eligible own funds                           |              |                         |         |            |
| Total available own funds to meet the SCR                  | 511.782.560  | 493.733.144             | -       | 18.049.416 |
| Total available own funds to meet the MCR                  | 493.733.144  | 493.733.144             | -       | -          |
| Total eligible own funds to meet the SCR                   | 511.782.560  | 493.733.144             | -       | 18.049.416 |
| Total eligible own funds to meet the MCR                   | 493.733.144  | 493.733.144             | -       | -          |
| SCR  | 339.429.665  | -                       | -       | -          |
| MCR  | 136.712.315  | -                       | -       | -          |
| Ratio of Eligible own funds to SCR                         | 1,51         | -                       | -       | -          |
| Ratio of Eligible own funds to MCR                         | 3,61         | -                       | -       | -          |
| Reconciliation reserve                                     | -136.040.109 | -                       | -       | -          |
| Excess of assets over liabilities                          | 529.866.574  | -                       | -       | -          |
| Foreseeable dividends, distributions and charges           | 18.084.014   | -                       | -       | -          |
| Other basic own funds items                                | 647.822.669  | -                       | -       | -          |
| Total Expected profits included in future premiums (EPIFP) | 33.615.485   | -                       | -       | -          |

Own funds for Solvency II reporting represent accumulations of the Company, after deducting all debts from reporting in the economic balance sheet of Solvency II, in which can add the value of subordinated loans if the Company has contracted at the reporting date this type of loans and if the loan agreements follow the rules of recognition in the value of own funds under Solvency II regime.

Own funds of the Company include:

- *Share capital*
- *Premium share capital*
- *Reserves*
- *Retained earnings*
- *Result for the year*
- *Foreseeable dividends, distributions and charges*
- *Other own fund items approved by the supervisory authority as basic own funds not specified above*

### **Share capital & Premium share capital**

Subscribed and paid capital - it is highlighted separately on each shareholder, based on the constitution of the Company and the documents supporting the payments regarding capital. Capital is held by shareholders or associates, including the number and nominal value of the shares subscribed and paid.

#### **The main operations on the capital increase are as follows:**

- underwriting and issuing new shares;
- Incorporating reserves and other operations according to the law.

Operations on capital reduction are mainly the following:

- reducing the number of shares or interests;
- reducing their nominal value following the withdrawal of

shareholders or associates;

- repurchase of shares;
- accounting losses from previous years;
- Other operations, according to the law.

Own shares repurchased under the legal provisions are presented in the balance sheet as an adjustment to equity.

Capital premiums (issue, merger, contribution, conversion) are the surplus between the issue and nominal value of shares or social parts.

Capital premiums can only have positive balance.

At December 31, 2021, the share capital of the Company is represented by 144.672.110 shares (December 31, 2020: 132.516.476 shares) with a nominal value of RON 3,5 per share (December 31, 2020: RON 3,5 per share).

### **Reserves**

#### *a) Reserves from revaluation of tangible assets*

The company recognizes in this position the surplus from revaluation of tangible assets and the value represents v the positive difference between the fair value of tangible assets and the net acquisition cost of tangible assets.

Decrease of revaluation reserves may be made only within the limits of existing credit balance.

Reserves from revaluation of tangible assets are undistributed.

The fair values of tangible assets are updated with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the balance sheet date. If there is no market on fair value, the fair value is estimated based on net cash flows or depreciated replacement cost.

During 2021 the Company transferred part of the revaluation reserve RON 2.034.117 (in 2020: RON 2.017.277) in the revaluation surplus to the removal of some assets.

On December 31, 2020 the revaluation reserve was diminished by the value of RON 13.316.825, as a result of the revaluation of the lands and buildings from the patrimony (according to the Fiscal Code).

*b) Reserves from evaluation of financial investments held for sale*

Reserves from evaluation of financial investments held for sale represent the difference between the fair value of the Company's investments held for sale and their account.

Reserves may be positive or negative depending on the evolution of the prices quoted for these financial investments.

Reserve amount of own funds is corrected with deferred tax.

*c) Legal reserve*

The legal reserve is established under the limit of deductibility by allocating 5% of gross accounting profit, before the profit tax, net of non-taxable income and adds the cost of such taxable income until the reserve has reached the level of 20% of share capital. The legal reserve may not be distributed to shareholders and cannot be used to cover losses.

The legal reserve cannot be distributed to shareholders and cannot be used to cover losses. As of December 31, 2021, the legal reserve is in the amount of RON 22.137.333 (December 31, 2020: RON 21.070.875).

**Retained earnings**

Profit or loss is determined accumulated from the beginning of the financial year.

The final result of the financial year is set at it is closing and represents the final balance of profit and loss account.

Profit distribution shall be accounted for by destination, after approval of the annual financial statements. Profit distribution is carried out in accordance with the laws in force.

Profit remaining after this allocation is taken in reported result from which is to be assigned to other legal destinations.

Accounting loss carried forward is covered from profit for the year and the reported result, reserves and social capital, according to the decision of general meeting of shareholders or partners, under the law.

Own funds are presented in the table below:

| <b>Own funds<br/>31 December 2021</b> | <b>Total</b>        | <b>Level 1<br/>unrestricted</b> | <b>Level 2</b> | <b>Level 3</b>    |
|---------------------------------------|---------------------|---------------------------------|----------------|-------------------|
| Share capital                         | <b>506.352.385</b>  | <b>506.352.385</b>              | -              | -                 |
| Premium share capital                 | <b>123.420.868</b>  | <b>123.420.868</b>              | -              | -                 |
| Reconciliation reserves, of which:    | <b>-200.059.560</b> | <b>-200.059.560</b>             | -              | -                 |
| Tangible assets reserve               | 21.725.462          | 21.725.462                      | -              | -                 |
| Legal reserve                         | 22.137.333          | 22.137.333                      | -              | -                 |
| Financial investments reserve         | -42.639.932         | -42.639.932                     | -              | -                 |
| Retained earnings                     | -201.282.423        | -201.282.423                    | -              | -                 |
| Deferred tax (i)                      | <b>50.280.819</b>   | -                               | -              | 50.280.819        |
| <b>Total</b>                          | <b>479.994.512</b>  | <b>429.713.693</b>              | <b>-</b>       | <b>50.280.819</b> |

| <b>Own funds<br/>31 December 2020</b>                 | <b>Total</b>        | <b>Level 1<br/>unrestricted</b> | <b>Level 2</b> | <b>Level 3</b>    |
|---|---------------------|---------------------------------|----------------|-------------------|
| Share capital   | <b>506.352.385</b>  | <b>506.352.385</b>              | -              | -                 |
| Premium share capital                                 | <b>123.420.868</b>  | <b>123.420.868</b>              | -              | -                 |
| Reconciliation reserves, of which:                    | <b>-136.040.109</b> | <b>-136.040.109</b>             | -              | -                 |
| Tangible assets reserve                               | 21.742.302          | 21.742.302                      | -              | -                 |
| Legal reserve   | 21.070.875          | 21.070.875                      | -              | -                 |
| Financial investments reserve                         | 33.537.199          | 33.537.199                      | -              | -                 |
| Retained earnings                                     | -230.474.499        | -230.474.499                    | -              | -                 |
| Foreseeable dividends, distributions and charges (ii) | 18.084.014          | 18.084.014                      | -              | -                 |
| Deferred tax (i)                                      | <b>18.049.416</b>   | -                               | -              | 18.049.416        |
| <b>Total</b>  | <b>511.782.560</b>  | <b>493.733.144</b>              | <b>-</b>       | <b>18.049.416</b> |

**(i) Deferred tax**

The Company calculated and recognized deferred tax receivables related to temporary taxable or deductible differences, defined as differences arising between the value of an asset or liability in the statement of financial position of the Solvency II economic balance sheet and its tax base.

**(ii) Foreseeable dividends, distributions and charges**

Based on the proposal for the distribution of the profit for the 2020, namely the distribution in the form of dividends and the distribution of the profit remaining after the distribution of the dividend to the result carried forward, the value of dividends to be distributed is taken into account (in the amount of RON 18.084.014).

Own funds at December 31, 2021 and the differences from the equity in the statutory balance sheet are presented below:

| Own funds                          | Statutory balance sheet value | Reclassification (i) | Adjustment (ii)     | Solvency II value   |
|------------------------------------|-------------------------------|----------------------|---------------------|---------------------|
| Share capital                      | 506.352.385                   | -                    | -                   | 506.352.385         |
| Premiums share capital             | 145.741.317                   | -22.320.449          | -                   | 123.420.868         |
| Reconciliation reserves, of which: | <b>60.132.925</b>             | <b>22.320.449</b>    | <b>-282.512.934</b> | <b>-200.059.560</b> |
| Tangible assets reserve            | 21.725.462                    | -                    | -                   | 21.725.462          |
| Legal reserve                      | 22.137.333                    | -                    | -                   | 22.137.333          |
| Retained earnings                  | 8.386.454                     | 22.320.449           | -231.989.326        | -201.282.423        |
| Result of the year                 | 8.950.134                     | -                    | -8.950.134          | -                   |
| Distribution of profit             | -1.066.458                    | -                    | 1.066.458           | -                   |
| Financial investments reserve      | -                             | -                    | -42.639.932         | -42.639.932         |
| Deferred tax                       | -                             | -                    | 50.280.819          | 50.280.819          |
| <b>Total</b>                       | <b>712.226.627</b>            | <b>-</b>             | <b>-232.232.115</b> | <b>479.994.512</b>  |

(i) The Company reclassified for reporting in Own Funds on Solvency II the amount of 22.320.449 RON from Premiums share in capital position to Retained earnings.

(ii) Adjustments in equity on December 31, 2021 are shown and explained below:

| ELEMENT NAME   | EBS row | Note | Statutory     | Reclassification | Adjustment   | Solvency II   |
|--|---------|------|---------------|------------------|--------------|---------------|
| <b>A. INTANGIBLE ASSETS</b>  |         |      |               |                  |              |               |
| <b>I. Intangible assets</b>  |         |      |               |                  |              |               |
| 3. Concessions, licenses, trademarks, similar rights and values  | 3       | 1    | 1.718.699     | -                | -1.718.699   | -             |
| 4. Goodwill, if it was purchased   | 4       | 1    | 165.921.738   | -                | -165.921.738 | -             |
| 5. Advances and intangible assets in progress  | 5       | 1    | -             | -                | -            | -             |
| 6. Other intangibles   | 6       | 1    | 15.376.290    | -                | -15.376.290  | -             |
| <b>DEFERRED TAX</b>  |         |      | -             | -                | 50.280.819   | 50.280.819    |
| <b>B. INVESTMENT</b>   |         |      |               |                  |              |               |
| <b>I. Investments in tangible and undergoing</b>   |         |      |               |                  |              |               |
| Property, plant & equipment held for own use   | 8       | 2a   | 146.079.964   | - 19.613.354     | 11.634.250   | 138.100.860   |
| Lands and buildings held as investment   |         | 2b   | -             | 25.385.723       | -            | 25.385.723    |
| <b>II. Investments held in companies within the group and in the form of participating interests and other investments in financial assets</b> |         |      |               |                  |              |               |
| 1. Equity owned at subsidiaries within the group   | 11      |      | 7.327.200     | -                | -1.139.646   | 6.187.554     |
| 2. Loans to companies within the group   | 12      |      | 13.983.154    | -                | -            | 13.983.154    |
| 5. Other investments in financial assets   | 15      | 5b   | 41.049.452    | -41.049.452      | -            | -             |
| <b>III. Other financial investments</b>  |         |      |               |                  |              |               |
| 2. Bonds and other fixed income securities   | 18      | 3    | 1.176.519.142 | -                | -50.630.387  | 1.125.888.755 |
| 6. Deposits at credit institutions   | 22      |      | 121.699.092   | -                | -            | 121.699.092   |
| <b>D. SHARE OF TECHNICAL RESERVES RELATED TO CONTRACTS CEDED TO REINSURANCE</b>  |         |      |               |                  |              |               |
| <b>II. Part of the premium reserve ceded to reinsurance</b>  |         |      |               |                  |              |               |
| 1. Part of the premium reserve ceded to reinsurance  | 28      | 4a   | 86.783.290    | -                | -60.191.002  | 26.592.288    |
| 3. Part of the loss reserve ceded to reinsurance   | 30      | 4a   | 343.144.396   | -                | - 15.145.559 | 327.998.837   |
| a) Part of the reserve for unexpired risks ceded in reinsurance  | 31      | 4b   | -             | -                | -            | -             |
| b) Part of catastrophe reserve ceded in reinsurance  | 32      | 4b   | 33.622.442    | -                | -33.622.442  | -             |
| <b>E. RECEIVABLES</b>  |         |      |               |                  |              |               |
| Receivables from companies within the group  | 43      | 5c   | 470.000       | -470.000         | -            | -             |
| <b>I. Receivables from direct insurance</b>  | 46-48   | 5b   | 442.673.503   | -442.673.503     | -            | -             |



|  |    |            |                      |                     |                     |                      |
|--|----|------------|----------------------|---------------------|---------------------|----------------------|
| operations   |    |            |                      |                     |                     |                      |
| <b>II. Receivables from reinsurance operations</b> | 50 | 5a         | 16.402.336           | -451.861            | 2.057.834           | 18.008.308           |
| <b>III. Other receivables</b>                      | 51 | 5a, 5c, 8a | 109.387.955          | -109.387.955        | -                   | -                    |
| <b>Insurance &amp; intermediaries receivables</b>  |    | 5b         | -                    | 445.707.350         | -363.321.039        | 82.386.311           |
| <b>Receivables (trade, not insurance)</b>          |    | 5c         | -                    | 118.756.712         | -90.992             | 118.665.720          |
| <b>F. OTHER ASSETS</b>                             |    |            |                      |                     |                     |                      |
| 1. Technical plants and machines                   | 53 | 2a         | 4.663.466            | -4.663.466          | -                   | -                    |
| 2. Other systems, equipment and furniture          | 54 | 2a         | 468.788              | -468.788            | -                   | -                    |
| 4. Consumables                                     | 57 | 2a         | 960.876              | -960.876            | -                   | -                    |
| <b>II. Cash and cash equivalents</b>               | 60 |            | 26.013.047           | 213.359             | -                   | 26.226.406           |
| <b>ANY OTHER ASSETS, NOT ELSEWHERE SHOWN</b>       |    |            |                      |                     |                     |                      |
| Inventory items                                    |    | 6          |                      | -                   | -                   | -                    |
| 1. Deferred acquisition costs                      | 64 | 6          | 190.989.822          | -190.989.822        | -                   | -                    |
| III. Other expenses recorded in advance            | 66 | 6          | 8.090.625            | 320.762             | -                   | 8.411.387            |
| <b>TOTAL ASSETS</b>                                |    |            | <b>2.953.345.277</b> | <b>-220.345.173</b> | <b>-643.184.892</b> | <b>2.089.815.213</b> |

### Note 1 Intangible assests

The Company does not recognize in reporting for Solvency II economic balance sheet, in position of intangible assets the recorded goodwill registered when the fusion of BCR Asigurari Vienna Insurance Group with OMNIASIG Vienna Insurance Group occurred, net worth of RON 165.921.738, brevets and licenses in amount of 1.718.699 RON and other intangibles net value of RON 15.376.290.

### Note 2 Investments in lands, buildings and other tangible assets

#### 2a Property, plant & equipment held for own use

The Company transfers in this position for Solvency II economic balance sheet the value Tangible fixed assets from the statutory balance sheet (rd. 53 "Technical plants and machines" net value of RON 4.663.466, rd. 54 "Other equipment and furniture" net worth of RON 468.788 and rd.

57 "Consumables" net value of RON 960.876, less inventory) and reclassify land and building held as investment of RON 25.385.723.

Also at this position in the economic balance sheet according to the requirements of Solvency II are presented the right of use assets, according to IFRS 16 (adjustment of RON 11.634.250, because they are not recognized in the statutory balance sheet).

#### 2b Lands and buildings held as investment

The Company defines a new position in the Solvency II: "Lands and buildings held as investment" where it transfers from position „Lands and buildings" from statutory balance sheet, the land and building as investment in amount RON 25.385.723.

### **Note 3 Financial investments**

The Company evaluates financial investments in the Solvency II economic balance sheet at market value.

In the statutory balance sheet according to the norms in force the government bonds recognised as financial assets for which the amount paid at acquisition related to the principal is different from the amount to be cashed in at maturity, the difference between the two values is booked in „Other expenses / income in advance“.

After initial recognition, financial instruments, less government securities, are less costly adjustments for impairment. Government securities are presented at nominal value less adjustments for impairment losses.

Thus, the Company adjusts the value of financial investments from the statutory balance sheet with the amount of RON 50.630.387, which represents the difference between the two valuation methods.

### **Note 4 Share of technical reserves related to contracts ceded to reinsurance**

#### **4a Premiums and claims reserves related to contracts ceded to reinsurance**

Society estimates and shows in Solvency II economic balance sheet the value of premiums and claims reserves related to contracts ceded to reinsurance under Solvency II methodology.

The difference of value from the statutory balance sheet (RON 60.191.002 for ceded premium reserves, respectively RON 15.145.559

for ceded loss reserve) is the result of using different estimation methods, in accordance with the specific reporting, statutory respectively Solvency II.

#### **4b Catastrophe & URR reserves related to contracts ceded in reinsurance**

The Company does not recognize in the Solvency II economic balance sheet the catastrophe and URR reserves related to contracts ceded in reinsurance.

### **Note 5 Receivables**

The Company reclassifies amounts from statutory balance sheet, point E "Receivables", row 15 "Other investment in financial assets" in two new rows defined in Solvency II economic balance sheet.

- Insurance & intermediaries receivables;
- Receivables (trade, not insurance).

#### **5a Reinsurance receivables**

The company reclassifies the receivables from reinsurers - reinsurance acceptances from rd. 50 of the statutory balance sheet at the balance sheet Solvency II position 'Receivables from intermediaries and other insurance companies.

#### **5b Insurance & intermediaries receivables**

In this position the Company reports the following items transferred from the above statutory balance sheet positions and adjusted according to estimates provided in the Solvency II for subscribed and unearned insurance premiums.

|  | Statutory<br>transferred value | Adjustment<br>value | Solvency II value |
|--|--------------------------------|---------------------|-------------------|
| Receivables from insurance activity, out of which:               | 445.255.489                    | -363.321.039        | 81.934.450        |
| - receivables from insurance operations<br>(rd. 46-48)           | 434.608.578                    | -363.321.039        | 71.287.539        |
| - receivables from intermediaries                                | 10.646.911                     | -                   | 10.646.911        |
| Receivables from reinsurers - reinsurance acceptances<br>(rd.50) | 451.861                        | -                   | 451.861           |
| <b>Total</b>   | <b>445.707.350</b>             | <b>-363.321.039</b> | <b>82.386.311</b> |

### 5c Receivables (trade, not insurance)

In this position the Company reports the following items transferred from the above statutory balance sheet positions:

|  | Statutory<br>transferred value | Valoare<br>ajustare | Solvency II<br>value |
|--|--------------------------------|---------------------|----------------------|
| Receivables from VAT for paid claims (row 51)    | 6.676.332                      | -                   | 6.676.332            |
| Receivables from regresses (row 51)              | 69.056.449                     | -90.992             | 68.965.457           |
| Guarantees and garnishments (rd. 15)             | 41.049.452                     | -                   | 41.049.452           |
| Other receivables with the state budget (row 51) | 1.453.378                      | -                   | 1.453.378            |
| Sundry debtors (row 51)                          | 521.102                        | -                   | 521.102              |
| <b>Total</b>                                     | <b>118.756.712</b>             | <b>-90.992</b>      | <b>118.665.720</b>   |

### Note 6 Any other assets, not elsewhere shown

In the Solvency II balance sheet, the Company reclassifies the deferred acquisition costs regarding the general insurances to the position Gross technical reserves. Also at this position is reclassified the value of the inventory objects from rd. 57 "Consumables" from the statutory balance sheet.

| ELEMENT NAME   | EBS row | Note | Statutory            | Reclasification     | Adjustment          | Solvency II          |
|--|---------|------|----------------------|---------------------|---------------------|----------------------|
| <b>A. CAPITAL AND RESERVES</b>                       |         |      |                      |                     |                     |                      |
| <b>TOTAL EQUITY</b>                                  | 99      | 7    | 712.226.627          | -                   | -232.232.115        | 479.994.512          |
| <b>C. TECHNICAL RESERVES</b>                         |         |      |                      |                     |                     |                      |
| 1. Premium reserve                                   | 102     | 6,8a | 828.523.907          | -190.989.822        | -276.077.537        | 361.456.548          |
| 2. Reserve for bonuses and rebates                   | 103     |      | 2.484.748            | -2.484.748          | -                   |                      |
| 3. Claims reserve                                    | 104     | 8a   | 855.275.722          | -29.273.379         | -36.947.703         | 789.054.639          |
| <b>Risk margin</b>                                   |         | 9    | -                    | -                   | 31.288.101          | 31.288.101           |
| a) Unexpired risk reserve                            | 108     | 8b   | 2.837.886            | -                   | -2.837.886          | -                    |
| b) Catastrophe reserve                               | 109     | 8b   | 39.357.917           | -                   | -39.357.917         | -                    |
| <b>E. PROVISIONS</b>                                 |         |      |                      |                     |                     |                      |
| Other provisions                                     | 123     | 11   | 35.313.520           | -13.871.233         | -                   | 21.442.287           |
| <b>F. DEPOSITS RECEIVED FROM REINSURERS</b>          | 125     | 10a  | 179.317.112          | -1.009.515          | -                   | 178.307.597          |
| <b>G. LIABILITIES</b>                                |         |      |                      |                     |                     |                      |
| Amounts due to affiliated companies                  | 126     | 7,11 | 5.037.349            | -5.037.349          | -                   | -                    |
| I Liabilities from direct insurance operations       | 128     | 11   | 28.876               | -28.876             | -                   | -                    |
| <b>II Liabilities from reinsurance operations</b>    | 129     | 10b  | 87.717.624           | 1.009.515           | -8.670.670          | 80.056.469           |
| Other liabilities, including tax and social security | 132     | 11   | 172.578.103          | -172.578.103        | -                   | -                    |
| <b>FINANCIAL LIABILITIES</b>                         |         | 12   | -                    | 48.450.017          | 11.927.632          | 60.377.648           |
| <b>INSURANCE &amp; NTERMEDIARIES PAYABLES</b>        |         | 11a  | -                    | 122.333.813         | -57.934.598         | 64.399.216           |
| <b>PAYABLE (TRADE, NOT INSURANCE)</b>                |         | 11b  | -                    | 23.134.507          | -                   | 23.134.507           |
| <b>ANY OTHER LIABILITIES, NOT ELSEWHERE SHOWN</b>    |         |      |                      |                     |                     |                      |
| Income registered in advance                         | 135     | 13   | 32.645.886           | -                   | -32.342.199         | 303.687              |
| <b>TOTAL LIABILITIES</b>                             |         |      | <b>2.953.345.277</b> | <b>-220.345.173</b> | <b>-643.184.892</b> | <b>2.089.815.212</b> |

### **Note 7 Equity**

The Company reduced in Solvency II economic balance sheet equity value with the amount equal to total adjustments of estimated assets and liabilities according to Solvency II.

### **Note 8 Gross technical reserves**

#### **8a Premiums and claims reserves related to insurance contracts**

The company estimates and shows in the Solvency II economic balance sheet the value of premiums and claims reserves related to insurance contracts under Solvency II methodology.

The value of the differences from the statutory balance sheet (RON - 276.077.537 for premium reserve, RON -36.947.703 for claim reserve) is the result of using different estimation methods, statutory respectively Solvency II.

At this position in the Solvency II economic balance sheet were reclassified the deferred acquisition expenses (RON 190.989.822) and the receivables from regresses and for VAT for claims files from reserves (RON 29.273.379) from position "Other receivables" from statutory balance sheet. The reserve for participation in benefits and rebates (RON 2.484.748) has been reclassified to the position 'Debts to intermediaries and insurance companies.

#### **8b Catastrophe and URR reserves related to insurance contracts**

The Company does not recognize in the Solvency II economic balance sheet the catastrophe and URR reserves related to insurance contracts.

### **Note 9 Risk margin**

The Company estimated for Solvency II economic balance sheet a risk margin amounting to RON 31.288.101 at December 31, 2021, according to the methodology of the Solvency II reporting regime.

### **Note 10 Deposits and liabilities to reinsurers**

#### **10a Deposits received from reinsurers**

From this position of the Solvency II economic balance sheet was reclassified the interest related to the deposit received from the reinsurer to the position "Reinsurance payables"

#### **10b Reinsurance payables**

At position "Reinsurance payables" in the Solvency II economic balance sheet has been allocated the interest payable from reinsurers deposit (RON 1.009.515 at December 31, 2021) and was adjusted with the value of due ceded premiums for subscribed but unearned premiums (RON -8.670.670 at 31 December 2021).

### **Note 11 Other liabilities, including tax debts and social security debts**

The Company reclassified and adjusted the amounts from the statutory balance sheet reported at row 132 "Other liabilities, including tax debts and social security debts" in two new positions in the Solvency II economic balance sheet, as follows:

- Insurance & intermediaries payables
- Payable (trade, not insurance)

### 11a Insurance & intermediaries payables

In this position the Company reported in Solvency II economic balance sheet the following:

|   | 31 December 2021  |
|---|-------------------|
| Liabilities to insurance intermediaries                         | 108.229.758       |
| Liabilities to insurance intermediaries – sell bonus (i)        | 11.472.733        |
| Liabilities to insurance intermediaries – undue commission (ii) | -65.461.546       |
| Liabilities to insurance companies                              | 2.631.323         |
| Commission for not due part for the overdue receivables (ii)    | 7.526.949         |
| <b>Total</b>  | <b>64.399.216</b> |

(i) In this position the Company records also the amounts due and unsettled to insurance intermediaries as a result of achieving performances in sales for current year out in annexes to the framework contract. Estimation is done considering the results obtained by agents during the year. This amount was reclassified from row 123 "Other provisions" from the statutory balance sheet.

(ii) For Solvency II economic balance sheet the debt recognized differentiated in statutory balance sheet as debt not due to the coming into force of the insurance contract (policy underwriting) is not taken into account, being presented in this position only the debt outstanding at the time of collecting the premium / premium rates, according to concluded insurance contracts (policies).

### 11b Payable (trade, not insurance)

In this position the Company reclassified amounts from other positions in the statutory balance sheet and reported in the Solvency II economic balance sheet the following.

|   | 31 December 2021  |
|---|-------------------|
| Tax to the state budget (i)               | 3.501.131         |
| Liabilities to employees (i)              | 5.039.889         |
| Debt for untaken leave (ii)               | 2.398.500         |
| Liabilities from third party services (i) | 12.194.988        |
| <b>Total</b>                              | <b>23.134.507</b> |

(i) This amount was reclassified from statutory balance sheet row 132 „Other liabilities, including tax debts and social security debts“.

(ii) This amount was reclassified from statutory balance sheet row 123 „Other provisions“.



**Note 12 Financial liabilities other than debts owed to credit institutions**

In this position the Company has reclassified the amount of tax on profit for year 2021, due to the State Budget, from the position "Other liabilities, including tax debts and social security debts" from the statutory balance sheet.

Also at this position in the economic balance sheet according to the requirements of Solvency II are presented the Lease liabilities, according to IFRS 16 (adjustment of RON 11.927.632, because in

statutory balance sheet are not recognized).

**Note 13 Any other liabilities, not elsewhere shown**

The value of the differences from the statutory balance sheet is represented by the adjustment in the amount of RON -32.342.199 being the result of using different estimation methods, each complying with the specific reporting, statutory and Solvency II respectively.

## E.2. SOLVENCY CAPITAL REQUIREMENT AND MINIMUM CAPITAL REQUIREMENT

### **Solvency Capital Requirement – SCR**

The solvency capital requirement – SCR – is the amount of funds that the company is required to hold in line with the Solvency II Directive. The amount of SCR reflects the capital required for all quantifiable risks. OMNIASIG VIG uses standard formula for the calculation of SCRs for submodules market risk, life underwriting – longevity and revision risks, health underwriting risk and operational risk. For non-life insurance risk, the company uses the group internal model (partial internal model –

PIM) ariSE, which is internally parameterized according to company's particularities. In what concerns counterparty default risk, the model used is EIOPA's standard formula, with risk mitigating effect of reinsurance (and consequently, the loss given default) based on non-life insurance risk's SCRs gross and net resulted from PIM.

The company did not make use of the duration-based equity risk submodule in the reporting.

The capital requirements obtained for each risk module, at reference dates 31.12.2021 and 31.12.2020 are presented in the following table:

| <b>Risk module – all values in RON</b>                    | <b>31.12.2021</b>  | <b>31.12.2020</b>  |
|---|--------------------|--------------------|
| Market risk   | 102,736,899        | 75,120,676         |
| Counterparty default risk                                 | 70,898,740         | 60,641,440         |
| Life underwriting risk                                    | 903,483            | 845,968            |
| Health underwriting risk                                  | 9,119,990          | 8,578,223          |
| Non-life underwriting risk                                | 238,849,793        | 233,619,843        |
| Intangible asset risk                                     | -                  | -                  |
| <i>Diversification basic solvency capital requirement</i> | <i>-96,265,222</i> | <i>-79,079,637</i> |
| <b>Basic solvency capital requirement</b>                 | <b>326,242,883</b> | <b>299,726,512</b> |
| Operational risk  | 44,597,771         | 39,703,153         |
| <b>Solvency capital requirement</b>                       | <b>370,840,654</b> | <b>339,429,665</b> |

The correlation matrix used for aggregation among submodules was the one provided by EIOPA.

The components of market risk module are the following:

| <b>Market risk module – all values in RON</b> | <b>31.12.2021</b>  | <b>31.12.2020</b>  |
|---|--------------------|--------------------|
| <b>Market risk</b>                            | <b>102,736,899</b> | <b>75,120,676</b>  |
| Interest rate risk                            | 71,500,945         | 44,081,357         |
| Equity risk                                   | 9,431,198          | 4,242,747          |
| Property risk                                 | 37,341,426         | 38,545,755         |
| Spread risk                                   | 23,072,862         | 20,091,154         |
| Market concentration risk                     | 14,810,968         | 12,410,018         |
| Foreign currency risk                         | 17,007,135         | 7,986,550          |
| <i>Diversification of market risk module</i>  | <i>-70,427,636</i> | <i>-52,236,905</i> |

The correlation matrix used for aggregation was the one provided by EIOPA based on interest rate up shock.

The interest rate risk increased is explained by significant increase of IR curve on RON; this had also a significant impact on the value of bonds, triggering the decrease of own funds. The net reserve increased as well.

Currency risk is driven by the gap between liabilities and assets in EUR, its increase being explained by the higher gap as compared to end of 2020. Property risk is based on the volume of land and buildings (mainly, for own use).

Counterparty default risk SCR split on sub modules is the presented below:

| <b>Counterparty default risk module – all values in RON</b> | <b>31.12.2021</b> | <b>31.12.2020</b> |
|---|-------------------|-------------------|
| <b>Counterparty default risk</b>                            | <b>70,898,740</b> | <b>60,641,440</b> |
| Type 1 exposures  | 58,968,304        | 51,030,742        |
| Type 2 exposures  | 14,810,968        | 12,106,249        |
| <i>Diversification of counterparty default risk module</i>  | <i>-2,880,532</i> | <i>-2,495,551</i> |

The aggregation between the two sub modules was performed according to EIOPA methodology. Moreover, it should be mentioned here that for counterparty default type 1, the company uses simplified calculations (risk mitigating effect of reinsurance estimated according to article 107 of Delegated Act).

The type 1 exposure value is mainly attributable to reinsurance part, especially from risk mitigating effect (high gross NL SCR).

In what concerns life underwriting risk, only sub modules longevity risk and revision risks are applicable (from (mainly) MTPL annuities), therefore the values presented in the first table corresponds to life

longevity and revision risks – standard formula. The diversification within life module is small (-239,267 RON).

Health underwriting risk SCRs are displayed in what it follows:

| Health underwriting risk module – all values in RON  | 31.12.2021       | 31.12.2020        |
|--|------------------|-------------------|
| <b>Health underwriting risk</b>                      | <b>9,119,190</b> | <b>8,578,223</b>  |
| NSLT health underwriting risk                        | 8,853,665        | 7,209,272         |
| NSLT health premium and reserve risk                 | 8,837,444        | 7,206,855         |
| NSLT health lapse risk                               | 535,693          | 186,690           |
| <i>Diversification NSLT health underwriting risk</i> | <i>-519,472</i>  | <i>-184,272</i>   |
| Health catastrophe risk                              | 896,481          | 3,183,728         |
| <i>Diversification health underwriting risk</i>      | <i>-630,956</i>  | <i>-1,814,777</i> |

Health portfolio of OMNIASIG VIG includes only non-similar to life policies, therefore SCR Health similar to life is null. The correlations (structure and coefficients) used for aggregation of sub modules are according to standard formula methodology provided by EIOPA.

Health NSTL risk is driven by earned premium, expected earned premium and claims provision. The portfolio includes only medical

expenses policies. The SCR for health catastrophe risk – as well as for the end of 2020 – includes exposure out of Covid-19 cover.

For estimating non-life insurance risk capital requirement, OMNIASIG uses the approved group's model. According to the model, the risk is split in 3 sub risks: premium risk, reserve risk and catastrophe risk. For the latest, the applied external models are integrated in the internal model.

The SCRs per risks are shown in the following table:

| <b>Non-life insurance risk module – all values in RON</b> | <b>31.12.2021</b>  | <b>31.12.2020</b>  |
|---|--------------------|--------------------|
| <b>Non-life insurance risk</b>                            | <b>238,849,793</b> | <b>233,619,843</b> |
| Premium risk  | 148,408,651        | 112,018,243        |
| Premium risk - CAT  | 18,086,860         | 20,500,337         |
| Reserve risk  | 107,918,357        | 147,073,781        |

The correlation matrices/coefficients used are derived according to model's logic and company's portfolios particularities.

Non-life insurance risk is the main contributor risk to overall SCR. The premium risk and reserve risk are driven by premiums and expected premium, claims and expected development of claims, as well as other risk factors as described in the presentation of the group's model in section E.3. Catastrophe risk is driven by exposure to natural (earthquake, flood and – starting from end of 2020 -hail) and man-made catastrophe risks. The largest exposures to man-made catastrophe arise from fire and MAT risks. The lines of business in

OMNIASIG portfolio are: Motor third party liability - MTPL (NL1), Casco (NL2), Marine, Aviation and Transport – MAT (NL3), Fire and other damages to Property (NL4), General third party liability - GTPL (NL5), Credit and Surety ship (NL6), Assistance (NL8), Miscellaneous (NL9). The non-life insurance risk is reduced due to an adequate reinsurance program.

For operational risk, standard formula is applied (based on gross earned premium and technical reserves for all lines of business). The driver in our case is the gross earned premium.

### Minimum Capital Requirement – MCR

Minimum capital requirement of OMNIASIG is calculated using standard formula methodology, based on total SCR derived using the methods mentioned previously. At the end of 2021 and 2020, written premiums and technical reserves per line of business were:

#### 31.12.2021

| LOB_ID – values in RON      | NL_NET_TECHNICAL_PROVISION | NL_NET_WRITTEN_PREMIUM |
|-----------------------------|----------------------------|------------------------|
| MOTOR_TP_LIABILITY          | 324,697,770                | 157,310,778.81         |
| MOTOR_OTHERS                | 305,845,953                | 757,647,778.29         |
| MAR_AVI_TRA                 | 19,106,474                 | 19,681,134.85          |
| FIRE_PROP_DAMAGE            | 65,815,744                 | 169,374,537.76         |
| TP_LIABILITY                | 41,208,394                 | 32,598,187.62          |
| CRE_SURETY                  | 2,477,297                  | 1,189,710.07           |
| ASSISTANCE                  | 1,640,729                  | 12,241,262.20          |
| MISCCELANEOUS               | 3,735,135                  | 4,547,197.23           |
| HEALTH_NSLT_MEDICAL_EXPENSE | 12,063,477                 | 44,655,736.22          |

#### 31.12.2020

| LOB_ID – values in RON      | NL_NET_TECHNICAL_PROVISION | NL_NET_WRITTEN_PREMIUM |
|-----------------------------|----------------------------|------------------------|
| MOTOR_TP_LIABILITY          | 265,960,528                | 125,410,570            |
| MOTOR_OTHERS                | 221,290,364                | 635,429,279            |
| MAR_AVI_TRA                 | 19,111,089                 | 18,161,354             |
| FIRE_PROP_DAMAGE            | 92,069,616                 | 160,931,707            |
| TP_LIABILITY                | 34,898,419                 | 29,102,073             |
| CRE_SURETY                  | 5,597,430                  | 690,871                |
| ASSISTANCE                  | 3,290,951                  | 12,783,931             |
| MISCCELANEOUS               | 1,803,886                  | 3,163,290              |
| HEALTH_NSLT_MEDICAL_EXPENSE | 6,960,213                  | 24,777,114             |



Additionally, starting with 31.12.2019 and following the reserve reporting, the part of reserve coming from annuities (19,329,092 RON – at 31.12.2021) is reflected separately.

Based on input data at 31.12.2021 and MCR parameters for premiums and reserve provided by EIOPA, the final MCR was 160,516,285 RON (out of which MCRNL 160,110,375 RON and MCRL 405,911 RON). The detailed results are presented in the next table:

| Details – values in RON            | 31.12.2021         | 31.12.2020         |
|------------------------------------|--------------------|--------------------|
| Linear MCR                         | 160,516,285        | 136,712,315        |
| SCR                                | 370,840,654        | 339,429,665        |
| MCR cap                            | 166,878,294        | 152,743,349        |
| MCR floor                          | 92,710,164         | 84,857,416         |
| Combined MCR                       | 160,516,285        | 136,712,315        |
| Absolute floor of the MCR          | 18,310,930         | 18,034,910         |
| <b>Minimum Capital Requirement</b> | <b>160,516,285</b> | <b>136,712,315</b> |

### Analysis of changes

Changes in SCR and MCR:

| Risk module – SCR in RON      | 31.12.2020         | 31.12.2020         | Comments  |
|-------------------------------|--------------------|--------------------|---|
| <b>BSCR</b>                   | <b>326,242,883</b> | <b>299,726,512</b> | Increase of SCR for market risk, counterparty default risk, NL underwriting risk and operational risk.  |
| Market risk                   | 102,736,899        | 75,120,676         | Increase SCR for IR risk, FX risk and equity risk. Also spread and concentration risks increased but to a lesser extent.  |
| Counterparty default risk     | 70,898,740         | 60,641,440         | Increase of SCR CPD type I (higher LGD, higher risk mitigating effect). Type II risk – also higher than last year.  |
| Longevity & revision risks    | 903,483            | 845,968            | In line with annuities (mainly MTPL) obligations.   |
| Health NSLT underwriting risk | 9,119,190          | 8,578,223          | Premium and reserve risk – higher than last year because of expected premiums to be earned (according to the planning developed in September 2021); lapse risk also at a higher level; catastrophe risk – lower than last year (less expected exposure to Covid-19 cover).                        |
| NL underwriting risk (PIM)    | 238,849,793        | 233,619,843        | Effect of portfolio increase and strategy/plan for next year (according to the planning developed in September 2021). The main driver for SCR NL increase is premium risk – increased, explained by expected development of portfolio. Catastrophe risk is around 2 mio RON lower than last year. |
| Intangible assets risk        | 0                  | 0                  | Intangible assets in EBS at 31.12.2020/2021 is 0.   |

|                  |                    |                    |   |
|------------------|--------------------|--------------------|---|
| Operational risk | 44,597,771         | 39,703,153         | Increase in gross earned premium.                       |
| <b>SCR</b>       | <b>370,840,654</b> | <b>339,429,665</b> | Increase of BSCR.                                       |
| <b>MCR</b>       | <b>160,516,285</b> | <b>136,712,315</b> | Increase of both net written premiums and net reserves. |

| EOF, SCR – in RON | 31.12.2021  | 31.12.2020  | Comments                                    |
|-------------------|-------------|-------------|---|
| <b>EOF</b>        | 479,994,512 | 511,782,560 | Decrease of tier 1 unrestricted net assets. |
| <b>SCR</b>        | 370,840,654 | 339,429,665 | Explained above                             |
| <b>SCR ratio</b>  | 129.43%     | 150.78%     | Decrease of EOF, increase of SCR.           |

Changes in market risk components:

| Risk module – SCR in RON | 31.12.2021  | 31.12.2020 | Comments   |
|--------------------------|-------------|------------|--|
| Market risk              | 102,736,899 | 75,120,676 | Increase of SCR for FX, equity, IR, spread and concentration risks; decrease of property risk.   |
| Interest rate risk       | 71,500,945  | 44,081,357 | Significantly higher IR curve for RON (higher rates for all maturities).   |
| Equity risk              | 9,431,198   | 4,242,747  | The risk drivers are participations, and tangible assets (incl. RoU assets). The increase is related to higher exposure on RoU assets. |
| Property risk            | 37,341,426  | 38,545,755 | Reevaluation of buildings.   |
| Spread risk              | 23,072,862  | 20,091,154 | Higher volume of assets under spread risk.   |
| Concentration risk       | 14,810,968  | 12,410,018 | Higher exposure on certain counterparties.   |
| FX risk                  | 17,007,135  | 7,986,550  | Increased gap between liabilities and assets in foreign currencies (especially EUR).   |

### E.3. INTERNAL MODEL FOR SCR NON-LIFE INSURANCE RISK

#### Description of the model

OMNIASIG VIG uses the group partial internal model – stochastic approach – for evaluating SCR for non-life insurance portfolio. The model is calibrated/parameterized according to company's specificity, leading to a better understanding and evaluation of this risk. The analysis of the models themselves and the results from partial internal model and Solvency II standard formula led to the conclusion that SCR (0.5% quantile of technical result distribution; time horizon: 1 year) obtained from the partial internal model is more appropriate.

ariSE is a stochastic model, using Monte Carlo simulations, while standard formula (SF) follows a deterministic approach. Different accounting data is used in ariSE, such as: premiums, costs, commissions, payments and reserves, but also ariSE allows using quantitative information regarding new business and lapses (from the rates of new business and lapses, to new business premiums). This correctly reflects company's strategies for next year, as well as external factors/estimations regarding market conditions. Claims are parameterized using statistical models. Also, qualitative factors are transformed in quantitative information and incorporated in the quantitative model. The model permits not only the correct segmentation of portfolio into homogeneous groups of risks, but also the split between normal and large losses corresponding to lines of business, which is very important in analyzing the tail behavior. In this way a more appropriate parameterization could be performed. Furthermore, in ariSE the reinsurance program could be more efficiently taken into account (with all the particularities) and applied. Aggregation is done using company's specific correlation matrices. All the components of the model are then estimated/projected for a period of one year—using development indices, together with P&L components and SCRs.

Since some of the assumptions of standard formula are not fully fulfilled for this risk, the company uses the group internal model for modeling this risk. The risk factors used in the premium and reserve risk module of standard formula correspond to the average size and performance of an European insurance undertaking. As the risk profiles of VIG's undertakings differ from that significantly (they are already significantly different amongst VIG companies) there is a considerable misestimating by using standard formula. Moreover, we consider that in the partial internal model of VIG, the lapse risk is reflected more appropriately than in standard formula. In our internal non-life insurance risk model, lapses and new business are both represented by distributions that describe their uncertainty. In reality these two random variables can be dependent on each other. To model this dependency and to properly reflect lapse risk, a correlation model is used.

Regarding the catastrophe risk, the modeling with external natural catastrophe models gives significant better results than standard formula. The calibration of the natural catastrophe module in standard formula is based on average portfolio conditions of an undertaking for the given natural peril. It is assumed that the exposed insurance portfolio is not specialized in residential/commercial/industrial/agricultural which is in contradiction to the situation in VIG's undertakings, including OMNIASIG. Moreover, risk mitigation effects caused by the application of reinsurance treaties are an essential part of the non-life business. In particular, more complex reinsurance structures as VIG's natural catastrophe reinsurance program is better reflected in partial internal model. Therefore, we consider that results of partial internal model (which involve the use of modeling agents' models for natural catastrophe risks) are more appropriate than standard formula's ones.

For all the reasons mentioned previously, we consider that the partial internal model is more appropriate in estimating SCR than standard formula.

### **Model changes in 2021**

In 2021, the following changes were applicable;

- Update of reinsurance (combined surplus with individual retention/layer enabled, placement share for all treaties enabled, minimum and deposit premium for XL included)
- Update of validation (Stress test and scenario analysis tool in ariSE, Sensitivity test based on final SCR), exclusion of criteria of method 3 from stability test).
- Update of NatCAT model (Flood in CZ and RO).

### **Validation tests and validation results**

During the yearly validation of partial internal model – performed after finalization of SCR NL estimation – the following validation tests are assessed: plausibility test; stability test; sensitivity test; back test; diversification effects; capital allocation; scenario analysis and stress test; reverse stress test; model assumption; documentation; assessment of data quality; segmentation; control of the validation; BE consistency; parameterization tools.

The overall validation showed that results are appropriate. The parameterization is done with a sufficient level of prudence, such that the SCR is neither underestimated, nor unreasonably overestimated. The data quality governance and organizational set up is completed and it is satisfactory for Solvency II purposes. Result of DQM consolidated checklist shows no failed checks or checks with warnings.

## E.4. APPROACH FOR THE FUTURE

OMNIASIG VIG intends to follow the same approach in the future with respect to calculation of solvency capital requirement and minimum capital requirement: internal model for nonlife insurance risk, standard

formula for the other risk modules. For counterparty default risk, the risk mitigating effect will be based on NL SCR gross and net derived using the non-life insurance risk internal model.

## E.5. NONCOMPLIANCE WITH SCR AND/OR MCR

During the reporting period, there were no situations of non-compliance with SCR and/or MCR. The company has sufficient eligible own funds for both capital requirements.

Note:

The SFCR (including the QRTs attached to it) has been prepared in accordance with Law 237/2015 on the authorization and supervision of insurance and reinsurance activities, as amended and supplemented, and

with Norm 21/2016 on reporting on insurance and/or reinsurance activities, as amended and supplemented.

The Solvency and Financial Condition Report must be published and the relevant users include, but are not limited to, Financial Supervisory Authority. Consequently, the Solvency and Financial Condition Report may not be appropriate for other purposes.





F

# QUANTITATIVE REPORTING TEMPLATES

**Annex I**  
**S.02.01.02**  
**Balance sheet**

|  |              | Solvency II value |
|--|--------------|-------------------|
| Assets   |              | C0010             |
| Intangible assets  | R0030        | 0                 |
| Deferred tax assets  | R0040        | 50 281            |
| Pension benefit surplus  | R0050        |                   |
| Property, plant & equipment held for own use   | R0060        | 138 101           |
| Investments (other than assets held for index-linked and unit-linked contracts)        | R0070        | 1 279 161         |
| Property (other than for own use)  | R0080        | 25 386            |
| Holdings in related undertakings, including participations                             | R0090        | 6 188             |
| Equities   | R0100        |                   |
| Equities - listed  | R0110        |                   |
| Equities - unlisted  | R0120        |                   |
| Bonds  | R0130        | 1 125 889         |
| Government Bonds   | R0140        | 1 017 829         |
| Corporate Bonds  | R0150        | 108 060           |
| Structured notes   | R0160        |                   |
| Collateralised securities  | R0170        |                   |
| Collective Investments Undertakings  | R0180        | 0                 |
| Derivatives  | R0190        |                   |
| Deposits other than cash equivalents   | R0200        | 121 699           |
| Other investments  | R0210        |                   |
| Assets held for index-linked and unit-linked contracts                                 | R0220        |                   |
| Loans and mortgages  | R0230        | 13 983            |
| Loans on policies  | R0240        |                   |
| Loans and mortgages to individuals   | R0250        |                   |
| Other loans and mortgages  | R0260        | 13 983            |
| Reinsurance recoverables from:   | R0270        | 354 591           |
| Non-life and health similar to non-life  | R0280        | 337 122           |
| Non-life excluding health  | R0290        | 336 860           |
| Health similar to non-life   | R0300        | 261               |
| Life and health similar to life, excluding health and index-linked and unit-linked     | R0310        | 17 470            |
| Health similar to life   | R0320        |                   |
| Life excluding health and index-linked and unit-linked                                 | R0330        | 17 470            |
| Life index-linked and unit-linked  | R0340        |                   |
| Deposits to cedants  | R0350        |                   |
| Insurance and intermediaries receivables   | R0360        | 82 386            |
| Reinsurance receivables  | R0370        | 18 008            |
| Receivables (trade, not insurance)   | R0380        | 118 666           |
| Own shares (held directly)   | R0390        |                   |
| Amounts due in respect of own fund items or initial fund called up but not yet paid in | R0400        |                   |
| Cash and cash equivalents  | R0410        | 26 226            |
| Any other assets, not elsewhere shown  | R0420        | 8 411             |
| <b>Total assets</b>  | <b>R0500</b> | <b>2 089 815</b>  |

**Annex I**  
**S.02.01.02**  
**Balance sheet**

|   |              | Solvency II value |
|---|--------------|-------------------|
| Liabilities   |              | <b>C0010</b>      |
| Technical provisions – non-life   | <b>R0510</b> | 1 144 334         |
| Technical provisions – non-life (excluding health)                              | <b>R0520</b> | 1 131 647         |
| TP calculated as a whole  | <b>R0530</b> |                   |
| Best Estimate   | <b>R0540</b> | 1 101 388         |
| Risk margin   | <b>R0550</b> | 30 259            |
| Technical provisions - health (similar to non-life)                             | <b>R0560</b> | 12 687            |
| TP calculated as a whole  | <b>R0570</b> |                   |
| Best Estimate   | <b>R0580</b> | 12 325            |
| Risk margin   | <b>R0590</b> | 363               |
| Technical provisions - life (excluding index-linked and unit-linked)            | <b>R0600</b> | 37 465            |
| Technical provisions - health (similar to life)                                 | <b>R0610</b> |                   |
| TP calculated as a whole  | <b>R0620</b> |                   |
| Best Estimate   | <b>R0630</b> |                   |
| Risk margin   | <b>R0640</b> |                   |
| Technical provisions – life (excluding health and index-linked and unit-linked) | <b>R0650</b> | 37 465            |
| TP calculated as a whole  | <b>R0660</b> |                   |
| Best Estimate   | <b>R0670</b> | 36 799            |
| Risk margin   | <b>R0680</b> | 666               |
| Technical provisions – index-linked and unit-linked                             | <b>R0690</b> |                   |
| TP calculated as a whole  | <b>R0700</b> |                   |
| Best Estimate   | <b>R0710</b> |                   |
| Risk margin   | <b>R0720</b> |                   |
| Contingent liabilities  | <b>R0740</b> | 0                 |
| Provisions other than technical provisions                                      | <b>R0750</b> | 20 793            |
| Pension benefit obligations   | <b>R0760</b> | 650               |
| Deposits from reinsurers  | <b>R0770</b> | 178 308           |
| Deferred tax liabilities  | <b>R0780</b> |                   |
| Derivatives   | <b>R0790</b> |                   |
| Debts owed to credit institutions   | <b>R0800</b> |                   |
| Financial liabilities other than debts owed to credit institutions              | <b>R0810</b> | 60 378            |
| Insurance & intermediaries payables   | <b>R0820</b> | 64 399            |
| Reinsurance payables  | <b>R0830</b> | 80 056            |
| Payables (trade, not insurance)   | <b>R0840</b> | 23 135            |
| Subordinated liabilities  | <b>R0850</b> | 0                 |
| Subordinated liabilities not in BOF   | <b>R0860</b> |                   |
| Subordinated liabilities in BOF   | <b>R0870</b> | 0                 |
| Any other liabilities, not elsewhere shown                                      | <b>R0880</b> | 304               |
| <b>Total liabilities</b>  | <b>R0900</b> | 1 609 821         |
| <b>Excess of assets over liabilities</b>  | <b>R1000</b> | 479 995           |

Annex I

S.05.01.02

Premiums, claims and expenses by line of business

| Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance) |                           |                             |                                 |                                   |                       |  |   |                             |                                 |         |
|--|---------------------------|-----------------------------|---------------------------------|-----------------------------------|-----------------------|--|---|-----------------------------|---------------------------------|---------|
|  | Medical expense insurance | Income protection insurance | Workers' compensation insurance | Motor vehicle liability insurance | Other motor insurance | Marine, aviation and transport insurance | Fire and other damage to property insurance | General liability insurance | Credit and suretyship insurance |         |
|  | C0010                     | C0020                       | C0030                           | C0040                             | C0050                 | C0060                                    | C0070                                       | C0080                       | C0090                           |         |
| <b>Premiums written</b>  |                           |                             |                                 |                                   |                       |  |   |                             |                                 |         |
| Gross - Direct Business  | R0110                     | 58 272                      | 0                               | 0                                 | 328 933               | 787 866                                  | 45 320                                      | 260 348                     | 92 570                          | 8 638   |
| Gross - Proportional reinsurance accepted  | R0120                     | 0                           | 0                               | 0                                 | 0                     | 8  | 198   | 888                         | 22                              | 0       |
| Gross - Non-proportional reinsurance accepted  | R0130                     |                             |                                 |                                   |                       |  |   |                             |                                 |         |
| Reinsurers' share  | R0140                     | 6 396                       | 0                               | 0                                 | 165 759               | 4 075                                    | 24 050                                      | 92 316                      | 59 968                          | 8 248   |
| Net  | R0200                     | 51 876                      | 0                               | 0                                 | 163 174               | 783 799                                  | 21 468                                      | 168 919                     | 32 623                          | 390     |
| <b>Premiums earned</b>   |                           |                             |                                 |                                   |                       |  |   |                             |                                 |         |
| Gross - Direct Business  | R0210                     | 49 498                      | 0                               | 0                                 | 270 399               | 728 663                                  | 50 675                                      | 256 859                     | 93 800                          | 6 821   |
| Gross - Proportional reinsurance accepted  | R0220                     | 0                           | 0                               | 0                                 | 0                     | 4  | 180   | 783                         | 21                              | 0       |
| Gross - Non-proportional reinsurance accepted  | R0230                     |                             |                                 |                                   |                       |  |   |                             |                                 |         |
| Reinsurers' share  | R0240                     | 5 959                       | 0                               | 0                                 | 138 624               | 4 097                                    | 31 616                                      | 93 796                      | 63 311                          | 5 805   |
| Net  | R0300                     | 43 539                      | 0                               | 0                                 | 131 775               | 724 569                                  | 19 239                                      | 163 846                     | 30 510                          | 1 016   |
| <b>Claims incurred</b>   |                           |                             |                                 |                                   |                       |  |   |                             |                                 |         |
| Gross - Direct Business  | R0310                     | 31 037                      | 0                               | 0                                 | 218 858               | 590 716                                  | 19 785                                      | 40 451                      | 49 907                          | -11 963 |
| Gross - Proportional reinsurance accepted  | R0320                     | 0                           | 0                               | 0                                 | 15                    | 0  | 0   |                             | 0                               | 0       |
| Gross - Non-proportional reinsurance accepted  | R0330                     |                             |                                 |                                   |                       |  |   |                             |                                 |         |
| Reinsurers' share  | R0340                     | 3 599                       | 0                               | 0                                 | 116 759               | 674                                      | 11 081                                      | 4 237                       | 36 497                          | -9 685  |
| Net  | R0400                     | 27 438                      | 0                               | 0                                 | 102 115               | 590 042                                  | 8 704                                       | 36 214                      | 13 409                          | -2 278  |
| <b>Changes in other technical provisions</b>   |                           |                             |                                 |                                   |                       |  |   |                             |                                 |         |
| Gross - Direct Business  | R0410                     |                             |                                 |                                   |                       |  |   |                             |                                 |         |
| Gross - Proportional reinsurance accepted  | R0420                     |                             |                                 |                                   |                       |  |   |                             |                                 |         |
| Gross - Non- proportional reinsurance accepted   | R0430                     |                             |                                 |                                   |                       |  |   |                             |                                 |         |
| Reinsurers' share  | R0440                     |                             |                                 |                                   |                       |  |   |                             |                                 |         |
| Net  | R0500                     |                             |                                 |                                   |                       |  |   |                             |                                 |         |
| <b>Expenses incurred</b>   | R0550                     | 19 711                      | 0                               | 0                                 | 95 877                | 247 296                                  | 7 772                                       | 73 252                      | 3 076                           | 1 583   |
| <b>Other expenses</b>  | R1200                     |                             |                                 |                                   |                       |  |   |                             |                                 |         |
| <b>Total expenses</b>  | R1300                     |                             |                                 |                                   |                       |  |   |                             |                                 |         |

Annex I

S.05.01.02

Premiums, claims and expenses by line of business

|  | Line of Business for: <b>non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)</b> |            |                              | Line of business for: <b>accepted non-proportional reinsurance</b> |          |                             |          | Total     |
|--|---|------------|------------------------------|--|----------|-----------------------------|----------|-----------|
|  | Legal expenses insurance  | Assistance | Miscellaneous financial loss | Health   | Casualty | Marine, aviation, transport | Property |           |
|  | C0100   | C0110      | C0120                        | C0130  | C0140    | C0150                       | C0160    | C0200     |
| <b>Premiums written</b>                        |   |            |                              |  |          |                             |          |           |
| Gross - Direct Business                        | R0110   | 0          | 12 306                       | 15 497   |          |                             |          | 1 609 750 |
| Gross - Proportional reinsurance accepted      | R0120   | 0          | 0                            | 104  |          |                             |          | 1 219     |
| Gross - Non-proportional reinsurance accepted  | R0130   |            |                              |  |          |                             |          |           |
| Reinsurers' share                              | R0140   | 0          | 97                           | 10 592   |          |                             |          | 371 502   |
| Net  | R0200   | 0          | 12 209                       | 5 009  |          |                             |          | 1 239 467 |
| <b>Premiums earned</b>                         |   |            |                              |  |          |                             |          |           |
| Gross - Direct Business                        | R0210   | 0          | 14 688                       | 14 098   |          |                             |          | 1 485 502 |
| Gross - Proportional reinsurance accepted      | R0220   | 0          | 0                            | 103  |          |                             |          | 1 091     |
| Gross - Non-proportional reinsurance accepted  | R0230   |            |                              |  |          |                             |          |           |
| Reinsurers' share                              | R0240   | 0          | 97                           | 9 989  |          |                             |          | 353 295   |
| Net  | R0300   | 0          | 14 591                       | 4 212  |          |                             |          | 1 133 298 |
| <b>Claims incurred</b>                         |   |            |                              |  |          |                             |          |           |
| Gross - Direct Business                        | R0310   | 0          | 1 110                        | 5 694  |          |                             |          | 945 595   |
| Gross - Proportional reinsurance accepted      | R0320   | 0          | 0                            |  |          |                             |          | 15        |
| Gross - Non-proportional reinsurance accepted  | R0330   |            |                              |  |          |                             |          |           |
| Reinsurers' share                              | R0340   | 0          | 0                            | 3 198  |          |                             |          | 166 361   |
| Net  | R0400   | 0          | 1 110                        | 2 496  |          |                             |          | 779 250   |
| <b>Changes in other technical provisions</b>   |   |            |                              |  |          |                             |          |           |
| Gross - Direct Business                        | R0410   |            |                              |  |          |                             |          |           |
| Gross - Proportional reinsurance accepted      | R0420   |            |                              |  |          |                             |          |           |
| Gross - Non- proportional reinsurance accepted | R0430   |            |                              |  |          |                             |          |           |
| Reinsurers' share                              | R0440   |            |                              |  |          |                             |          |           |
| Net  | R0500   |            |                              |  |          |                             |          |           |
| <b>Expenses incurred</b>                       | R0550   | 0          | 3 114                        | 19 304   |          |                             |          | 470 985   |
| <b>Other expenses</b>                          | R1200   |            |                              |  |          |                             |          |           |
| <b>Total expenses</b>                          | R1300   |            |                              |  |          |                             |          | 470 985   |

Annex I

S.05.01.02

Premiums, claims and expenses by line of business

|                                       |       | Line of Business for: life insurance obligations |                                     |  |                      |   |  | Life reinsurance obligations |                  | Total |
|---------------------------------------|-------|--|-------------------------------------|--|----------------------|---|--|------------------------------|------------------|-------|
|                                       |       | Health insurance                                 | Insurance with profit participation | Index-linked and unit-linked insurance | Other life insurance | Annuities stemming from non-life insurance contracts and relating to health insurance obligations | Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations | Health reinsurance           | Life-reinsurance |       |
|                                       |       | C0210  | C0220                               | C0230                                  | C0240                | C0250   | C0260  | C0270                        | C0280            | C0300 |
| Premiums written                      |       |  |                                     |  |                      |   |  |                              |                  |       |
| Gross                                 | R1410 |  |                                     |  |                      |   |  |                              |                  |       |
| Reinsurers' share                     | R1420 |  |                                     |  |                      |   |  |                              |                  |       |
| Net                                   | R1500 |  |                                     |  |                      |   |  |                              |                  |       |
| Premiums earned                       |       |  |                                     |  |                      |   |  |                              |                  |       |
| Gross                                 | R1510 |  |                                     |  |                      |   |  |                              |                  |       |
| Reinsurers' share                     | R1520 |  |                                     |  |                      |   |  |                              |                  |       |
| Net                                   | R1600 |  |                                     |  |                      |   |  |                              |                  |       |
| Claims incurred                       |       |  |                                     |  |                      |   |  |                              |                  |       |
| Gross                                 | R1610 |  |                                     |  |                      |   |  |                              |                  |       |
| Reinsurers' share                     | R1620 |  |                                     |  |                      |   |  |                              |                  |       |
| Net                                   | R1700 |  |                                     |  |                      |   |  |                              |                  |       |
| Changes in other technical provisions |       |  |                                     |  |                      |   |  |                              |                  |       |
| Gross                                 | R1710 |  |                                     |  |                      |   |  |                              |                  |       |
| Reinsurers' share                     | R1720 |  |                                     |  |                      |   |  |                              |                  |       |
| Net                                   | R1800 |  |                                     |  |                      |   |  |                              |                  |       |
| Expenses incurred                     | R1900 |  |                                     |  |                      |   |  |                              |                  |       |
| Other expenses                        | R2500 |  |                                     |  |                      |   |  |                              |                  |       |
| Total expenses                        | R2600 |  |                                     |  |                      |   |  |                              |                  |       |

Annex I

S.05.02.01

Premiums, claims and expenses by country

|  |       | Home Country | Top 5 countries (by amount of gross premiums written) - non-life obligations |       |       |       |       | Total Top 5 and home country |
|--|-------|--------------|--|-------|-------|-------|-------|------------------------------|
|  |       | C0010        | C0020  | C0030 | C0040 | C0050 | C0060 | C0070                        |
|  | R0010 |              |  |       |       |       |       |                              |
|  |       | C0080        | C0090  | C0100 | C0110 | C0120 | C0130 | C0140                        |
| <b>Premiums written</b>                        |       |              |  |       |       |       |       |                              |
| Gross - Direct Business                        | R0110 |              |  |       |       |       |       |                              |
| Gross - Proportional reinsurance accepted      | R0120 |              |  |       |       |       |       |                              |
| Gross - Non-proportional reinsurance accepted  | R0130 |              |  |       |       |       |       |                              |
| Reinsurers' share                              | R0140 |              |  |       |       |       |       |                              |
| Net  | R0200 |              |  |       |       |       |       |                              |
| <b>Premiums earned</b>                         |       |              |  |       |       |       |       |                              |
| Gross - Direct Business                        | R0210 |              |  |       |       |       |       |                              |
| Gross - Proportional reinsurance accepted      | R0220 |              |  |       |       |       |       |                              |
| Gross - Non-proportional reinsurance accepted  | R0230 |              |  |       |       |       |       |                              |
| Reinsurers' share                              | R0240 |              |  |       |       |       |       |                              |
| Net  | R0300 |              |  |       |       |       |       |                              |
| <b>Claims incurred</b>                         |       |              |  |       |       |       |       |                              |
| Gross - Direct Business                        | R0310 |              |  |       |       |       |       |                              |
| Gross - Proportional reinsurance accepted      | R0320 |              |  |       |       |       |       |                              |
| Gross - Non-proportional reinsurance accepted  | R0330 |              |  |       |       |       |       |                              |
| Reinsurers' share                              | R0340 |              |  |       |       |       |       |                              |
| Net  | R0400 |              |  |       |       |       |       |                              |
| <b>Changes in other technical provisions</b>   |       |              |  |       |       |       |       |                              |
| Gross - Direct Business                        | R0410 |              |  |       |       |       |       |                              |
| Gross - Proportional reinsurance accepted      | R0420 |              |  |       |       |       |       |                              |
| Gross - Non- proportional reinsurance accepted | R0430 |              |  |       |       |       |       |                              |
| Reinsurers' share                              | R0440 |              |  |       |       |       |       |                              |
| Net  | R0500 |              |  |       |       |       |       |                              |
| <b>Expenses incurred</b>                       | R0550 |              |  |       |       |       |       |                              |
| <b>Other expenses</b>                          | R1200 |              |  |       |       |       |       |                              |
| <b>Total expenses</b>                          | R1300 |              |  |       |       |       |       |                              |



Annex I

S.05.02.01

Premiums, claims and expenses by country

|  |       | Home Country | Top 5 countries (by amount of gross premiums written) - life obligations |       |       |       |       |       | Total Top 5 and home country |
|--|-------|--------------|--|-------|-------|-------|-------|-------|------------------------------|
|  |       |              | C0150  | C0160 | C0170 | C0180 | C0190 | C0200 | C0210                        |
| R1400  |       |              |  |       |       |       |       |       |                              |
|  |       |              | C0220  | C0230 | C0240 | C0250 | C0260 | C0270 | C0280                        |
| <b>Premiums written</b>                      |       |              |  |       |       |       |       |       |                              |
| Gross  | R1410 |              |  |       |       |       |       |       |                              |
| Reinsurers' share                            | R1420 |              |  |       |       |       |       |       |                              |
| Net  | R1500 |              |  |       |       |       |       |       |                              |
| <b>Premiums earned</b>                       |       |              |  |       |       |       |       |       |                              |
| Gross  | R1510 |              |  |       |       |       |       |       |                              |
| Reinsurers' share                            | R1520 |              |  |       |       |       |       |       |                              |
| Net  | R1600 |              |  |       |       |       |       |       |                              |
| <b>Claims incurred</b>                       |       |              |  |       |       |       |       |       |                              |
| Gross  | R1610 |              |  |       |       |       |       |       |                              |
| Reinsurers' share                            | R1620 |              |  |       |       |       |       |       |                              |
| Net  | R1700 |              |  |       |       |       |       |       |                              |
| <b>Changes in other technical provisions</b> |       |              |  |       |       |       |       |       |                              |
| Gross  | R1710 |              |  |       |       |       |       |       |                              |
| Reinsurers' share                            | R1720 |              |  |       |       |       |       |       |                              |
| Net  | R1800 |              |  |       |       |       |       |       |                              |
| <b>Expenses incurred</b>                     | R1900 |              |  |       |       |       |       |       |                              |
| <b>Other expenses</b>                        | R2500 |              |  |       |       |       |       |       |                              |
| <b>Total expenses</b>                        | R2600 |              |  |       |       |       |       |       |                              |

Annex I  
S.12.01.02  
Life and Health SLT Technical Provisions

|  |       | Insurance with profit participation | Index-linked and unit-linked insurance   |                                      | Other life insurance                     |                                      |       | Annuities stemming from non-life insurance contracts and relating to insurance obligation other than health insurance obligations | Accepted reinsurance | Total (Life other than health insurance, incl. Unit-Linked) |        |
|--|-------|-------------------------------------|--|--------------------------------------|--|--------------------------------------|-------|---|----------------------|---|--------|
|  |       |                                     | Contracts without options and guarantees | Contracts with options or guarantees | Contracts without options and guarantees | Contracts with options or guarantees |       |   |                      |   |        |
|  |       | C0020                               | C0030                                    | C0040                                | C0050                                    | C0060                                | C0070 | C0080   | C0090                | C0100   | C0150  |
| Technical provisions calculated as a whole   | R0010 |                                     |  |                                      |  |                                      |       |   |                      |   |        |
| Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole | R0020 |                                     |  |                                      |  |                                      |       |   |                      |   |        |
| Technical provisions calculated as a sum of BE and RM  |       |                                     |  |                                      |  |                                      |       |   |                      |   |        |
| Best Estimate  |       |                                     |  |                                      |  |                                      |       |   |                      |   |        |
| Gross Best Estimate  | R0030 |                                     |  |                                      |  |                                      |       |   | 36 799               |   | 36 799 |
| Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default                             | R0080 |                                     |  |                                      |  |                                      |       |   | 17 470               |   | 17 470 |
| Best estimate minus recoverables from reinsurance/SPV and Finite Re - total  | R0090 |                                     |  |                                      |  |                                      |       |   | 19 329               |   | 19 329 |
| Risk Margin  | R0100 |                                     |  |                                      |  |                                      |       |   | 666                  |   | 666    |
| Amount of the transitional on Technical Provisions   |       |                                     |  |                                      |  |                                      |       |   |                      |   |        |
| Technical Provisions calculated as a whole   | R0110 |                                     |  |                                      |  |                                      |       |   |                      |   |        |
| Best estimate  | R0120 |                                     |  |                                      |  |                                      |       |   |                      |   |        |
| Risk margin  | R0130 |                                     |  |                                      |  |                                      |       |   |                      |   |        |
| Technical provisions - total   | R0200 |                                     |  |                                      |  |                                      |       |   | 37 465               |   | 37 465 |

**Annex I**  
**S.12.01.02**  
**Life and Health SLT Technical Provisions**

| Health insurance (direct business)             |  | Annuities<br>stemming from<br>non-life<br>insurance<br>contracts and<br>relating to health<br>insurance<br>obligations | Health<br>reinsurance<br>(reinsurance<br>accepted) | Total (Health<br>similar to life<br>insurance) |
|--|--|--|--|--|
| Contracts<br>without options<br>and guarantees | Contracts with<br>options or<br>guarantees |  |  |  |

|  |       | C0160 | C0170 | C0180 | C0190 | C0200 | C0210 |
|--|-------|-------|-------|-------|-------|-------|-------|
| Technical provisions calculated as a whole   | R0010 |       |       |       |       |       |       |
| Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole | R0020 |       |       |       |       |       |       |
| Technical provisions calculated as a sum of BE and RM  |       |       |       |       |       |       |       |
| Best Estimate  |       |       |       |       |       |       |       |
| Gross Best Estimate  | R0030 |       |       |       |       |       |       |
| Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default                             | R0080 |       |       |       |       |       |       |
| Best estimate minus recoverables from reinsurance/SPV and Finite Re - total  | R0090 |       |       |       |       |       |       |
| Risk Margin  | R0100 |       |       |       |       |       |       |
| Amount of the transitional on Technical Provisions   |       |       |       |       |       |       |       |
| Technical Provisions calculated as a whole   | R0110 |       |       |       |       |       |       |
| Best estimate  | R0120 |       |       |       |       |       |       |
| Risk margin  | R0130 |       |       |       |       |       |       |
| Technical provisions - total   | R0200 |       |       |       |       |       |       |

**Annex I**  
**S.17.01.02**  
**Non-life Technical Provisions**

| Direct business and accepted proportional reinsurance  |              |                           |                             |                                 |                                   |                       |  |   |                             |                                 |
|--|--------------|---------------------------|-----------------------------|---------------------------------|-----------------------------------|-----------------------|--|---|-----------------------------|---------------------------------|
|  |              | Medical expense insurance | Income protection insurance | Workers' compensation insurance | Motor vehicle liability insurance | Other motor insurance | Marine, aviation and transport insurance | Fire and other damage to property insurance | General liability insurance | Credit and suretyship insurance |
|  |              | C0020                     | C0030                       | C0040                           | C0050                             | C0060                 | C0070                                    | C0080                                       | C0090                       | C0100                           |
| <b>Technical provisions calculated as a whole</b>  | <b>R0010</b> |                           |                             |                                 |                                   |                       |  |   |                             |                                 |
| Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole | <b>R0050</b> |                           |                             |                                 |                                   |                       |  |   |                             |                                 |
| <b>Technical provisions calculated as a sum of BE and RM</b>   |              |                           |                             |                                 |                                   |                       |  |   |                             |                                 |
| <b>Best estimate</b>   |              |                           |                             |                                 |                                   |                       |  |   |                             |                                 |
| Premium provisions   |              |                           |                             |                                 |                                   |                       |  |   |                             |                                 |
| Gross  | <b>R0060</b> | 6 510                     | 0                           | 0                               | 147 910                           | 131 534               | 10 994                                   | 25 417                                      | 29 864                      | 7 691                           |
| Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default                              | <b>R0140</b> | -393                      | 0                           | 0                               | -9 558                            | -838                  | 4 342                                    | 3 897                                       | 21 219                      | 7 327                           |
| Net Best Estimate of Premium Provisions  | <b>R0150</b> | 6 903                     | 0                           | 0                               | 157 467                           | 132 372               | 6 652                                    | 21 520                                      | 8 645                       | 364                             |
| <b>Claims provisions</b>   |              |                           |                             |                                 |                                   |                       |  |   |                             |                                 |
| Gross  | <b>R0160</b> | 5 815                     | 0                           | 0                               | 349 425                           | 173 746               | 26 710                                   | 104 523                                     | 73 848                      | 10 318                          |
| Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default                              | <b>R0240</b> | 654                       | 0                           | 0                               | 182 195                           | 272                   | 14 255                                   | 60 228                                      | 41 285                      | 8 204                           |
| Net Best Estimate of Claims Provisions   | <b>R0250</b> | 5 161                     | 0                           | 0                               | 167 230                           | 173 474               | 12 455                                   | 44 295                                      | 32 563                      | 2 114                           |
| <b>Total Best estimate - gross</b>   | <b>R0260</b> | 12 325                    | 0                           | 0                               | 497 335                           | 305 280               | 37 704                                   | 129 940                                     | 103 712                     | 18 009                          |
| <b>Total Best estimate - net</b>   | <b>R0270</b> | 12 063                    | 0                           | 0                               | 324 698                           | 305 846               | 19 106                                   | 65 816                                      | 41 208                      | 2 477                           |
| <b>Risk margin</b>   | <b>R0280</b> | 363                       | 0                           | 0                               | 11 283                            | 12 207                | 851                                      | 3 206                                       | 2 258                       | 147                             |
| <b>Amount of the transitional on Technical Provisions</b>  |              |                           |                             |                                 |                                   |                       |  |   |                             |                                 |
| Technical Provisions calculated as a whole   | <b>R0290</b> |                           |                             |                                 |                                   |                       |  |   |                             |                                 |
| Best estimate  | <b>R0300</b> |                           |                             |                                 |                                   |                       |  |   |                             |                                 |
| Risk margin  | <b>R0310</b> |                           |                             |                                 |                                   |                       |  |   |                             |                                 |

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Non-life Technical Provisions

| Direct business and accepted proportional reinsurance  |                           |                             |                                 |                                   |                       |  |   |                             |                                 |        |
|--|---------------------------|-----------------------------|---------------------------------|-----------------------------------|-----------------------|--|---|-----------------------------|---------------------------------|--------|
|  | Medical expense insurance | Income protection insurance | Workers' compensation insurance | Motor vehicle liability insurance | Other motor insurance | Marine, aviation and transport insurance | Fire and other damage to property insurance | General liability insurance | Credit and suretyship insurance |        |
|  | C0020                     | C0030                       | C0040                           | C0050                             | C0060                 | C0070                                    | C0080                                       | C0090                       | C0100                           |        |
| Technical provisions - total   |                           |                             |                                 |                                   |                       |  |   |                             |                                 |        |
| Technical provisions - total   | R0320                     | 12 687                      | 0                               | 0                                 | 508 618               | 317 487                                  | 38 554                                      | 133 146                     | 105 970                         | 18 155 |
| Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total | R0330                     | 261                         | 0                               | 0                                 | 172 637               | -566                                     | 18 597                                      | 64 125                      | 62 504                          | 15 531 |
| Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total   | R0340                     | 12 426                      | 0                               | 0                                 | 335 980               | 318 053                                  | 19 957                                      | 69 021                      | 43 467                          | 2 624  |

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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                     |
| <b>Technical provisions calculated as a whole</b>  | <b>R0010</b> |   |            |                              |                                       |                                       |   |                                       |                           |
| Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole | <b>R0050</b> |   |            |                              |                                       |                                       |   |                                       |                           |
| <b>Technical provisions calculated as a sum of BE and RM</b>   |              |   |            |                              |                                       |                                       |   |                                       |                           |
| <b>Best estimate</b>   |              |   |            |                              |                                       |                                       |   |                                       |                           |
| Premium provisions   |              |   |            |                              |                                       |                                       |   |                                       |                           |
| Gross  | <b>R0060</b> | 0   | -164       | 1 701                        |                                       |                                       |   |                                       | 361 457                   |
| Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default                              | <b>R0140</b> | 0   |            | 596                          | 0                                     | 0                                     | 0   | 0                                     | 26 592                    |
| Net Best Estimate of Premium Provisions  | <b>R0150</b> | 0   | -165       | 1 105                        | 0                                     | 0                                     | 0   | 0                                     | 334 864                   |
| <b>Claims provisions</b>   |              |   |            |                              |                                       |                                       |   |                                       |                           |
| Gross  | <b>R0160</b> | 0   | 1 805      | 6 066                        |                                       |                                       |   |                                       | 752 256                   |
| Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default                              | <b>R0240</b> | 0   | 0          | 3 437                        | 0                                     | 0                                     | 0   | 0                                     | 310 529                   |
| Net Best Estimate of Claims Provisions   | <b>R0250</b> | 0   | 1 805      | 2 630                        | 0                                     | 0                                     | 0   | 0                                     | 441 727                   |
| <b>Total Best estimate - gross</b>   | <b>R0260</b> | 0   | 1 641      | 7 768                        | 0                                     | 0                                     | 0   | 0                                     | 1 113 713                 |
| <b>Total Best estimate - net</b>   | <b>R0270</b> | 0   | 1 641      | 3 735                        | 0                                     | 0                                     | 0   | 0                                     | 776 591                   |
| <b>Risk margin</b>   | <b>R0280</b> | 0   | 126        | 182                          | 0                                     | 0                                     | 0   | 0                                     | 30 622                    |
| <b>Amount of the transitional on Technical Provisions</b>  |              |   |            |                              |                                       |                                       |   |                                       |                           |
| Technical Provisions calculated as a whole   | <b>R0290</b> |   |            |                              |                                       |                                       |   |                                       |                           |
| Best estimate  | <b>R0300</b> |   |            |                              |                                       |                                       |   |                                       |                           |
| Risk margin  | <b>R0310</b> |   |            |                              |                                       |                                       |   |                                       |                           |

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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 - total   |   |            |                              |                                       |                                       |   |                                       |                           |           |
| Technical provisions - total   | R0320   | 0          | 1 767                        | 7 949                                 | 0                                     | 0   | 0                                     | 0                         | 1 144 334 |
| Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total | R0330   | 0          |                              | 4 032                                 | 0                                     | 0   | 0                                     | 0                         | 337 122   |
| Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total   | R0340   | 0          | 1 767                        | 3 917                                 | 0                                     | 0   | 0                                     | 0                         | 807 213   |



Annex I

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Non-life Insurance Claims Information

Total Non-Life Business

|                                      |              |                      |
|--------------------------------------|--------------|----------------------|
| Accident year /<br>Underwriting year | <b>Z0010</b> | <b>Accident year</b> |
|--------------------------------------|--------------|----------------------|

Gross Claims Paid (non-cumulative)

(absolute amount)

|       |       | Development year |         |        |        |        |       |       |        |       |       |        | In Current year | Sum of years<br>(cumulative) |
|-------|-------|------------------|---------|--------|--------|--------|-------|-------|--------|-------|-------|--------|-----------------|------------------------------|
| Year  |       | 0                | 1       | 2      | 3      | 4      | 5     | 6     | 7      | 8     | 9     | 10 & + |                 |                              |
|       |       | C0010            | C0020   | C0030  | C0040  | C0050  | C0060 | C0070 | C0080  | C0090 | C0100 | C0110  | C0170           | C0180                        |
| Prior | R0100 |                  |         |        |        |        |       |       |        |       |       | 1 068  | R0100           | 1 068                        |
| N-9   | R0160 | 538 597          | 240 678 | 78 766 | 22 173 | 20 873 | 4 466 | 1 877 | 3 666  | 1 226 | 648   |        | R0160           | 912 970                      |
| N-8   | R0170 | 336 061          | 138 438 | 23 306 | 31 229 | 11 622 | 4 690 | 2 944 | -4 322 | 1 512 |       |        | R0170           | 545 481                      |
| N-7   | R0180 | 238 831          | 135 338 | 23 285 | 12 537 | 7 770  | 7 382 | -417  | 756    |       |       |        | R0180           | 425 483                      |
| N-6   | R0190 | 252 433          | 128 281 | 43 635 | 13 777 | 12 355 | 1 539 | 7 672 |        |       |       |        | R0190           | 459 693                      |
| N-5   | R0200 | 251 551          | 149 842 | 26 251 | 13 841 | 10 208 | 9 896 |       |        |       |       |        | R0200           | 461 588                      |
| N-4   | R0210 | 293 750          | 132 519 | 21 733 | 16 776 | 12 502 |       |       |        |       |       |        | R0210           | 477 280                      |
| N-3   | R0220 | 346 762          | 164 330 | 23 847 | 13 472 |        |       |       |        |       |       |        | R0220           | 548 411                      |
| N-2   | R0230 | 466 496          | 222 919 | 8 878  |        |        |       |       |        |       |       |        | R0230           | 698 294                      |
| N-1   | R0240 | 450 023          | 171 685 |        |        |        |       |       |        |       |       |        | R0240           | 621 707                      |
| N     | R0250 | 552 307          |         |        |        |        |       |       |        |       |       |        | R0250           | 552 307                      |
| Total |       |                  |         |        |        |        |       |       |        |       |       |        | R0260           | 5 704 281                    |

Annex I

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Non-life Insurance Claims Information

Gross undiscounted Best Estimate Claims Provisions

(absolute amount)

|       |       | Development year |         |        |        |        |        |        |        |       |       |        | Year end<br>(discounted data) |         |
|-------|-------|------------------|---------|--------|--------|--------|--------|--------|--------|-------|-------|--------|-------------------------------|---------|
| Year  |       | 0                | 1       | 2      | 3      | 4      | 5      | 6      | 7      | 8     | 9     | 10 & + |                               |         |
|       |       | C0200            | C0210   | C0220  | C0230  | C0240  | C0250  | C0260  | C0270  | C0280 | C0290 | C0300  | C0360                         |         |
| Prior | R0100 |                  |         |        |        |        |        |        |        |       |       | 0      | R0100                         | 0       |
| N-9   | R0160 | 0                | 0       | 0      | 62 935 | 49 078 | 40 185 | 31 202 | 48 901 | 0     | 0     |        | R0160                         | 0       |
| N-8   | R0170 | 0                | 0       | 76 729 | 40 005 | 24 341 | 11 599 | 9 672  | 47 188 | 0     |       |        | R0170                         | 0       |
| N-7   | R0180 | 0                | 83 473  | 68 053 | 52 006 | 31 611 | 15 323 | 9 196  | 42 257 |       |       |        | R0180                         | 31 284  |
| N-6   | R0190 | 274 995          | 126 876 | 80 633 | 67 007 | 51 934 | 45 372 | 35 152 |        |       |       |        | R0190                         | 31 822  |
| N-5   | R0200 | 288 420          | 109 887 | 78 838 | 60 034 | 46 750 | 40 878 |        |        |       |       |        | R0200                         | 37 422  |
| N-4   | R0210 | 288 669          | 115 648 | 56 774 | 40 233 | 26 262 |        |        |        |       |       |        | R0210                         | 22 686  |
| N-3   | R0220 | 315 007          | 103 639 | 98 731 | 82 089 |        |        |        |        |       |       |        | R0220                         | 73 123  |
| N-2   | R0230 | 347 934          | 111 547 | 85 288 |        |        |        |        |        |       |       |        | R0230                         | 79 697  |
| N-1   | R0240 | 344 441          | 76 085  |        |        |        |        |        |        |       |       |        | R0240                         | 76 383  |
| N     | R0250 | 389 388          |         |        |        |        |        |        |        |       |       |        | R0250                         | 399 839 |
| Total |       |                  |         |        |        |        |        |        |        |       |       |        | R0260                         | 752 256 |

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Impact of long term guarantees and transitional measures

|   |       | Amount with<br>Long Term<br>Guarantee<br>measures and<br>transitionals | Impact of<br>transitional on<br>technical<br>provisions | Impact of<br>transitional on<br>interest rate | Impact of<br>volatility<br>adjustment set to<br>zero | Impact of<br>matching<br>adjustment set to<br>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 -<br>unrestricted | Tier 1 - restricted | Tier 2 | Tier 3 |
|--|-------|----------|--------------------------|---------------------|--------|--------|
|  |       | C0010    | C0020                    | C0030               | C0040  | C0050  |
| <b>Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation (EU) 2015/35</b>                                |       |          |                          |                     |        |        |
| Ordinary share capital (gross of own shares)   | R0010 | 506 352  | 506 352                  |                     |        |        |
| Share premium account related to ordinary share capital  | R0030 | 123 421  | 123 421                  |                     |        |        |
| initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings  | R0040 |          |                          |                     |        |        |
| Subordinated mutual member accounts  | R0050 |          |                          |                     |        |        |
| Surplus funds  | R0070 |          |                          |                     |        |        |
| Preference shares  | R0090 |          |                          |                     |        |        |
| Share premium account related to preference shares   | R0110 |          |                          |                     |        |        |
| Reconciliation reserve   | R0130 | -200 060 | -200 060                 |                     |        |        |
| Subordinated liabilities   | R0140 |          |                          |                     |        |        |
| An amount equal to the value of net deferred tax assets  | R0160 | 50 281   |                          |                     |        | 50 281 |
| Other own fund items approved by the supervisory authority as basic own funds not specified above  | R0180 |          |                          |                     |        |        |
| <b>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</b> |       |          |                          |                     |        |        |
| 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 |          |                          |                     |        |        |
| <b>Deductions</b>  |       |          |                          |                     |        |        |
| Deductions for participations in financial and credit institutions   | R0230 |          |                          |                     |        |        |
| <b>Total basic own funds after deductions</b>  | R0290 | 479 995  | 429 714                  |                     |        | 50 281 |
| <b>Ancillary own funds</b>   |       |          |                          |                     |        |        |
| Unpaid and uncalled ordinary share capital callable on demand  | R0300 |          |                          |                     |        |        |
| Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand                      | R0310 |          |                          |                     |        |        |
| Unpaid and uncalled preference shares callable on demand   | R0320 |          |                          |                     |        |        |
| A legally binding commitment to subscribe and pay for subordinated liabilities on demand   | R0330 |          |                          |                     |        |        |
| Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC  | R0340 |          |                          |                     |        |        |
| Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC   | R0350 |          |                          |                     |        |        |
| Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC   | R0360 |          |                          |                     |        |        |
| Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC  | R0370 |          |                          |                     |        |        |
| Other ancillary own funds  | R0390 |          |                          |                     |        |        |
| <b>Total ancillary own funds</b>   | R0400 |          |                          |                     |        |        |

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Own funds

|   |       | Total   | Tier 1 -<br>unrestricted | Tier 1 - restricted | Tier 2 | Tier 3 |
|---|-------|---------|--------------------------|---------------------|--------|--------|
|   |       | C0010   | C0020                    | C0030               | C0040  | C0050  |
| <b>Available and eligible own funds</b>   |       |         |                          |                     |        |        |
| Total available own funds to meet the SCR | R0500 | 479 995 | 429 714                  |                     |        | 50 281 |
| Total available own funds to meet the MCR | R0510 | 429 714 | 429 714                  |                     |        |        |
| Total eligible own funds to meet the SCR  | R0540 | 479 995 | 429 714                  | 0                   | 0      | 50 281 |
| Total eligible own funds to meet the MCR  | R0550 | 429 714 | 429 714                  | 0                   | 0      |        |
| <b>SCR</b>                                | R0580 | 370 841 |                          |                     |        |        |
| <b>MCR</b>                                | R0600 | 160 516 |                          |                     |        |        |
| <b>Ratio of Eligible own funds to SCR</b> | R0620 | 129.43% |                          |                     |        |        |
| <b>Ratio of Eligible own funds to MCR</b> | R0640 | 267.71% |                          |                     |        |        |

|   |       | C0060    |
|---|-------|----------|
| <b>Reconciliation reserve</b>   |       |          |
| Excess of assets over liabilities   | R0700 | 479 995  |
| Own shares (held directly and indirectly)   | R0710 |          |
| Foreseeable dividends, distributions and charges  | R0720 |          |
| Other basic own fund items  | R0730 | 680 054  |
| Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds | R0740 |          |
| <b>Reconciliation reserve</b>   | R0760 | -200 060 |
| <b>Expected profits</b>   |       |          |
| Expected profits included in future premiums (EPIFP) - Life business  | R0770 |          |
| Expected profits included in future premiums (EPIFP) - Non- life business                                   | R0780 | 22 284   |
| <b>Total Expected profits included in future premiums (EPIFP)</b>   | R0790 | 22 284   |

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

|   |              | Gross solvency capital requirement | USP   | Simplifications |
|---|--------------|------------------------------------|-------|-----------------|
|   |              | C0110                              | C0090 | C0100           |
| Market risk                               | R0010        |                                    |       |                 |
| Counterparty default risk                 | R0020        |                                    |       |                 |
| Life underwriting risk                    | R0030        |                                    |       |                 |
| Health underwriting risk                  | R0040        |                                    |       |                 |
| Non-life underwriting risk                | R0050        |                                    |       |                 |
| Diversification                           | R0060        |                                    |       |                 |
| Intangible asset risk                     | R0070        |                                    |       |                 |
| <b>Basic Solvency Capital Requirement</b> | <b>R0100</b> |                                    |       |                 |

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        |  |
| <b>Solvency capital requirement excluding capital add-on</b>                                | <b>R0200</b> |  |
| Capital add-on already set  | R0210        |  |
| <b>Solvency capital requirement</b>   | <b>R0220</b> |  |
| <b>Other information on SCR</b>   |              |  |
| 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

C0130

Calculation of loss absorbing capacity of deferred taxes

|  |       |  |
|--|-------|--|
| LAC DT   | R0640 |  |
| LAC DT justified by reversion of deferred tax liabilities                | R0650 |  |
| LAC DT justified by reference to probable future taxable economic profit | R0660 |  |
| LAC DT justified by carry back, current year                             | R0670 |  |
| LAC DT justified by carry back, future years                             | R0680 |  |
| Maximum LAC DT   | R0690 |  |

## Annex I

S.25.02.21

## Solvency Capital Requirement - for undertakings using the standard formula and partial internal model

| Unique number of component | Components description         | Calculation of the Solvency Capital Requirement | Amount modelled | USP          | Simplifications |
|----------------------------|--------------------------------|---|-----------------|--------------|-----------------|
| <b>C0010</b>               | <b>C0020</b>                   | <b>C0030</b>                                    | <b>C0070</b>    | <b>C0090</b> | <b>C0120</b>    |
|                            | 1 Market risk                  | 102 737   | 0               |              |                 |
|                            | 2 Counterparty default risk    | 70 899  | 0               |              |                 |
|                            | 3 Life underwriting risk       | 903   | 0               |              |                 |
|                            | 4 Health underwriting risk     | 9 119   | 0               |              |                 |
|                            | 5 Non-life underwriting risk   | 238 850   | 238 850         |              |                 |
|                            | 6 Intangible asset risk        | 0   | 0               |              |                 |
|                            | 7 Operational risk             | 44 598  | 0               |              |                 |
|                            | 8 Provisions (negative amount) | 0   | 0               |              |                 |
|                            | 9 Rred Taxes (negative amount) | 0   | 0               |              |                 |

## Calculation of Solvency Capital Requirement

## C0100

|   |              |         |
|---|--------------|---------|
| Total undiversified components  | <b>R0110</b> | 467 106 |
| Diversification   | <b>R0060</b> | -96 265 |
| Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC   | <b>R0160</b> | 0       |
| <b>Solvency capital requirement excluding capital add-on</b>  | <b>R0200</b> | 370 841 |
| Capital add-ons already set   | <b>R0210</b> | 0       |
| <b>Solvency capital requirement</b>   | <b>R0220</b> | 370 841 |
| <b>Other information on SCR</b>   |              |         |
| Amount/estimate of the overall loss-absorbing capacity of technical provisions  | <b>R0300</b> |         |
| Amount/estimate of the overall loss-absorbing capacity of deferred taxes  | <b>R0310</b> |         |
| Capital requirement for duration-based equity risk sub-module   | <b>R0400</b> | 0       |
| Total amount of Notional Solvency Capital Requirements for remaining part   | <b>R0410</b> | 0       |
| Total amount of Notional Solvency Capital Requirements for ring fenced funds (other than those related to business operated in accordance with Art. 4 of Directive 2003/41/EC (transitional)) | <b>R0420</b> | 0       |
| Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios  | <b>R0430</b> | 0       |
| Diversification effects due to RFF nSCR aggregation for article 304   | <b>R0440</b> | 0       |

Yes/No

## C0109

|                                    |              |     |
|------------------------------------|--------------|-----|
| Approach based on average tax rate | <b>R0590</b> | Yes |
|------------------------------------|--------------|-----|

LAC DT

## C0130

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



Annex I

S.28.01.01

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

Linear formula component for non-life insurance and reinsurance obligations

| C0010                    |       |         |
|--------------------------|-------|---------|
| MCR <sub>NL</sub> Result | R0010 | 160 110 |

|   |   |
|---|---|
| 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 | 12 063  |
| Income protection insurance and proportional reinsurance                 | R0030 | 0       |
| Workers' compensation insurance and proportional reinsurance             | R0040 | 0       |
| Motor vehicle liability insurance and proportional reinsurance           | R0050 | 324 698 |
| Other motor insurance and proportional reinsurance                       | R0060 | 305 846 |
| Marine, aviation and transport insurance and proportional reinsurance    | R0070 | 19 106  |
| Fire and other damage to property insurance and proportional reinsurance | R0080 | 65 816  |
| General liability insurance and proportional reinsurance                 | R0090 | 41 208  |
| Credit and suretyship insurance and proportional reinsurance             | R0100 | 2 477   |
| Legal expenses insurance and proportional reinsurance                    | R0110 | 0       |
| Assistance and proportional reinsurance                                  | R0120 | 1 641   |
| Miscellaneous financial loss insurance and proportional reinsurance      | R0130 | 3 735   |
| Non-proportional health reinsurance                                      | R0140 | 0       |
| Non-proportional casualty reinsurance                                    | R0150 | 0       |
| Non-proportional marine, aviation and transport reinsurance              | R0160 | 0       |
| Non-proportional property reinsurance                                    | R0170 | 0       |

## Annex I

### S.28.01.01

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

Linear formula component for life insurance and reinsurance obligations

| C0040                   |       |     |
|-------------------------|-------|-----|
| MCR <sub>L</sub> Result | R0200 | 406 |

|   |  |
|---|--|
| 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 | 19 329 |       |
| Total capital at risk for all life (re)insurance obligations          | R0250 |        | 0     |

Overall MCR calculation

| C0070                     |       |         |
|---------------------------|-------|---------|
| Linear MCR                | R0300 | 160 516 |
| SCR                       | R0310 | 370 841 |
| MCR cap                   | R0320 | 166 878 |
| MCR floor                 | R0330 | 92 710  |
| Combined MCR              | R0340 | 160 516 |
| Absolute floor of the MCR | R0350 | 18 311  |

| C0070                       |       |         |
|-----------------------------|-------|---------|
| Minimum Capital Requirement | R0400 | 160 516 |

Annex I

S.28.02.01

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

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

| Non-life activities | Life activities |
|---------------------|-----------------|
|---------------------|-----------------|

| Net (of reinsurance/SPV) best estimate and TP calculated as a whole | Net (of reinsurance/SPV) total capital at risk | Net (of reinsurance/SPV) best estimate and TP calculated as a whole | Net (of reinsurance/SPV) total capital at risk |
|---|--|---|--|
|---|--|---|--|

|   |       | C0090 | C0100 | C0110 | C0120 |
|---|-------|-------|-------|-------|-------|
| Obligations with profit participation - guaranteed benefits           | R0210 |       |       |       |       |
| Obligations with profit participation - future discretionary benefits | R0220 |       |       |       |       |
| Index-linked and unit-linked insurance obligations                    | R0230 |       |       |       |       |
| Other life (re)insurance and health (re)insurance obligations         | R0240 |       |       |       |       |
| Total capital at risk for all life (re)insurance obligations          | R0250 |       |       |       |       |

## Annex I

### S.28.02.01

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

##### Overall MCR calculation

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

| C0130                       |       |  |
|-----------------------------|-------|--|
| Minimum Capital Requirement | R0400 |  |

##### Notional non-life and life MCR calculation

| Non-life activities | Life activities |
|---------------------|-----------------|
|---------------------|-----------------|

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