

REPORT
on the AUDIT COMMITTEE'S ACTIVITIES IN 2022 YEAR
Of IC DONARIS VIENNA INSURANCE GROUP SA

Background information

The Audit Committee of IC Donaris Vienna Insurance Group SA (hereinafter „the Company”) in its actual composition was elected by the Company’s Extraordinary General Shareholders meeting held on April 19, 2022. The members of the Audit Committee were appointed for the period of 3 years.

Based on the provisions of art.31¹ of the Law no. 407/2006 on insurance, the Audit Committee members are constituted from the acting members of the Company’ Supervisory Board.

The Audit Committee Regulations was approved by the Company’s Ordinary General Shareholders meeting hold on April 19, 2019.

The Audit Committee reports to the Company’ General Shareholders Meeting and provides the Supervisory Board with its opinions, statements and analysis.

Pursuant to art. 45 of the Law no.271/2017 on the financial statements audit (hereinafter “the Law”) as well pursuant to art. 55 of the NCFM Regulation no. 13/3/2008, the Audit Committee have the following tasks:

- To inform the Supervisory Board on the results of the audit and how the audit contributed to the integrity of financial reporting;
- To monitor the financial reporting process;
- To monitor the effectiveness of the Company's internal control and risk management systems and internal audit, including the scope of the financial reporting process;
- To monitor the financial revision, in particular the audit concluded by the audit firm;
- To control and monitor the independence of the statutory auditor and the audit firm, in particular if the audit firm provides the Company other services than audit;
- To present the recommendation to the General Shareholders Meeting concerning appointment of the exonal auditor and monitoring procedures of its selection;
- To prepare the statements of rendering additional services by the audit firm carrying the audit and entities affiliate with the audit firm and by members of the network;
- present to the General Shareholders Meeting the Report on Audit Committee activities for reported period.

Composition of the Audit Committee in 2022

As of January 1, 2022 the composition of the Company's Audit Committee was as follows:

Chairman	- Mr. Franz Fuchs,
Deputy Chairman	- Mr. Peter Hoefinger,
Member	- Mr. Marek Golebiewski

The Company' Audit Committee members empowerments specified above, which were elected by the decision of the General Meetings of the Company's shareholders held 02.07.2021, were terminated due to expiration of established terms of office

According to the decision of the Extraordinary General Shareholders Meeting' held on April 19,2022, the Company' Audit Committee was elected in composition of 3 (three) members as follows:

- Chairman of the Audit Committee:	Mr. Peter Thirring
- Deputy Chairman of the Audit Committee:	Mr. Franz Fuchs
- the Audit Committee member:	Mr. Marek Golebiewski

The members of the Audit Committee have competence in the fields, related to the Company' s activity - general insurance and reinsurance, and member of the Committee Mr. M. Golebiewski is certified in accounting and financial reporting.

In the above composition of the Audit Committee were independent from the Company as the public interest entity, within the meaning of the Law.

Detailed information of the activity and decisions of the Audit Committee

Within the framework of its statutory competences, the Audit Committee monitored the financial audit process, effectiveness of the internal control systems and the risk management systems, and the internal audit.

The Audit Committee also monitored execution of financial revision, including preparations of the audit firm to conduct audit of the financial statements of the Company for the accounting year 2022.

In 2022 the Audit Committee held 2 meetings (on April 03, 2022, on December 7, 2022) and adopted resolutions, in line with the Audit Committee Regulations:

- *concerning results of the audit of Financial Statements -2021 and the audit contribution to the integrity of the Company financial reporting;*

- *concerning acknowledgement of the Management Board's information on the course of the procedure of selecting an audit firm to conduct the statutory audit of financial statements for the year 2022 and performing of the AML audit in scope of supervision, imposed by the Supervisory Authority regulation;*
- *concerning adoption of recommendations for the General Shareholders Meeting on approval of the audit firms to conduct the statutory audit of financial statements for the year 2022 and performing of the AML audit in scope of supervision;*
- *concerning provision of non-audit services by statutory auditors, audit firm carrying out the audit and any member of the network to which the statutory auditor or the audit firm belongs contracted in financial year 2023 (information for VIG Group);*
- *concerning monitoring of the Company' FS-2022 audit: pre-audit discussion with External Auditor (Auditor's team independence; Schedule of the Audit activities; Company' Management and Auditor's responsibilities; materiality for the purposes of audit; examination of the Audit Strategy - planned scope).*

As well, based on the audited FS for 2021 year, the Audit Committee has discussed under the information for the Company's Supervisory Board in order to come with recommendations to the Ordinary General Shareholders Meeting concerning allocations of the net profit obtained by the Company in 2021 year

The Audit Committee assesses that in 2022 the Committee operated under conditions of independent judgment and had free access to information, documents and persons, in particular employees of the Company performing key functions. The Audit Committee held meetings with the participation of members of the Company's Management Board and representatives of the audit company about key matters of the audit of the financial statements 2022. The Management Board of the Company conducted an open information policy towards the Audit Committee, provided comprehensive answers to the questions asked, followed the suggestions and recommendations and in no way limited the Committee's ability to obtain data from sources other than members of the Management Board.

Financial statement for 2022

According to the General Shareholders Meeting decision, the audit services for the year 2022 were provided by auditing company BDO Moldova.

The Audit Committee analyzed the audited financial statements of the Company for the financial year

lasting from 01.01.2022 to 31.12.2022, in particular IFRS balance sheet (amounts in MDL):

- assets and liabilities sides show amount of MDL 438,97 M;
- general profit and loss account which shows net profit in amount of MDL 14 083, 55 M
- statement of changes in equity which shows total equity in amount of MDL 127,39 M

In the opinion of the Audit Committee, the financial statements:

- were in line with the accounting ledgers and documents as well as with the actual state of affairs and gave a fair view of any information relevant to assessment of the Company's activities in 2022 (in particular profitability, financial result of its operations and its financial and asset value position as at 31.12.2022);
- were compliant, with regard to form and content, with applicable provisions of law and the Company's Articles of Association;
- were drawn up in compliance with the prevailing accounting principles and on the basis of duly kept accounting ledgers;
- were in line with the provisions of the Moldovan Law no.287/2017 on accounting and financial reporting and the applicable IFRS (the above reservation applied also to the audit carried out by chartered auditors), as well as were in line with requirements foreseen by the NCFM Regulations no 5/1/2020 on the specialized financial statements of the entities that performing insurance and/or reinsurance activity;
- presented the economic and financial situation of the Company in transparent and reliable way and they had been prepared on the basis of ledgers kept in correct way.

Due to the above, the Audit Committee recommended the General Shareholders Meeting approval of the statutory specialized financial statements for 2022.

Information on the monitoring by the Audit Committee of audit process for 2022

The Audit Committee received written confirmation from the auditor that the members of the audit team remained independent within the meaning of regulatory and professional requirements and that the objectivity of the audit team, including the audit, was not impaired. The Audit Committee performed control over performance of the audit by (but not limited) receiving from the external Auditor written disclosure of:

- Audit scope and strategy
- Audit methodology and policy
- Level of materiality
- Significant accounting policies, disclosures, judgements and estimates
- Going concerns
- Information on deficiencies identified in the internal control and / or in the accounting system
- Significant matters discussed with management and others within the Company

- Significant difficulties encountered during the audit, and
- The status of the audit performed and unresolved issues (if any)

Financial reporting and the management accounting system

During 2022-year, Audit Committee reviewed detailed financial results, especially profit and loss account, balance sheet, technical account and cash flow statements. The Audit Committee also monitored the reported level of administration costs, direct and indirect acquisition costs, claims handling costs, asset management and other technical costs compared to the previous year and the approved budget. Regularly, the Audit Committee received the Management Board information on the fulfillment of the reporting obligation with respect to local Supervisory Authority and the VIG Group timetables.

The Audit Committee considered information of the schedule of local financial reporting as well as reporting for local tax purposes. The Audit Committee has been informed that in 2022 the Company did not record any untypical transactions.

In addition, in terms of monitoring of the financial process, the Audit Committee in close cooperation with relevant departments of Vienna Insurance Group, in particular with Financial and Controlling department, supervised the timely delivery and correctness of the financial statements delivered by the Company in the form of quarterly reports, i.e. IFRS Quarterly Reporting Package, Planning Package and Controlling Report, Actuarial Report.

The Audit Committee monitored the management accounting system in the Company on the ongoing basis. In the opinion of the Audit Committee, the Management Board of the Company, based on the macroeconomic information and financial data regarding Company's operations, acquired within the internal reporting, correctly and effectively used the basic functions of the management accounting (planning, optimizing and control). The management accounting system is an adequate and effective, therefore there is no justification for making changes in the scope and frequency of the information provided.

Internal audit, risk management and internal control systems

In terms of monitoring of the effectiveness of the Company' Internal control system, the Audit Committee acknowledged regular information reported by the Internal Audit function, in respect of performed internal audit missions in 2022-year, internal audit plan fulfilment, main findings, recommendations and implementation thereof. The Audit Committee acknowledged the results of the performed audits of following area: Compliance; Complaints; Claims; Litigation; Underwriting, Reinsurance, Risk Management; Internal Control Function activity, International Sanctions; Investments, on IT; on Logistics.

The Audit Committee, within the scope of its activity, gave a positive opinion on the Internal audit plan for the year 2023 and the preliminary audit plans for the years 2024-2025, as well as positively assessed the externalization of the Internal Audit function to the company from VIG Group – VIG MS SRL Romania and respectively service fees for the year 2023.

The Audit Committee acknowledged the statement of the Internal Audit function representative - Mr Ciprian Osiac, which are carried out the audit missions, that all audits were carried out in conditions, which are ensured independence of judgment, maintaining objectivity of assessment and as part of proper cooperation with the Company' audited units and the Management Board.

The Audit Committee assessed that the Internal Audit function is organized in an efficient and effective manner and its activities are carried out in conditions ensuring its independence. In view of the above, the Audit Committee did not submit any comments regarding its functioning.

Risk management and internal control system

The Audit Committee up-to-date monitored the Risk Management and Internal Control System. In particular the following issues were discussed during the Audit Committee meetings:

- results of calculation of Solvency Ratio as of 31.12. 2022: SR at 123 %;
- information on the Investment risk strategy and ORSA report
- audit evaluation of the ICS during audit of the financial statements for the year 2022

Based on mentioned above, the procedures used in assessment of the effectiveness of the internal control and risk management systems, the Audit Committee came to the opinion, that the relevant systems and controls are high or mostly efficiently, but is necessary further improving of a controls ' quality.

Risk assessment of processes and areas subject to the supervision of the Audit Committee as well as actions taken and their effects

The Audit Committee determines that the risk concerning the processes and areas subject to its supervision, including actuary, compliance, risk management and internal audit, was properly monitored and managed in year 2022, and the activities undertaken by the Audit Committee had a positive impact on the Company's safety and the quality of its business operations.

The above assessment was made, among others, on the basis of:

- 1) analysis by the Audit Committee of the Audit firm' information which did not raise any objections as to the functioning of the financial reporting system in the Company or the quality of their cooperation with the Company and its Management Board;
- 2) periodic reports on the activities of the internal audited areas, presented to the Audit Committee, including the status of implementation of the issued post-audit recommendations;
- 3) positive verification of the independence of the Company's internal audit functioning as well as the relevance and accuracy of the presented internal audit reports;
- 4) monitoring and analysis of the existing financial reporting system within the Company.

In 2023 year the Audit Committee will continuing to operate in the independent and prudent way, based on the provisions of the Audit Committee Regulation and taking into account the requirements of the new Law no 92/2022 on insurance and reinsurance activity (in force starting 01/01/2023), the requirements of art.45 of the Law no.271 / 2017 on financial statements audit, the provisions of the actual Supervisory Authority (NCFM) normative acts in the field of insurance, and will precisely monitored requirements of the NBM, which take a Insurers/Reinsurers supervision on 01.07.2023

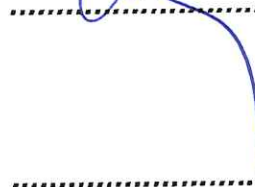
Peter Thirring,
Chairman of the Audit Committee


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Franz Fuchs,
Deputy Chairman of the Audit Committee


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Marek Golebiewski,
Member of the Audit Committee


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April 19, 2023

