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Financial statements
31 December 2021

Director's report
and
Independent auditor's report

USAA S. A

Annual Report and Financial Statements

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USAA S.A.

Director's report

The Directors present their annual report and audited annual accounts for the year ending 31 December 2021.

Principal Activity

USAA S.A. was founded in November 2018 and is authorized by the Commissariat aux Assurances to establish insurance activities headquartered in the Grand Duchy of Luxembourg and to underwrite policies in Continental Europe after the UK left the EU. Its sister company, USAA Ltd, underwrites UK policies. USAA S.A. is a direct subsidiary of USAA International Services SARL, and the ultimate parent is United Services Automobile Association (USAA).

USAA was founded by the military, for the military. In 1922, 25 Army officers came together with the goal of insuring one another's vehicles when no other insurance company would. These military officers and their military lifestyle were seen as too risky. So, together, they founded USAA. And from those beginnings, USAA has followed the same military values its founders prized: service, loyalty, honesty, and integrity. From its founding, USAA has been a policyholder owned mutual enterprise with a unique approach to property insurance. The mission of the association is to facilitate the financial security of its members, associates, and their families through provision of a full range of highly competitive financial products and services; in so doing, USAA seeks to be the provider of choice for the military community.

USAA S.A. insurance license was granted by the Commissariat aux Assurances on 25 September 2018 and authorized to underwrite business in the following classes 1, 3, 5, 6, 7, 8, 9, 10, 11, 12, 13, 17, 18 (non-life). USAA S.A. provides Auto, Renters, Umbrella (personal liability) and VPP (Valuable Personal Property) products to USAA members residing in European Union (EU) countries, the majority of whom are active-duty service men and women of the US armed forces via Freedom of Services. Many of USAA S.A. services are provided via its holding company USAA SARL. USAA S.A. is committed to exceptional customer experiences and is dedicated to understanding policyholders' individual and collective needs and to providing appropriate solutions.

Branches

The Company has one branch in Germany that is primarily dealing with claims. The Company now also has a UK branch approved by the CAA on 2 December 2021.

Governance

In accordance with the requirements of the Law on the Insurance Sector of 7 December 2015, the Board of Directors meets as often as business requires, at least four times a year. The Chairman of the Board of Directors coordinates the work of the Board and presentations.

The Board of Directors met four times in 2021 and all members of the Board of Directors attended all the meetings. Other Directors were present at all the meetings (COO, CFO, CRO, CLO, CCO, Claims Director, Insurance Sales and Services Director).
The Board of Directors performs a yearly self-assessment. Furthermore, discussions take place between the Chairman of the Board and its members on an individual basis.

Two standing committees support the work of the Board of Directors as a whole: the Risk Committee and the Audit Committee.

The members of the Board of Directors or a committee of the Board of Directors are obliged to leave meetings when issues are discussed that affect their own interests or the interests of natural or legal persons close to them.

The directors and any appointments and resignations during the year were as follows:

Composition of the Board:

Chairman of the Board: Randy Termeer
Member of the Board: Simon Patrick Kendall Keith
NED Members of the Board: Dirk Beeckman, Craig Anthony Scarr, Karen Graves

Appointments: Julie Duriez was appointed as a Member of the Board of USAA S.A. on 1st April 2021

Key Function Holders:

Resignation of Mrs. Helene Schabo as Interim DA on 1st April 2021
Appointment of Julie Duriez as DA on 1st April 2021
Resignation of Mrs. Helene Schabo as Risk Key Function Holder on 1st September 2021
Appointment of Kevin Skube as Risk Key Function Holder on 1st September 2021
Resignation of Mr. Robert Stevener as Audit Key Function Holder on 5th November 2021
Appointment of Anna Benavides as Audit Key Function Holder on 30th September 2021
Appointment of Daphne Morrissey as Actuarial Key Function Holder on 14th December 2021

None of the directors have any disclosable interests in the shareholding of the Company.

Business Performance and Financial results overview

In the period 01 January 2021 until 31 December 2021 the Company earned a profit after tax of €7,486,913 (2020: €8,350,420).
The Company continued writing insurance business in the period and the profit derived from:

Gross Premiums Written

Gross premiums written of EUR 83.8m (2020 EUR 77.7m). The increase is mainly because premiums of EUR 5.5m were returned to policyholders in 2020 due to Covid-19. No premiums were returned to policyholders in 2021 due to Covid-19.

Premiums are written across eight EU countries. The largest portion written for German based policyholders with Germany accounting for 66.8% of total premiums written (2020 66.4%). The second biggest country is Italy accounting for 25.2% (2020 25.3%) of premiums. The most important product lines are Motor Other, 49.1% (2020 46.5%) of gross premiums written and Motor Third Party Liability 41.5% (2020 42.8%).

Claims

Net claims incurred of EUR 51.7m (2020 EUR 42.5m) were better than planned but higher than 2020 due to the relatively low level of claims in 2020 as a result of reduced activity resulting from Covid-19 reduction in travel.

Expenses

Expenses of EUR 18.7m (2020 EUR 20.4m) are EUR 1.7m lower than previous year mainly because actuarial losses of EUR 1.5m on the pension scheme for the German branch were charged as operating expenses in 2020. In 2021 there was an actuarial gain of EUR 2.5m in 2021 which is recognised in Other income.

Combined ratio

Combined Operating ratio of 91.5% is better than planned ratio of 98.5% but lower than 2020, 83.1% mainly due to the higher incurred claims as outlined above.

Investments

For the year ended 31 December 2021, the investment results corresponded to net investment income amounting to EUR 185,174 compared to net investment income of EUR 46,170 in the previous year. The investment income corresponding mainly to interest earned on the investment portfolio, which was offset by amortisation of premiums paid, net of discounts received on the acquisition of investments of EUR 520,845.

The Company is investing into Corporate and Government Bonds whose rating are never below a BBB rating, issuers are predominantly located in the EU and OECD countries. The Company is not using Financial Derivative Instruments neither for hedging nor for efficient portfolio management purposes.

The duration and currency profile of the investment portfolio is managed to broadly match that of the Company's underlying liabilities. The Company continues to invest predominantly in high grade corporate and government bonds in accordance with its stated investment strategy and in conjunction with its external investment manager, Western Asset Management.

Other Income

Actuarial gains on the German pension fund amounting to EUR 2.5m are recognised in other income. In 2020 there was an actuarial loss of EUR 1.5m which was recognized in the technical account.

Other income also includes EUR 0.4m (2020 EUR 0.8m) received from USAA Limited, a sister company, for claims services provided by the German branch.

Capital and reserves

The Company manages its capital position in accordance with the requirements of the Solvency II regime and determines its capital requirement using the Standard Formula as the basis of calculation. As of 31 December 2021, the Company's admissible capital was more than the Solvency II Standard Formula requirement.

Assets

Total assets increased from EUR 141.0m as of 31 December 2020 to EUR 159.9m as of 31 December 2021, mainly driven by the increase in cash balances which increased by EUR 11.9m and insurance debtors which rose by EUR 4.9m.

Liabilities

Total liabilities, excluding capital and reserves, amounted to EUR 94.3m compared to EUR 83.0m in the previous year, mainly driven by the increase of technical provisions.

Capital and reserves increased by EUR 7.5m (2020: increase of EUR 8.4m) due to the net profit for the year.

Future developments

The immediate objectives of the Company are to manage operations effectively and efficiently following Brexit and how to return to Business as Usual following the COVID-19 pandemic. Following this, in conjunction with other initiatives with our ultimate parent company, efforts are underway to modernize systems, technology and data to enable the business to offer personalized sales and service experiences digitally.

USAA International Services SARL, recognizing that the current operating model was not sustainable as it was, being too complex and too expensive to maintain, decided to rationalize the structure, reduce costs and ease portfolio volatility.

USAA S.A. obtained the agreement from the Commissariat aux Assurances for opening a new USAA S.A. branch in the UK on 2 December 2021, with the aim to transfer in this new UK Branch, the remaining UK policies from its sister company USAA Ltd from 01 April 2022. The remaining liabilities from USAA Limited will be appropriately transferred to either USAA S.A. or the USAA S.A. UK Branch via a Part VII transfer with an effective date of 31 December 2022. Following this transaction USAA Limited will be dissolved during 2023, therefore simplifying the current European structure. These plans are subject to the UK court approval.

Although nothing has been decided yet, the Company might seek to expand its product range over the coming years with an agenda yet to be determined.

Principal risks and uncertainties

USAA S.A.'s risk management framework promotes a company-wide understanding of risk and the culture of effective challenge throughout the business and through an independent risk role fulfilled by the Risk Key Function Holder.

This framework is applied in everyday business processes and decision-making at USAA S.A. to understand and prudently manage risks in alignment with goals and objectives.
The core of an effective enterprise risk management framework is a risk taxonomy that names, classifies and defines the risks of the organization.

In conjunction with the categorized taxonomy risks USAA S.A. uses the following risk management tools to further define these risks and tolerances:

- Risk appetite statements define acceptable risk levels.
- Risk metrics, with defined appetite and trigger thresholds, are used to monitor USAA S.A.'s performance within its appetite, to proactively identify new or existing controls USAA S.A.
- Policies integrate the corporate governance structure for USAA S.A. and facilitate strong governance and clearly defined roles and responsibilities.
- Risk and Control Self-Assessments (RCSAs) assess the effectiveness of risk management and control processes.
- TOP and Emerging Risk register is discussed and refreshed regularly at the Risk Committees

Market risk – Credit, Interest Rate and Liquidity

USAA S.A. manages market risk through mitigating adverse changes in market conditions by hedging or limiting excess exposures of fair value assets and liabilities, mitigating exchange rate volatility by a currency matching strategy of its currency assets and liabilities and maintaining appropriate portfolio diversification while avoiding excessively volatile positions.

USAA S.A. measures and monitors Insurance, Credit, Interest Rate and Liquidity Risk Solvency Capital Requirements (SCR) through the Standard Formula to ensure the Company's SCR is maintained above the risk appetite both in the normal course of business and under stress.

USAA S.A. manages Insurance, Credit, Interest Rate and Liquidity Risks through defined policies and procedures, and by executing controls in adherence to its Risk Management Framework, as well as monitoring and reporting performance in relation to Board and management metrics. Limit breaches shall be addressed under established governance and detailed action plans to ensure resolution.

Credit

USAA S.A. manages credit risk by not pursuing credit portfolio growth that is counter to regulatory requirements or other supervisory guidance, control effectiveness, or credit due diligence, maintaining sound underwriting standards and high-quality portfolios throughout economic cycles, prudently managing portfolio concentration and exposure to low credit quality.

Interest Rate

Interest rate risk is conservatively managed. Risk mitigation actions taken to limit interest rate exposure include, but are not limited to product design, pricing, other interest rate hedging strategies.
Interest rate risk is actively monitored and managed to ensure consistency in earnings and sustainability in capital.

Liquidity

USAA S.A. maintains conservative liquidity levels well above its regulatory minimums and actively manages liquidity to support the potential need for large cash outflows from surges in claims or expenses and lower levels of premium income. USAA S.A. manages liquidity risk by maintaining a conservative coverage of its projected outflows through contingent liquidity management strategies such as utilization of cash on-hand, liquidating investments.

USAA S.A. maintains a liquidity ratio of liabilities as a % of assets lower than 76% to support the potential need for simultaneous large cash outflows from high liability claims and other liquidity needs in periods of stress.

Underwriting/Insurance Risk

Insurance risk is a significant element of the Company's risk profile. This risk is driven by the long-tail bodily injury claims in the motor portfolio. Mitigations include controls around all components of the business (pricing, underwriting coverage, claims and loss reserving) that could lead to unplanned increases in the likelihood and severity of losses.

Whilst the company's policyholders have been concentrated around military bases in Germany, Spain and Italy, there is no significant exposure to aggregation of risk to losses emanating from natural catastrophes. Nevertheless, the potential exposure to these events is modelled and assessed as part of the Company's capital assessment.

USAA S.A. manages underwriting risk through pricing to an expected risk-adjusted return, prudent underwriting, sound loss reserving methodologies, monitoring risk metrics to ensure deviations are within an acceptable range.

Additionally, USAA S.A. manages the volatility of its annual operating results through effective underwriting and pricing of the book of business as well as through appropriate reinsurance coverage or other mitigation techniques. As an example, USAA S.A. limits its annual underwriting loss to €1 million through the purchase of stop loss. USAA S.A, maintains booked loss reserves within the range of the auditor reserves, manages insurance risk through defined policies and procedures, and by executing controls in adherence to its Risk Management Framework as well as monitoring and reporting performance in relation to Board and management metrics and reports any limit breaches under established governance and detailed action plans to ensure resolution.

Given the inherent variability of earnings from the large losses inherent in the USAA S.A. auto business and significant exchange rate volatility, USAA S.A. will maintain average annual net combined ratios of 92-98% over its 3-year planning horizon.

Climate Change Risk

As the full impact of climate change is currently unknown, it is not possible to consider all possible future outcomes when determining the value of assets, liabilities and the timing of future cash flows. The Company's view is that any reasonable impact of climate change would not have a material impact on the valuation of assets and liabilities at the year-end date.

Climate change continues to be reviewed through the Company's Risk Committee.

Military/Political Risk

The situation in Ukraine has caused an increase in the presence of US Military personnel to be stationed in Europe on short term deployment. This is not likely to impact business volumes or place additional risk on USAA S.A. in the short term (see subsequent events).

Technology and cyber risk

The ability to respond to technological developments which significantly changes insurance products or the way that they are delivered to customers, allied to the ever-increasing threat to customer data could prove challenging for the Company. USAA S.A. is able to leverage from the research conducted by its ultimate parent company to ensure that it is able to mitigate against any material impact in both, the short term and over the longer term as new technology becomes more mature and accepted widely across the Company's customer base. The outcomes of the ultimate parent company's results are reported into the business management meetings for review and consideration.

The situation in Ukraine has caused an increase in the likelihood of potential cyber attacks against USAA. The Group's control environment and active defence mechanisms, coupled with comprehensive cyber and ransomware insurance coverage causes us to believe that the residual risk remains unaffected at this time.

Going concern

The annual accounts have been prepared on a going concern basis. In assessing whether the going concern basis is appropriate, the directors have considered the information contained in the annual accounts, the latest business plan, profit forecasts and solvency calculations. The directors are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future.

The impact of COVID-19 cannot be underestimated both from a global economic perspective and its impact on businesses (both customers and employees). In 2021, USAA S.A. continued to offer full work from home capabilities in line with the Luxembourgish government's guidelines. USAA S.A. has also introduced hybrid working practices to mitigate future pandemic risk and provide flexible working arrangements for employees.

Meanwhile, we are fortunate to have the backing and resources of a Fortune 100 group, which is assisting us in our response to this evolving situation. Our primary concern is to maintain our services to our members whilst ensuring the welfare of our employees, and we did not have to furlough any employees.

Finally, in 2021, Covid continued to positively impact our results through a significant reduction of our claims frequency because of fewer mileage driven and an increase of products due to the relaunch of military moves from the US to Europe. As a result, we were able to return some premium to our policyholders in 2021.

Reinsurance program

USAA S.A. is reinsured via an external excess of loss treaty with an inception date of 1 January. Meanwhile, USAA S.A. benefits from the existence of a non-proportional excess of loss reinsurance contract with USAA. This allows USAA S.A. to act within its stated risk appetite. It also allows USAA S.A. to reduce the volatility to which its current portfolio is exposed given the regulatory-mandated unlimited liability exposures accepted in relation to its premium volume.

Any changes in the reinsurance program are discussed with the Dirigeant Agréé and the Risk Committee and approved by the Board. An annual opinion is provided by the Chief Actuary regarding the appropriateness of the reinsurance program in mitigating risk and managing the volatility of annual operating results.

The company has renewed its reinsurance agreement on 1st January 2022. We brought a new reinsurer onto the panel, Everest Re. This allowed us to decrease some of the larger shares of other participants. While we were able to secure 100% placement at the low end of the approved renewal rates, it was still a +23.0% increase that translates to roughly +€1.25M. Beyond the limited supply of reinsurers willing to provide unlimited coverage, results for reinsurers generally across many classes of business in recent years have not been good. Continued pressure from managements and capital providers are causing underwriters to take significant action. Additionally, the ongoing depressed interest rate environment only sharpens reinsurers' focus on underwriting profitability. Finally, one of the drivers of the increase was the unfortunate timing of a large new claim, which reinsurers "ran with" in their quotes.

Research and Developments

The Company has not performed any Research and Development activities over 2021. It has not performed any purchase or re-purchase of its own shares since the last balance sheet date, and it did not invest in derivative financial instruments during the year.

Subsequent events

In February 2022, a number of countries (including the US, UK and EU) imposed new sanctions against certain entities (of which financial institutions) and individuals in Russia as a result of the official recognition of the Donetsk People Republic and Lugansk People Republic by the Russian Federation. Additional sanctions have been made following military operations initiated by Russia on 24 February 2022 against Ukraine including the restriction of the access of already sanctioned Russian banks to the international payments system SWIFT.

Such sanctions can impact not only the sanctioned entities and individuals including entities under their control but also Business Counterparties of these sanctioned entities.
The results of the sanctions and the geopolitical instability have created an important volatility in the financial markets with a potential to adversely impact global economies and increase instability across markets.

The Company has performed an analysis towards the company's potential exposure to the above.

The Company regards these events as non-adjusting events after the reporting period. At the date of this report, the company including its going concern is not impacted (directly or indirectly) by the above and the situation including the possible impact of changing micro- and macroeconomic conditions will be continued to be monitored. The conflict has been confined to Ukraine, a region in which the company is not licensed to write business. All potential risks are being actively managed as part of the company's risk management process.

No other subsequent events occurred after year end that could materially impact the financial statements as of and for the year ended 31 December 2021.

Result allocation

The directors have not proposed or paid any dividends in respect of 2021.

It is proposed that 5% of profit after tax amounting to €374,346 (2020: €417,521) be transferred to the legal reserve and the remaining profit be carried forward to future periods.

Approval

Approved by the Board of Directors and signed on its behalf by:

Julie Duriez
Dirigeant Agréé, Director

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Independent auditor's report

To the Shareholders of
USAA S.A.
1 Avenue du Bois
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Report on the audit of the financial statements

Opinion

We have audited the financial statements of USAA S.A. (the "Company""), which comprise the balance sheet as at 31 December 2021, and the profit and loss account for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements.

Basis for opinion

We conducted our audit in accordance with EU Regulation N° 537/2014, the Law of 23 July 2016 on the audit profession (the "Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("CSSF"). Our responsibilities under the EU Regulation Nº 537/2014, the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the "Responsibilities of the "réviseur d'entreprises agréé" for the audit of the financial statements" section of our report. We are also independent of the Company in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

Valuation of the provision for claims outstanding (including claims incurred but not reported)

Description:

At 31 December 2021, the provision for claims outstanding amounts to EUR 33.795.088 (2020: EUR 22.961.915).

As referred to in the accounting policies (note 4.9 of the financial statements), such provision comprises the estimated costs of settling all claims incurred up to but not paid at the balance sheet date whether reported or not, together with related claims handling expenses.

We considered the valuation of the provision for claims outstanding as a key audit matter as such valuation is dependent on judgements and estimates made by management and for which the quality of data, including historical paid and incurred claims data, methodology used by the loss adjusters of the Company and actuarial assumptions and methodology used in the context of the valuation of the provision for claims incurred but not reported ("IBNR"), can have a significant influence on the value of the provision for claims outstanding at 31 December 2021.

How the matter was addressed in our audit:

With the support of our actuarial specialists, we performed the following audit procedures:

- We obtained an understanding of the claims outstanding process, including the IBNR reserving process, and tested key controls within those processes;
- We tested cut-off of claims processing to ensure claims are recorded in the correct accounting period;
- We reviewed key assumptions and judgements used, specifically the loss projection methodology and process for reserving for large losses;
- We performed independent projections of gross and net claims with the assistance of our actuarial specialists; our actuarial specialists assessed the adequacy of the methodology and assumptions used for the IBNR reserving process;
- We obtained the data used by our actuarial specialists and, on a sample basis, tested inputs back to system information and underlying claims records to ensure data completeness and accuracy; and
- We tested manual adjustments to net claims outstanding, including IBNR.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the management report but does not include the financial statements and our report of "réviseur d'entreprises agréé" thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and of those charged with governance for the financial statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Responsibilities of the “réviseur d’entreprises agréé” for the audit of the financial statements

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the “réviseur d’entreprises agréé” that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with EU Regulation N° 537/2014, the Law of 23 July 2016 and with the ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter.

Report on other legal and regulatory requirements

We have been appointed as "réviseur d'entreprises agréé" on 7 April 2021 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 4 years.

The management report is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

We confirm that the prohibited non-audit services referred to in EU Regulation No 537/2014 were not provided and that we remained independent of the Company in conducting the audit.

Ernst & Young
Société anonyme
Cabinet de révision agréé

Brice Bultot

Luxembourg, 31 March 2022

USAA S. A

Balance Sheet
As of 31 December 2021

	Note	2021 EUR	2020 EUR
Assets			
Investments			
Other financial investments			
Debt securities and other fixed-income securities	*5*	76,645,407	75,819,664
Deposits with credit institutions		1,675,413	2,142,550
		78,320,820	77,962,214
Reinsurer's share of technical provisions			
Claims outstanding	*14*	13,724	159,662
		13,724	159,662
Salvages and subrogation	*14*	2,650,387	2,000,176
Debtors			
Debtors arising out of direct insurance operations	*19*	47,890,555	43,048,655
Other debtors	*6,19*	1,399,021	-
		49,289,576	43,048,655
Other assets			
Tangible assets	*7*	8,114	28,012
Cash and cash equivalents		28,934,845	17,071,075
		28,942,959	17,099,087
Prepayments and accrued income			
Accrued interest		575,337	746,104
Other prepayments and accrued income		92,487	-
		667,824	746,104
Total Assets		**159,885,290**	**141,015,898**

The accompanying notes form an integral part of these financial statements.

USAA S. A

Balance Sheet

As of 31 December 2021

	Note	2021 EUR	2020 EUR
Liabilities			
Capital and reserves			
Subscribed capital	*8*	45,030,000	45,030,000
Share premium account		19,286	19,286
Legal Reserve		650,843	233,322
Result brought forward		12,366,027	4,433,128
Profit for the financial year		7,486,913	8,350,420
Total capital and reserves		65,553,069	58,066,156
Technical provisions			
Provision for unearned premiums	*13*	47,516,860	41,624,714
Claims outstanding	*14*	33,795,088	22,961,915
		81,311,948	64,586,629
Provisions for other risks and charges			
Provisions for taxation	*20*	7,711,912	5,687,680
Other provisions	*21*	-	3,278,579
		7,711,912	8,966,259
Creditors			
Creditors arising out of direct insurance operations	*9*	531,504	1,211,249
Other creditors	*6,9*	4,246,973	7,141,013
		4,778,477	8,352,262
Accruals and deferred income	*10*	529,884	1,044,592
Total liabilities		**159,885,290**	**141,015,898**

The accompanying notes form an integral part of these financial statements.

USAA S. A

Profit and loss account

Technical Account - Non-Life insurance business
For the year ended 31 December 2021

	Note	2021 EUR	2020 EUR
Earned premium, net of reinsurance			
Gross premiums written	*11*	83,847,072	77,730,301
Outward reinsurance premiums		(4,397,761)	(4,748,330)
Change in the gross provision for unearned premiums	*13*	(2,373,916)	4,168,074
		77,075,395	**77,150,045**
Allocated investment return transferred from the non-technical account	*16*	66,227	13,759
Claims incurred, net of reinsurance			
Claims paid			
Gross amount	*14*	(44,061,631)	(35,457,969)
Salvages and subrogation	*14*	2,642,342	2,378,455
		(41,419,289)	(33,079,514)
Change in the claims outstanding			
Gross amount	*14*	(10,812,641)	(10,586,985)
Salvages and subrogation	*14*	650,210	1,117,822
Reinsurer's share	*14*	(145,938)	28,090
		(10,308,369)	(9,441,073)
Claims incurred, net of reinsurance		**(51,727,658)**	**(42,520,587)**
Net operating expenses	*18*	(18,694,441)	(20,368,003)
Total claims and expenses		**(70,422,099)**	**(62,888,590)**
Balance on the technical account for non-life insurance business		**6,719,523**	**14,275,214**

The accompanying notes form an integral part of these financial statements

USAA S. A

Profit and loss account

Non-Technical Account
For the year ended 31 December 2021

	Note	2021 EUR	2020 EUR
Balance on the technical account – for non-life insurance business		**6,719,523**	**14,275,214**
Investment income			
Income from other investments		1,204,056	830,356
Investment charges			
Losses on realization of investments		(426,377)	(169,418)
Value adjustments on investments		(592,506)	(614,768)
Allocated investment return transferred to the non-life insurance technical account	*16*	(66,227)	(13,759)
Other income	*22*	2,935,554	770,650
Other charges	*23*	(1,821)	(2,354,326)
Profit on ordinary activities before tax		**9,772,202**	**12,723,949**
Tax on profit on ordinary activities	*20*	(1,978,329)	(4,166,854)
Other taxes not shown under previous items	*20*	(306,960)	(206,675)
Profit for the financial year		**7,486,913**	**8,350,420**

The accompanying notes form an integral part of these financial statements.

1. General information

USAA S.A. (the "Company") was incorporated on 9 May 2018 and is organised under the "Commercial Companies" laws of the Grand Duchy of Luxembourg as a public limited liability company (Société Anonyme) for an unlimited period. The Company is registered with the Register of Commerce and Companies of Luxembourg under number B224622.

The registered office of the Company is 1, Avenue du Bois, L-1251 Luxembourg.

The main activity of the Company is to carry out, for itself or on behalf of third parties, (i) any and all insurance and coinsurance operations in all insurance branches, to the exclusion of life-insurance business, and (ii) any reinsurance operations, to the exclusion of life reinsurance, this either in the Grand Duchy of Luxembourg or abroad.

On 25 September 2018, an insurance licence was granted to the Company by the Commissariat aux Assurances to underwrite business in the following classes 1, 3, 5, 6, 7, 8, 9, 10, 11, 12, 13, 17, 18 (non-life).

The financial year of the Company begins on the first day of January of each year and ends on the last day of December of the same year.

2. Presentation of the financial statements

The financial statements of the Company have been prepared in accordance with the law of 8 December 1994, as amended from time to time, and with the accounting policies generally accepted within the insurance and reinsurance industry in the Grand Duchy of Luxembourg. The accounting policies and valuation rules, apart from those defined by Luxembourg law or by the Commissariat aux Assurances, are determined and applied by the Board of Directors.

Some balances in 2020 were reclassified for comparability with 2021 balances as outlined in Note 4.4.

3. Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported as revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

4. Summary of significant accounting policies

This summary covers the significant accounting policies for ongoing insurance business.

4.1 Restructuring expenses

Restructuring expenses are recognised at the purchase price and are charged in full to the profit and loss as incurred.

4. Summary of significant accounting policies - continued

4.2 Financial fixed assets

- Other financial investments

Debt securities and other fixed-income securities are valued at amortised cost with premiums amortised on a straight-line basis over the period to maturity.

The amortised cost of debt securities and other fixed-income securities will be evaluated periodically and where a reduction in value is considered permanent in nature an adjustment will be made so that the valuation is at the lower value to be attributed to them at the balance sheet date. These value adjustments may not be carried when the reasons for which they were made cease to apply.

Deposits with credit institutions and with ceding undertakings are valued at nominal value.

4.3 Foreign currency translation

The company's functional and presentational currency is Euro.

Transactions expressed in other currencies than Euro are translated into Euro at the exchange rate effective at the time of the transactions. Assets and liabilities denominated in other currencies than Euro are translated into Euro at the rate of exchange prevailing at the balance sheet date. The resulting foreign exchange gains or losses are included in the result of the year. Income and expenses are translated at average rates.

Exchange differences from translation and the impact of foreign exchange transactions are allocated to other provision. Recognition through the profit and loss account only occurs when the provision is not sufficient to absorb a negative difference.

The Company used the following exchange rates to convert foreign currencies to Euro at 31 December 2021: EUR 1 = GBP 0.83862531 EUR 1 = USD 1.1318982

4.4 Salvages and subrogation

Salvages and subrogation represent the estimated recoverable amount arising from the acquisition of the policyholder's rights with respect to third parties or arising from the legal ownership of insured property upon settlement of a loss. The estimated recoverable amount is calculated separately for each claim.

The provision is disclosed for the first time in the current financial year. An amount of EUR 2.000.176 from the financial year to 31 December 2020 has been reclassified from the liabilities item "Claims outstanding" to the assets item "Salvages and subrogation" in order to ensure comparability with the figures for the year to 31 December 2021.

The reinsurer's share of the subrogation and salvages is shown separately in the liability section of the balance sheet.

4. Summary of significant accounting policies - continued

4.5 Reinsurers' share of technical provisions

Amounts recoverable from reinsurers are accounted for in a manner consistent with the underlying contract liabilities, outstanding claims provisions or settled claims associated with the reinsured policies and in accordance with the relevant reinsurance contract.

4.6 Debtors

Debtors are valued at nominal value, less deduction for impairment, if applicable.

4.7 Other assets

Tangible assets are valued at purchase price and depreciated over their estimated useful economic lives. Cash at bank and in hand are valued at nominal value.

4.8 Prepayments and accrued income

- Deferred acquisition costs

The Company does not defer any acquisition costs.

- Other prepayments and accrued income

Prepayments and accrued income represent expenditure incurred during the financial year which relates to a subsequent financial year and income relating to the current financial year, but which is not receivable until a subsequent financial year.

4.9 Technical provisions

- Provision for unearned premiums

The provision for unearned premiums comprises the amount representing that part of gross premiums written which is estimated to be earned in the following or subsequent financial year, computed separately for each insurance contract using the daily pro rata method. The proportion attributable to subsequent periods are deferred as a provision for unearned premiums.

- Provision for claims outstanding

Outstanding claims comprise provisions for the estimated costs of settling all claims incurred up to but not paid at the balance sheet date whether reported or not, together with related claims handling expenses. Claims incurred includes all claims payments made in respect of the financial period, claims handling expenses and the movement in provision for outstanding claims and claims handling expenses.

4. Summary of significant accounting policies - continued

4.10 Provision for other risk and charges

- Provision for pension and similar obligations

The Company operates a number of defined benefit pension schemes. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and are discounted at the current rate of return of a high-quality corporate bond of equivalent term and currency to the liabilities.

The increase in the present value of the liabilities of the Company's defined benefit pension schemes expected to arise from employee service in the period is charged to the profit and loss account.

The net interest element is determined by multiplying the net defined benefit asset or liability by the discount rate at the start of the period, considering any changes in the net defined benefit asset or liability during the period as a result of contribution and benefit payments. The net interest is recognised in the profit or loss as other finance income or charges.

Re-measurement, comprising actuarial gains and losses, the effect of the asset ceiling and the return on the net defined benefit asset or liability (excluding amounts included in net interest) are recognised immediately in the profit and loss in the period in which they occur.

Any pension scheme surplus, to the extent it is considered recoverable, or deficit, is recognised in full and presented on the balance sheet.

The Company also operates a number of defined contribution schemes. Contributions to defined contribution schemes are recognised in the profit and loss account in the period in which they become payable.

The commitment of the Company is limited to the contributions that the Company agreed to pay into the fund on behalf of its employees.

- Provision for taxation

Provisions for taxation include estimated income tax liabilities for financial years for which a definitive taxation assessment has not yet been received from the fiscal authorities and unpaid final tax liabilities, net of advance payments.

- Other provisions

Other provisions are determined and estimated according to Luxembourg's accounting principles and management review. Other provisions include the foreign exchange provision.

4.11 Creditors

Creditors are valued at their nominal value.

4. Summary of significant accounting policies - continued

4.12 Accruals and deferred income

This liability item includes income received during the financial year but relating to a subsequent financial year, and charges which relate to the current financial year but are payable in a subsequent financial year.

4.13 Allocated investment return transferred from the non-technical account

This income or loss represents the portion of the total net investments returns that relates to assets which are held to cover the non-life technical provisions, and which are transferred from the non-technical account in order to better reflect the balance of the technical account of the non-life business.

5. Debt securities and other fixed-income securities

	2021 EUR	2020 EUR
Amortised cost basis	76,645,407	75,819,664
Market Value	76,959,995	76,910,820

Acquisition costs higher than redemption values

The unamortized part of the positive difference between the booked value and the redemption value (premium) of debt securities and other fixed income securities amounts to EUR 2,775,799 (2020: EUR 3,032,384)

The amount of premium amortisation charged in the profit and loss account is EUR 544,714 (2020: EUR 649,529).

The unamortized part of the negative difference between the book value and the redemption value (discount) of debt and other fixed income securities amounts to EUR (104,404) (2020: EUR 86,720).

The amount of discount amortization charged in the profit and loss account is EUR (23,869) (2020: EUR (34,762)).

As of 31 December 2021, some debt and other fixed income securities have a book value of EUR 43,988,215, which is higher than their market value of EUR 43,490,176. The book value was adjusted downwards with the impairment costs of EUR 498,039 being charged to the profit and loss account.

6. Amounts owed by and to affiliated undertakings and other Group companies

As of 31 December 2021, amounts owed by and to affiliated undertakings and other Group companies included in the below balance sheet captions were as follows:

	2021 EUR	2020 EUR
Other creditors, due within 5 years	(2,950,812)	(5,759,016)
Other Debtors, due within 5 years	491,160	-
	(2,459,652)	**(5,759,016)**

7. Tangible assets

	2021 Equipment, furniture and computers EUR	2020 Equipment, furniture and computers EUR
Cost		
As at 1 January	92,649	92,649
Additions	-	-
Disposals	-	-
As at 31 December	92,649	92,649
Depreciation		
As at 1 January	(64,637)	(32,570)
Charge in year	(19,898)	(32,067)
Disposals	-	-
As at 31 December	(84,535)	(64,637)
Net book value		
As at 31 December	8,114	28,012

8. Capital and reserves

The subscribed capital amounts to EUR 45,030,000 and is divided into 45,030,000 shares fully paid up with a nominal value of EUR 1. The authorised capital amounts to EUR 59,000,000.

- Legal Reserve

Luxembourg companies are required to allocate to a legal reserve a minimum of 5% of the annual net income, until this reserve equals 10% of the subscribed capital. This allocation is approved at the AGM each year. This reserve may not be distributed.

The movements during the financial year in respect of capital and reserves are broken down as follows:

	Subscribed share capital EUR	Share premium account EUR	Legal reserve EUR	Retained earnings EUR	Profit for the year EUR	Total EUR
As at 1 January 2021	45,030,000	19,286	233,322	4,433,128	8,350,420	**58,066,156**
Addition	-	-	-	-	-	-
Allocation during the year	-	-	417,521	7,932,899	(8,350,420)	-
Result for the year	-	-	-	-	7,486,913	**7,486,913**
As at 31 December 2021	**45,030,000**	**19,286**	**650,843**	**12,366,027**	**7,486,913**	**65,553,069**

As per resolution of the AGM dated 26 April 2021. The meeting resolved to allocate EUR 417,521 to the legal reserve, which corresponds to 5% of profit after tax for the period ended 31 December 2020.

9. Creditors

As at 31 December 2021, creditors are becoming due and payable within 5 years and are composed as below:

	2021 EUR	2020 EUR
Creditors arising out of direct insurance operations	531,504	1,211,249
Other creditors	4,246,973	7,141,013
	4,778,477	**8,352,262**

Other creditors, including tax and social security, as of 31 December 2021, were as follows:

	2021 EUR	2020 EUR
Other sundry creditors	1,296,161	1,381,997
Amounts owed to affiliated undertakings (note 6)	2,950,812	5,759,016
	4,246,973	**7,141,013**

10. Accruals and deferred income

As at 31 December 2021, accruals and deferred income are composed of:

	2021 EUR	2020 EUR
Salary and incentive accruals	210,782	216,727
Other accruals and deferred income	319,101	827,865
	529,883	**1,044,592**

11. Result from non-life insurance operations

Gross premiums written for the year ending 31 December 2021 relate to non-life insurance.

Gross premiums written, gross earned premiums, gross claims incurred, and operating expenses relate to direct insurance operations.

The breakdown is as follows:

2021	**Motor Other**	**Motor Third Party Liability**	**Fire Property Damage**	**General Liability**	**TOTAL**
	EUR	**EUR**	**EUR**	**EUR**	**EUR**
Gross premiums written	41,199,365	34,767,033	5,693,684	2,186,990	**83,847,072**
Gross earned premiums	39,073,988	34,417,447	5,773,887	2,207,834	**81,473,156**
Claims incurred – Gross	(24,790,921)	(26,029,241)	(3,468,485)	(585,625)	**(54,874,272)**
Subrogation and salvage	3,263,290	23,950	5,312	-	**3,292,552**
Operating expenses	(8,965,730)	(7,897,263)	(1,324,849)	(506,599)	**(18,694,441)**
Reinsurance balance	(802,141)	(3,581,924)	(115,478)	(44,156)	**(4,543,699)**

2020	**Motor Other**	**Motor Third Party Liability**	**Fire Property Damage**	**General Liability**	**TOTAL**
	EUR	**EUR**	**EUR**	**EUR**	**EUR**
Gross premiums written	36,111,965	33,305,797	5,996,551	2,315,988	**77,730,301**
Gross earned premiums	39,500,238	33,702,505	6,227,915	2,467,717	**81,898,375**
Claims incurred – Gross	(20,979,016)	(22,307,935)	(1,899,003)	(859,000)	**(46,044,954)**
Subrogation and salvage	3,452,897	41,499	1,881	-	**3,496,277**
Operating expenses	(9,823,650)	(8,381,762)	(1,548,873)	(613,718)	**(20,368,003)**
Reinsurance balance	(869,639)	(3,676,689)	(124,558)	(49,354)	**(4,720,240)**

12. Geographical breakdown of direct premiums written

The gross premiums were written in Member States of the European Union other than the Grand Duchy of Luxembourg. The analysis by country of origin is as follows:

Gross premiums written	**2021**	**2020**
	EUR	**EUR**
Germany	56,042,517	51,625,135
Italy	21,109,397	19,682,951
Spain	2,595,608	2,548,251
Belgium	2,184,373	2,077,944
Netherlands	1,165,180	1,059,465
Greece	323,315	323,212
France	167,201	177,821
Portugal	259,481	235,522
	83,847,072	**77,730,301**

13. Provisions for unearned premiums

	Gross	**Reinsurers share**	**Net**
	EUR	**EUR**	**EUR**
As at 1 January 2021	41,624,714	-	41,624,714
Premiums written in the year	83,847,072	-	83,847,072
Premiums earned in the year	(81,473,156)	-	(81,473,156)
Foreign exchange translation difference	3,518,230	-	3,518,230
As at 31 December 2021	**47,516,860**	**-**	**47,516,860**
As at 1 January 2020	47,611,665	-	47,611,665
Premiums written in the year	77,730,301	-	77,730,301
Premiums earned in the year	(81,898,375)	-	(81,898,375)
Foreign exchange translation difference	(1,818,877)	-	(1,818,877)
As at 31 December 2020	**41,624,714**	**-**	**41,624,714**

14. Claims outstanding

	Gross	Salvages and subrogation	Reinsurers share	Net
	EUR	EUR	EUR	EUR
As at 1 January 2021	22,961,915	(2,000,176)	(159,662)	20,802,077
Claims incurred in current accident year	56,813,513	(3,532,000)	-	53,281,513
Claims incurred in prior accident year	(1,939,241)	239,447	145,938	(1,553,856)
Claims paid during the year	(44,061,631)	2,642,342	-	(41,419,289)
Foreign exchange	20,532	-	-	20,532
As at 31 December 2021	**33,795,088**	**(2,650,387)**	**(13,724)**	**31,130,977**
As at 1 January 2020	12,425,659	(882,354)	(131,572)	11,411,733
Claims incurred in current accident year	46,069,277	(2,919,277)	-	43,150,000
Claims incurred in prior accident year	(24,323)	(577,000)	(28,090)	(629,413)
Claims paid during the year	(35,457,969)	2,378,455	-	(33,079,514)
Foreign exchange	(50,729)	-	-	(50,729)
As at 31 December 2020	**22,961,915**	**(2,000,176)**	**(159,662)**	**20,802,077**

The comparative balances for both Claims incurred and Claims Paid for the year ended 31 December 2020 have been reclassified to balances gross of salvages and subrogation.

15. Acquisition costs

No commissions were paid to insurance intermediaries relating to direct insurance for the period ended 31 December 2021.

16. Allocated investment return transferred to the non-life insurance technical account

In conformity with article 55 of the law of 8 December 1994, the company will transfer to the non-life technical account a portion of the investment income amounting to EUR 66,227 (2020: EUR 13,759), net of corresponding charges.

This amount transferred is determined on the basis of a ratio represented by the portion of technical provision in the total amount of net equity and technical provisions.

17. Personnel employed during the year

The average number of employees of the Company during the financial year were as follows:

	2021	2020
Management	3	3
Administration	-	1
Operations	35	31
Support (Risk/Finance)	2	-
	40	**35**

18. Staff costs and directors' remuneration

Staff Costs
Employee related costs are included in administrative expenses and are broken down as follows:

	2021 EUR	2020 EUR
Wages and salaries	2,782,893	2,420,958
	2,782,893	**2,420,958**

Employee costs above include EUR 353,330 posted in operating expenses and EUR 2,429,563 posted in claims paid.

Directors' remuneration

	2021 EUR	2020 EUR
Aggregate remuneration in respect of qualifying services	678,398	672,340
Aggregate amounts receivable under long-term incentive scheme	84,202	57,006
	762,600	**729,346**

19. Debtors

As of 31 December 2021, debtors arising out of direct insurance operations were as follows:

	2021 EUR	2020 EUR
Debtors arising out of direct insurance operations		
Amounts owed by policyholders	43,831,486	37,478,424
Amounts owed by ultimate parent company	4,059,069	5,570,231
	47,890,555	43,048,655
Other debtors		
Amounts owed by overseas tax authorities	907,861	-
Amounts owed by related parties (Note 6)	491,160	-
	1,399,021	-
	49,289,576	**43,048,655**

20. Taxes

The Company is subject to the general tax regulations applicable to all companies in Luxembourg. The branches of the Company are subject to the tax regulation in the respective countries.

The current tax charge for the year is as follows:

	2021 EUR	2020 EUR
Corporate Income Tax	1,269,198	2,414,970
Municipal Business Tax	469,797	894,972
Net Wealth Tax	306,960	206,675
Foreign Branch Tax	291,395	318,159
Adjustments in respect of prior years	(52,061)	538,753
Total current tax charge	**2,285,289**	**4,373,529**
Outstanding from previous year	5,426,623	1,314,151
Provision for Taxation	**7,711,912**	**5,687,680**

21. Other Provisions - Pension assets and liabilities

	2021 EUR	2020 EUR
Present Value of Funded Defined Benefit Obligation	(14,918,255)	(14,964,779)
(Fair Value of Plan Assets)	15,038,657	11,686,200
(Surplus)/Deficit of Plan	120,402	(3,278,579)
Prudential reversal of pension surplus	(120,402)	-
Net Defined Benefit Liabilities recognized in accounts	**-**	**(3,278,579)**

22. Other income

Other income includes remeasurements credit on pension assets amounting to EUR 2,516,475. In the year ended 2020, charge of EUR1,477,171 was recognized in the operating expenses.

	2021 EUR	2020 EUR
Remeasurement on Plan Assets	1,895,195	(63,964)
Actuarial Gain on Defined Benefit Liabilities	741,682	(1,413,207)
Prudential reversal of pension surplus	(120,402)	
(Surplus)/Deficit of Plan	2,516,475	(1,477,171)
Included in the operating expenses	-	1,477,171
Administrative and Operations provided to other members of the group	419,079	770,650
	2,935,554	**770,650**

23. Other charges

Other charges are broken down as follows:

	2021 EUR	2020 EUR
Currency translation	14,036	(2,343,074)
Finance costs	(15,857)	(11,252)
	(1,821)	**(2,354,326)**

24. Fees paid to the independent auditor

The fees paid during 2021 and 2020 calendar years and excluding all taxes for the services rendered by the independent auditor (Ernst & Young S.A.) are as follows:

	2021 EUR	2020 EUR
Statutory audit and separate reports:	52,451	87,275
Non audit services	2,400	13,000

Non audit services in 2021 relate to authorised consultancy services. In 2020, non-audit services correspond to the special report in relation to the contribution in kind.

Separate reports include the report for the annual regulatory return pursuant to the Commissariat Aux Assurances' circular letter 09/1 as amended and for the year ended 2020, the Solvency II report. The Company also paid fees to other entities of the Ernst & Young network for the year ended 31 December 2021 amounted to EUR 48,304 (2020: EUR 28,420).

25. Off balance sheet commitments

The Company had issued a guarantee letter to the trustees of the Pension scheme of USAA Limited in the United Kingdom guaranteeing the future pension obligations of USAA Limited. The UK scheme is reporting a surplus of EUR 5,373,135 as of 31 December 2021 on UK GAAP accounting valuation basis.

26. Parent company and ultimate controlling party

The Company is a wholly owned subsidiary of USAA International Services SARL the registered office of which is 1, Avenue du Bois, L-1251 Luxembourg. The ultimate parent company is deemed to be United Services Automobile Association, which is registered in Texas, United States of America. The ultimate parent company is owned by its members due to its mutual status therefore there is not deemed to be an ultimate controlling party. Copies of the ultimate parent company's consolidated group accounts may be obtained from USAA Building, Fredericksburg Road, San Antonio, Texas 78288.

27. Subsequent events

In February 2022, a number of countries (including the US, UK and EU) imposed new sanctions against certain entities (of which financial institutions) and individuals in Russia as a result of the official recognition of the Donetsk People Republic and Lugansk People Republic by the Russian Federation. Additional sanctions have been made following military operations initiated by Russia on 24 February 2022 against Ukraine including the restriction of the access of already sanctioned Russian banks to the international payments system SWIFT.

Such sanctions can impact not only the sanctioned entities and individuals including entities under their control but also Business Counterparties of these sanctioned entities.

The results of the sanctions and the geopolitical instability have created an important volatility in the financial markets with a potential to adversely impact global economies and increase instability across markets.

The company has performed an analysis towards the company's potential exposure to the above.

The company regards these events as non-adjusting events after the reporting period. At the date of this report, the company including its going concern is not impacted (directly or indirectly) by the above and the situation including the possible impact of changing micro- and macroeconomic conditions will continue to be monitored. The conflict has been confined to Ukraine, a region in which the company is not licensed to write business. All potential risks are being actively managed as part of the company's risk management process.