



BTA Baltic Insurance Company AAS

Solvency And Financial Condition Report For Year 2018

April, 2019



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Summary

About Report

The purpose of this report is to provide customers, partners and society with information about BTA Baltic Insurance Company AAS" (hereafter Company) solvency and financial condition, including information on business activities, corporate governance, risk profile, solvency and capital management.

The outline and the contents of the report is developed in accordance with the Insurance and Reinsurance Law of the Republic of Latvia, as well as Regulation 2015/35 delegated by the European Commission, supplementing Directive 2009/138/K of the European Parliament and the European Council on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II) and Financial and Capital Market Commission regulatory provisions for the preparation of solvency and financial condition report.

The report is approved by the Company's Management Board by the decision No LVBI_0002/02-03-03-2019-38 of 16 April 2019.

The Major Changes In 2018

In the year 2018, the Company continued a steady development in the Baltic market. The Company is a stable number two among the largest insurers in Latvia and Lithuania, and its market shares are respectively 20% and 17%. In the sharply segmented Estonian insurance market, the Company steadily keeps closing the gap with the market leaders group, ranking seventh with a market share of 7%.

In accordance with the growth in insurance premiums volume, the amount of gross insurance indemnities paid by the Company in 2018 increased by 46%, reaching EUR 117.5 million. The increase in insurance indemnities volume was considerably driven by market trends, such as increasing vehicle repair costs and medical services costs, inflation growth forecasts, indexing of pensions and growing expenses for handling of claims outside the Baltic States, fuelled by increased population mobility.

The accounted aspects were catalysts for the Company to review its insurance product pricing to be able to offer to its clients at prices properly reflecting the risks the Company takes. In a number of segments, especially in motor insurance, the Company had to considerably raise prices to make up for the growing amount of disbursements in indemnities.

After a number of years with the Company at its Management Board, its Chairman Jānis Lucaus left this post at the end of April 2018. At the end of November 2018, Management Board Member Wolfgang Stockmeyer was elected to be the Chairman of the Management Board, and Management Board Member Oskars Hartmanis – the Deputy Chairman of the Management Board. The terms in office of the current Management Board Members Evija Matveja and Tadeuš Podvorski were extended. In 2018, Tadeuš Podvorski continued as the Lithuanian Branch Director and the Chairman of Lithuanian Branch Executive Body, while Gintaras Markevičius and Vaidas Labanauskas continued as Lithuanian Branch Executive Body members (by procura). Hiljar Kõiv was appointed as the Estonian Branch Director at the beginning of 2019.

The ratio of own funds to the solvency capital requirement (SCR) was 129 % as at 31 December 2018. The increase in the solvency ratio was due to the subordinate loan of EUR 5.5 million received from Vienna Insurance Group AG Wiener Versicherung Gruppe at the end of 2018.



A. Business Activities And Performance

A.1 Business

COMPANY TITLE:

BTA Baltic Insurance Company, insurance joint stock company

FINANCIAL SUPERVISORY BODIES OF THE COMPANY

Financial and Capital Market Commission

Address: Kungu iela 1, Riga, LV-1050
Telephone: +371 67774800, Fax: +371 67225755,
E-mail: fktk@fktk.lv

The Financial and Capital Market Commission provides financial supervision of the Company, encompassing the operation of branches established in Lithuania and Estonia. In the process of the Company's supervision, the Financial and Capital Market Commission also cooperates with the Bank of Lithuania and the Financial Supervision Authority of Estonia.

The Bank of Lithuania

Address: Gedimino pr. 6, Vilnius, LT-01103
Mailing address: Totorių g. 4, Vilnius, LT-01121
Telephone: +370 80050500
E-mail: info@lb.lt

The Financial Supervision Authority of Estonia

Address: Sakala 4, 15030 Tallinn, Estonia
Telephone: + 372 668 0500
E-mail: info@fi.ee

Supervisory authority of Vienna Insurance Group AG Wiener Versicherung Gruppe:

The Financial Market Authority of Austria
Address: Otto Wagner Platz 5, A-1090, Vienna
Telephone: +43 (1) 249590
E-mail: fma@fma.gv.at

AUDITOR

KPMG Baltics SIA

Address: Vesetas iela 7, Riga, Latvia, LV-1013
Licence No. 55
Telephone: +371 67038000
E-mail: kpmg@kpmg.lv

SHAREHOLDERS

There have been no changes in the shareholding structure during 2018.

Table A.1.1. The Company's shareholding structure.

Shareholders	31.12.2018	
	Number of shares	Shareholding
Vienna Insurance Group AG Wiener Versicherung Gruppe	377 920	90.83%
Balcia Insurance SE	38 174	9.17%
Total	416 094	100%



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

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

More detailed information about the structure of VIG and the group (as a picture) is available at the Company's annual report for 2018.

MATERIAL LINES OF BUSINESS AND MATERIAL GEOGRAPHICAL AREAS OF THE COMPANY

The Company was registered in 28 October 2014 in Riga, Latvia. The head office of the Company is located in Riga, 11 Sporta Street, Republic of Latvia.

The Company has two foreign branches – in Estonia (address: Lõõtsa 2B, Tallinn, 11415) and in Lithuania (address – Viršuliškių skg. 34, Vilnius, LT-05132).

The company offers a broad range of non-life insurance products to corporate and private entities – since 2015, the Company has all the following non-life insurance licences:

- motor insurance (CASCO);
- motor vehicle liability insurance (incl. compulsory insurance on third party motor vehicle liability – MTPL);
- health insurance;
- property insurance against fire and natural forces;
- property insurance against other damages;
- general liability insurance (GTPL);
- miscellaneous financial loss insurance;
- goods in transit insurance;
- accident insurance;
- assistance (travel) insurance;
- railway rolling stock insurance;
- marine insurance;
- liability for ships insurance;
- aviation insurance;
- aircraft liability insurance;
- suretyship insurance;
- credit insurance;
- legal expenses insurance.

Table A.1.2. Number of the Company's employees

	31.12.2017	31.12.2018
Latvia	480	480
Lithuanian Branch	465	502
Estonian Branch	44	53
Total	989	1,035

Table A.1.3. Number of the Company's customer Service Centres

	31.12.2017	31.12.2018
Customer service centres located abroad	109	119
Customer service centres located in Latvia	53	60
Total	162	179



A.2 Underwriting Performance

The Company has gross written insurance premiums of 207.2 million euros for the Baltic States together in 2018 (after mandatory payments). The volume of gross written insurance premiums increased by 27.1% in year 2018, as compared to the results of year 2017 in Estonia (+21.3%), Lithuania (+19.3%) and Latvia (+41.4%).

Of all typical kinds of insurance, the steepest growth of gross written insurance premiums in 2018 was in property insurance (+31 %), travel accident insurance (+29 %), MTPL (+27 %), CASCO (+23 %) and health insurance (+21 %).

Nearly half of the growth in Estonia can be attributable to the increase in gross written insurance premiums in MTPL insurance. Due to favourable changes in tax legislation, the Company started offering health insurance to corporate customers in Estonia.

Although the development in Lithuania was slightly slower (proportionally) than in Estonia, it still accounts for 50% of all gross written insurance premiums, which is EUR 102.8 millions, whereas in 2017 – 53% and EUR 86.2 millions. The growth in premiums volume in Lithuania in 2018 was driven by CASCO insurance, where the year on year growth was 25%, while the growth in MTPL insurance was 18%.

EFFECT OF RISK MITIGATION ACTIVITIES ON THE UNDERWRITING RESULT

In order to reduce risk, Company risk underwriting is based on risk diversification, which ensures a balanced portfolio in the long term. The Company monitors results by products in order to identify the emergence of negative trends in a timely manner and to take measures required to improve business performance and adjust the risk level in accordance with the strategy and the annual plan. The Company continued its claims handling process optimization in 2018. The process involves operations such as handling settled insurance cases, centralizing the management of claims made abroad, as well as handling of fraud cases and reduction of their quantity. The goal of the process is to capitalize on the experience of previous insurance claim cases and streamline the claims handling processes.

One of the main risk mitigation tools for underwriting risk is ceded reinsurance. The Company's reinsurance programme in 2018 has improved, mainly due to reinsurance possibilities within the VIG. The main changes to the reinsurance structure this year are related to freight and railway rolling stock insurance risk reinsurance structure, resulting in the Company's net liability / risk retention level from one million euros to hundred thousand euros, for both kinds. The terms of a number of reinsurance contracts have been improved in view of business needs, compared to the previous period.

According to the requirements of the Company and its major shareholder VIG, risks are transferred to reinsurance companies with credit rating A and better (Standard & Poor's equivalent).

The risk retention amount is defined and reviewed, involving the Company's Management Board and Actuarial Department, observing the maximum permitted risk retention level – 3% of the Company's equity.

EFFICIENCY OF RISK MITIGATION TECHNIQUES

Along with the growth of the volume of gross insurance premiums written, the volume of gross claims incurred increased by 47.2% in 2018 and reached 145.7 million euros.

The growth in the volume of net insurance indemnity claims due by 22.9% is proof to the efficiency of changes in reinsurance programmes. (Detailed data can be found in Annex 2 – Report template S.05.01.02.).

A.3 Investment Performance

When making financial investments in fixed-interest securities, real estate, investment fund shares, share capital of other companies, and loans, the Company assesses the impact of the particular investment on its solvency.

The total investment assets under management of the Company at the end of 2018 had reached EUR 228.7 millions. The Company adhered to conservative approach in its investment policy, primarily using low-risk assets. For the major part, the Company has invested in government bonds of high investment grade (from A to AAA according to Standard & Poor's classification). The Company's investments in government bonds constitute 60.7 % of the total investment volume (including cash and property for own use) at 31 December 2018.



The result of investing operation in 2018 was EUR 2.1 million. Taking into account the revaluation of assets according to Solvency II principles, the eligible own funds in 2018 have increased by EUR 372.5 thousand.

Table A.3.1. Income/gains and losses in the period (Neither unit-linked nor index-linked), thousand EUR

Asset category	Interest		Dividends		Rent		Net gains and losses		Unrealized gains and losses		Total	
	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018
Government Bonds	620.1	877.8					714.3	91.3	175.6	-862.6	1 510.0	106.5
Corporate Bonds	64.1	553.0						-34.1		-532.9	64.1	-14.0
Cash and deposits	24.8	20.8									24.8	20.8
Mortgages and loans	93.8	8.6								-18.7	75.1	8.6
Properties						49.1		22.0		-92.2	0.0	-21.1
Collective investments undertakings				314.7						-43.1	0.0	271.6
Total	802.8	1 460.3		314.7		49.1	714.3	79.2	157.0	-1 530.8	1 674.1	372.5

During the reporting period, the Company made no investments into securitisation.

A.4 Performance Of Other Activities

In the reporting year, the Company had no other material income or expense from activities not related to insurance activity or investing.

A.5 Other Information

All the relevant information on the Company's business and results is disclosed in Sections A.1-A.4.



B. System Of Governance

B.1. General Information On The System Of Governance

The Company has established a governance system that is relevant to the character, size and complexity of its operations, based on a transparent organizational structure with clearly defined distribution of obligations, rights and responsibilities, as well as a well-designed information management system.

The Shareholders' meeting, the Supervisory Board and the Management board according to requirements of the Articles of Association of the Company, external regulatory enactments and internal regulatory documents execute the governance of the Company. To guarantee that the Company is managed and supervised in a professional way, it is maintained that the Supervisory Board and the Management board together have sufficient experience and knowledge regarding all essential Company's operation segments and risks, as well as that each Management board member possesses a proper qualification, knowledge, skills and professional experience to accomplish the assigned tasks.

SUPERVISORY BOARD

The Supervisory Board represents the interests of shareholders and supervises the operations of the Management board including supervision of the Company's Management board ensuring efficient governance system establishment and operations. The Supervisory Board determines the company's development and operational strategy, as well as approves the budget and the policies, including defined risks, the company is willing to undertake, and the acceptable risks margin, supervises the company's Management board establishing efficient risks management system to ensure continuous management of current and prospective risks, risk groups management and supervision of the interaction of different risks. The Supervisory Board makes decisions regarding all significant business transactions, which are not included in the Company business plan.

At the end of the reporting period, the Supervisory Board is composed of four members elected by the Meeting of shareholders. Supervisory Board meetings occur at least four times a year, it takes at least three members of the Supervisory Board to reach a quorum.

Members of the company's Supervisory Board and their positions held:

- Franz Fuchs – Chairman of the Supervisory Board;
- Elisabeth Stadler – Deputy Chairlady of the Supervisory Board;
- Jan Bogutyn – Supervisory Board Member;
- Artur Borowski – Supervisory Board Member.

MANAGEMENT BOARD

The Management board is composed of four members elected by the Supervisory Board. Each Management board member is assigned to supervise certain operational areas in line with its competence in the organizational structure. The Company avoids making unilateral decisions, which have material impact on the Company's business strategy, operations and management, or which have material impact on the Company's finances, employees or policyholders and insured persons.

The Company's Management board is responsible for governance system establishment, implementation, management and improvements, as well as for efficient operations of risks management system.

Company Management Board members and their positions held during the reporting period:

- Jānis Lucaus – Chairman of the Management Board (until 27.04.2018);
- Wolfgang Kurt Wilhelm Stockmeyer – Chairman of the Management Board since 28.12.2018, until then – Management Board Member;
- Oskars Hartmanis – Deputy Chairman of the Management Board since 28.12.2018, until then – Management Board Member;
- Evija Matveja – Management Board Member;
- Tadeuš Podvorski – Management Board Member since 26.06.2018.



THE COMPANY'S COMMITTEES

Audit committee.

The committee operates since 2017 according to the requirements of the Financial Instruments Market Law. The main task of the committee is to supervise annual report preparation process with the aim to increase the credibility of the information provided within the financial report, as well as to assess and to propose sworn auditor candidates for approval of the Supervisory Board.

At the end of 2018, the Company established Investment committee and Pricing committees (in Latvia, Lithuania and Estonia), which started operation in 2019.

The Investment committee approves investment decisions, reviews investing activity results, as well as reports the investing results and investment strategy performance to the Company's Management Board on a regular basis.

Pricing committees check the proposed changes in pricing and approve pricing changes.

The company has not established other committees.

KEY FUNCTIONS

The Company appoints employees (company unit managers) in charge of key functions – risk management, compliance, actuarial and internal audit functions, who regularly review and evaluate the implementation of the functions they are in charge of, information exchange and decision making procedure, and inform the Management board regarding necessary improvements or changes. There have been no changes in the performers of key functions in 2018.

The Company ensures that entrusting a number of tasks to individuals and organizational units does not interfere with correct, fair and objective performance of any particular function.

To ensure sustainable and reliable functioning and supervision of the governance system, as well as compliance, the Company has developed internal regulatory documents capturing the key principles and procedures to be observed by the employees of the Company.

Risk Management and Compliance functions

Risk Management and Compliance functions are performed by Quality and Risks Management Department director, who is in charge of implementation and maintenance of risk management system providing continuous, systematic and timely reaction.

The following tasks are completed within risks management function:

- providing the Management board with reports on exposure of risks, as well as consulting the Company's Management board and organizational units on the matter of risk management, therefore, aiding the Company's management board to effect risk management system efficiently;
- upon close cooperation with the actuary function, risk management system and the overall risk profile monitoring is performed;
- identifying and assessing new risks.

Within compliance function:

- compliance risk identification and assessment process is controlled;
- the Company's awareness and compliance with external regulatory requirements is ensured;
- compliance risk profile monitoring and risk reducing measure implementation is ensured, in case current control measures are assessed inefficient.

Actuarial function

Chief Actuary of the Company is in charge of execution of actuarial function. Further information in detail is provided in Section B.6.

Internal audit function

Internal audit manager is in charge of execution of internal audit function. Further information in detail is provided in Section B.5.

CHANGES IN THE GOVERNANCE SYSTEM OF THE REPORTING YEAR

In 2018, as described above, the Company's management board composition changed and Investment committee and Pricing committees were established at the beginning of 2019. No other material changes have occurred in the governance system.

REMUNERATION POLICY

The Company's remuneration policy is based on the following key principles: internal fairness, remuneration meeting market requirements, equal approach, and enhancing staff activity focused on achievement of the Company's long-term operational goals.

Remuneration for executing any internal control functions in the Company does not depend on the work results of the company unit, which is under these control functions.

The proportion of base salary and variable part of remuneration in the total remuneration of employees is set to motivate the employees to reach the set goals, adhere to long-term interests of the Company and improve their professional qualification in order to provide a better work performance. The remuneration system balances the elements of remuneration in order the base salary would constitute a sufficient part of the total remuneration and the staff would not be overly dependent on the variable part of remuneration.

Short-term employee benefits, including salaries, social security contributions, bonuses and holiday payouts are included in net operating expenses according to the accrual principle at the time the service is provided. The Company pays a contribution to the social fund for each employee for a specified period during the entire period of employment in accordance with the requirements of the law, and the Company has no obligation to make further contributions to the services provided by retired employees.

TRANSACTIONS WITH THE RELATED PARTIES

Transactions with the related parties (persons, who effect considerably the company, governance, management or supervisory company unit members) are performed in accordance with the general Company operational principles and market prices (arm's length principle).

Table B.1.1. Transactions with related parties – reinsurance

	2017 '000 EUR	2018 '000 EUR
<i>Vienna Insurance Group AG Wiener Versicherung Gruppe</i>	(379)	(878)
<i>VIG RE zajišť'ovna a.s.</i>	(447)	(754)

(Detailed information is available at the Company's annual report for 2018)

Table B.1.2. Transactions with related parties – other transactions, thous. EUR

	2017	2018
<i>Vienna Insurance Group AG Wiener Versicherung Gruppe</i>	-	(108)
Interest expense for subordinated liabilities	-	(79)
Other expense	-	(29)
<i>Compensa Life insurance SE Lietuvos filiāle</i>	(69)	(84)
Contributions to Life insurance	(3)	-
Contributions to Health insurance	(66)	(84)
<i>Compensa Towarzystwo Ubezpieczeń Spolka Akcyjna Vienna Insurance Group</i>	-	(187)
Other technical income	-	1
Claims handling costs	-	(188)

(Indicated only transactions, where the net amount is EUR 50 thousand and above. Detailed information is available at the Company's annual report for 2018)



Table B.1.3. Balances of related companies, thous. EUR

	31.12.2017	31.12.2018
Receivables	25,597	34,688
Vienna Insurance Group AG Wiener Versicherung Gruppe	23,725	31,286
VIG RE zajišť'ovna a.s.	1,872	1,185
VIG FUND, a.s.	-	852
Atrium Tower Sp. z o.o.	-	1,358
Payables	25,558	38,982
Vienna Insurance Group AG Wiener Versicherung Gruppe	24,894	38,532
VIG RE zajišť'ovna a.s.	656	450

(Detailed information is available at the Company's annual report for 2018)

The receivables of VIG FUND, a.s. and Atrium Tower Sp. z.o.o. include loans issued to these related parties or, respectively, EUR 150 thousand (2017: EUR 0) and EUR 1,350 thousand (2017: EUR 0) and accrued interest of EUR 1 thousand (2017: EUR 0) and EUR 8 thousand (2017: EUR 0), disclosed under the "Loans" item in the financial position report. The repayment term of these loans is 31 December 2030, and the annual interest rate is 2.5%.

Also, the receivables of VIG FUND, a.s. include an investment of EUR 700 thousand (2017: EUR 0) in the share capital of VIG FUND, a.s., disclosed in the financial position report under the "Instruments available for sale".

The receivables of Vienna Insurance Group AG Wiener Versicherung Gruppe include:

- Subordinated liabilities of EUR 1.5 million, obtained in 2017 through reorganization of InterRisk Vienna Insurance Group AAS. The liability repayment term is 28 December 2025, and the annual interest rate is 5%. Liabilities for accrued interest at 31 December 2018 are EUR 417 (2017: EUR 417).
- Subordinated liabilities of EUR 5.5 million, received on 27 December 2018, have annual interest rate 5.5%. These liabilities mature in 10 years since their receipt date. Liabilities for accrued interest at 31 December 2018 are EUR 3 315.

B.2 Fit And Proper Requirements

The operation of the Company's units is governed by regulations defining company unit goals, tasks and governance procedure, and an integral part of each employee's labour contract is job description.

When defining the requirements of professional qualifications, competences and being proper for the position, only requirements that are necessary to perform the duties of a particular position are included.

The following minimum criteria are applied with respect to management board members:

- university education in finance, economics, management or legal sciences or another area, requiring specific knowledge for good performance of the duties assigned;
- at least 5-year experience of working in leading positions in financial institutions in areas that the management board member is in charge of;
- impeccable reputation and outstanding work results in previous positions;
- the fit and proper assessment of Supervisory and Management board members evaluates their professional qualifications, knowledge and experience.

The following minimum criteria are met for the persons responsible for the key functions:

- employee has a sufficient competence in the area for which it is responsible and is able to ensure that the Company's governance is carried out in such a way that this company is capable of carrying out insurance or reinsurance on a regular, professional, qualitative and in accordance with the requirements of regulatory enactments;
- employee has the required education and at least three years of work experience in the field;
- impeccable reputation;
- employee is not and has never been deprived of the right to engage in commercial activities.

The fit and proper assessment of persons for their position is conducted upon starting employment or assuming



post, in the case of re-election, of changing the areas of responsibility, as well as in cases of identification of any conditions raising doubt in a person's further fitness and propriety for performance of its duties.

B.3. Risk Management System, Including Own Risk And Solvency Assessment (ORSA)

The Company's risk management system encompasses:

- underwriting (insurance) risk;
- market risk management,
- credit risk or business partner risk management,
- operational risk management, including compliance risk management, information security and business continuity risk management.
- as well as risks that are not covered under the solvency capital requirement, i.e. liquidity risk, strategic risk and reputation risk management.

Each of the aforementioned areas have clearly defined risk management principles and responsible company units and persons.

Baltic Insurance Risks Underwriting Department manages underwriting risks – on a regular basis, analyses risk underwriting results, prepares reports to the management board and to the person in charge of the Risk management function, conducts necessary activities to improve risk underwriting management and risk level adjustment in line with the strategy and annual plan.

Actuarial Department takes care of setting technical provisions, analysis and calculation of solvency capital requirements and their assessment, as well as conducts ORSA quantitative estimates according to the standard formula, except for operational risk assessment, monitoring and their compliance with the standard formula, as well as the regular Solvency II reporting to supervisory institutions (Financial and Capital Market Commission and the Bank of Latvia).

Reinsurance Department performs reinsurance risk (including credit risk, related to reinsurance activity) management.

Finance Department performs market risk, credit risk and liquidity risk management.

Quality and Risk Management Department conducts operational risk management, as well as compliance and risk management functions and coordinates ORSA process.

The Company performs own risk and solvency self-assessment once per a calendar year. The assessment results are used in strategic and operational planning, budget planning, as well as cases, when any significant changes in the Company's operation are contemplated.

The Company monitors its risk profile on a regular basis. It conducts a full solvency capital requirement calculation once a quarter, as well as regular stress testing, sensitivity testing, in case the actual figures differ from own risk and solvency assessment forecasts. The use of the standard formula is in line with the Company's risk profile, which is assessed in the own risk and solvency assessment.

The Company conducts ORSA assessment each year, identifying and assessing the possible impact of various exceptional but possible adverse events or changes in market conditions on the Company's ability to fully comply with its obligations under insurance contracts and to ensure the stability of financial operations.

The Company's management board approves testable factors and scenarios for own risk and solvency assessment, identifying significant risks, which may affect the Company's solvency capital value, financial operation stability and ability to comply with liabilities completely and the respective risk factors.

Within ORSA process actuarial function performs approved sensitivity tests (unfavourable change effect determination for particular risk factors) and scenario tests (several risk factors simultaneous unfavourable change effect determination).

Upon cooperation of actuarial function and risk management function, ORSA is performed and results are submitted to the Company's management board for approval.



Based on the assessment prepared, the Company's management board makes a decision regarding the actions to be undertaken in case of occurrence of the mentioned events or market condition changes on particular conditions, measures and further actions.

In addition to annual ORSA, Company's management board makes decisions on ORSA performance in case, when circumstances that may affect the Company's solvency considerably arise.

B.4 Internal Control System

For effective internal control system functioning purposes, the Company documents the essential processes and controls, as well as roles, obligations and responsibilities, which sustains compliance of the level of quality of the Company's provided services to the established standards and requirements of regulatory enactments.

At least once a year Company performs a set of Internal Control System (ICS) process, which is intended to reduce operational risk and achieve the targets of BTA. The Company's management and heads of structural units participate in the ICS process, by identifying all relevant operational risks, assessing the existence of their controls and assessing the remaining risk.

To avoid the potential conflicts of interest, the Company makes sure that a single employee does not have full control over performance of a function.

The Company relies on a risk-based approach in introduction of control measures, furthermore, the preference is as much as possible given to introduction automated controls – by employing technologies, developing control activities and effective management of information system user rights.

The functions of internal control are independent from the Company's business operation that they control. Person who performs internal control functions in the Company:

- is entitled at his or her own initiative freely to contact employees and to access, without limitations, information, required for internal control;
- is provided and granted by the management board any required authorities, information, support, objectiveness and independence;
- possesses appropriate qualification, competence and experience to perform the particular internal control, as well as has had the necessary training.

For realizing the compliance function, the Company has developed a compliance policy, which defines compliance function duties, authorities and reporting obligations. Each year the Company develops an action plan for maintaining compliance, according to the Company's exposure to compliance risk.

The compliance function assesses compliance risk within the framework of annual operational risk and internal control system assessment process, establishing whether the non-compliance prevention measures adopted by the Company are sufficient.

B.5 Internal Audit Function

The internal audit function does not participate in business operations which control is performed by the function, neither does the internal audit have any rights to define Company's accounting and control procedures and give orders to other Company's employees.

On a regular basis, the Internal audit provides quarterly reports to the Company's Supervisory Board and Audit committee on its operating results – conducted audits, their results, as well as implementation statuses of audit recommendations.

The strategic audit plan includes all processes of the Company and company units within it.

B.6 Actuarial Function

Actuarial function in the Company is provided by the Chief Actuary, who coordinates calculation of technical provisions, including development of methodologies and procedures, as well as is in charge of Solvency II calculations and reporting and ORSA calculations.



The Chief Actuary coordinates and evaluates, whether the methodologies and assumptions, as well as adequacy and quality of data used in calculation of technical provisions, are appropriate for the company's particular business lines and business management style, according to the available data, as well as whether the information technology systems, used in calculation of technical provisions, support calculation procedures to a sufficient degree.

Comparing the Best estimate to experience, the actuarial function reviews the quality of the previous Best estimate and uses the conclusions in the current assessment to improve the quality of the current calculations. Comparison of the Best estimate to experience includes comparisons between the established values and the underlying assumptions of the best estimate calculation, to make conclusions regarding the relevance, accuracy and completeness of the data and assumptions used, as well as regarding the methodologies used for their calculation.

The actuarial function prepares a report on technical provisions calculation, including an argument-based analysis regarding technical provision calculations, credibility and relevance and regarding technical provisions estimate sources and the level of uncertainty. This analysis is also supported by sensitivity analysis, which includes inspecting the sensitivity of technical provisions to each major risk, underlying the liabilities, covered by the technical provisions. The actuarial function clearly indicates to and explains all concerns that it may have with respect to the adequacy of technical provisions.

The opinion of the actuarial function regarding risk underwriting includes conclusions about:

- sufficiency of earned premiums to cover further insurance claims and expenses;
- the effects of inflation, legal risk, changes in the company's portfolio composition and systems adjusting the premiums paid by policyholders upwards or downwards depending on their insurance claims history (bonus-malus systems) or similar systems, exercised in particular homogenous risk groups;
- upward trend of insurance contracts portfolio to acquire or retain insured persons having a higher risk profile (negative selection).

With respect to general reinsurance transactions, the opinion, made by the actuarial function, includes analysis of the Company's risk profile and underwriting policies, including about:

- reinsurance providers taking into account their creditworthiness;
- the expected cover under stress scenarios with respect to underwriting policy;
- calculation of recoverable amounts under reinsurance contracts.

The actuarial function, minimum once a year, prepares a written report to be provided to a governance, managerial or supervisory body. The report includes documented all the tasks, performed by the actuarial function, and their results, and clear indications to all deficiencies, and provides suggestions as to how these deficiencies should be remediated.

B.7 Outsourcing

The Company makes decisions on outsourcing based on economic considerations, assessing the available and necessary internal resources and costs to sustain the required function or activity, as well as the potential outsourcing providers, costs and associated risks.

The Company determines the scope of the required outsourced service and detailed quality requirements, compliance to which is constantly monitored during performance for timely identification and response to any negative tendencies in service provision.

At the end of 2018, the Company outsources only some information technology maintenance services, which is coordinated with the Financial and Capital Market Commission.

The outsourcing services providers are Latvian and Lithuanian based companies. The company in Lithuania is engaged for providing services to the Lithuanian branch.

As of 2019, a small part of asset management is to be outsourced to an Estonian based company.

B.8 Other Information

There is no other relevant information to disclose.

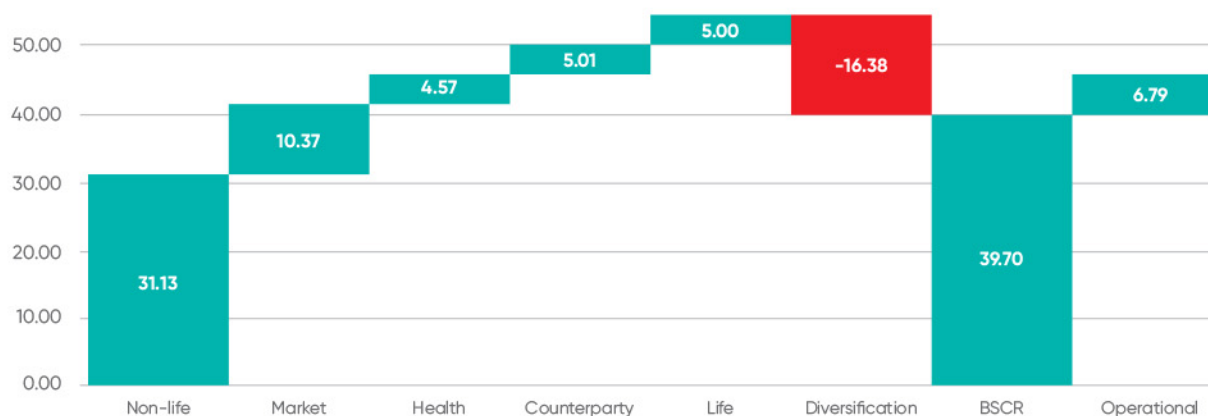
C. Risk Profile

Table C.1. Market risk split by risk components, thous. EUR

Risk category	Solvency capital requirement (SCR)	
	31.12.2017	31.12.2018
Non-life underwriting risk	28 423	31 132
Credit risk	7 187	5 011
Health underwriting risk	3 559	4 569
Life underwriting risk	3 479	4 999
Market risk	7 717	10 366
Diversification	-13 702	-16 378
Minimum solvency capital requirement	36 663	39 698
Operational risk	4 487	6 788
Loss absorption capacity of deferred taxes	-2 196	-1 995
Solvency capital requirement (SCR)	38 954	44 491

According to operational peculiarities of the Company, for the main part of Company risk profile accounts non-life underwriting risk, followed by market risk and operational risk. Life insurance underwriting risk appears with regard to annuities stemming from non-life business.

C.1. Image. Company's risk profile, million EUR, 31.12.2018



C.1 Underwriting Risk

By conducting insurance activities, the Company faced underwriting risk, constituted by three components:

- non-life underwriting risk
- health underwriting risk (incl. accident insurance)
- life insurance obligation underwriting risk. As the Company is a non-life insurance service provider, the life insurance underwriting risk appears due to claim liabilities under the Compulsory Civil Liability Insurance of Owners of Motor Vehicles (MTPL).

The scope of underwriting risk, calculated by standard formula, is shown in Annex 8, Template S.25.01.21. Annex 2, Template S.05.01.02 displays written premiums, claims and expenses by lines of business in thousands EUR.

The basis of underwriting strategy, to reduce underwriting risk, is risk diversification and selection of an optimum



reinsurance programme, which provides a balanced portfolio of risks, based on big amount of equal risk portfolios, which are held for several years. Company carries out accurate and regular monitoring of products, so it can respond to trends, which does not correspond to approved strategy, in time.

Risk management of underwriting risk is conducted by:

- insurance product regulation development and renewal;
- regular pricing review, to ensure Company's goal achievement;
- supervision of sales and insurance compensations paid on daily basis, to see if they corresponds to planned results;
- preparation of reports and analysis (about insurance product sales, lost ratios and so on) on regular basis;
- regular provision sufficiency analysis, thus controlling and managing the provisions risk;
- conducting the annual Risk Inventory.

The company, when planning its activities, determines the preferred distribution of the insurance portfolio between business lines and regularly checks compliance with the planned volumes both at the time of underwriting the risk and preparing regular reports.

In order to diversify the risk, the Company continues to develop its operations in all Baltic States – in 2018: 38.1% (2017: 34.2%) of the business volume (net written premiums earned) was conducted in Latvia and 49.6% in Lithuania (2017: 52.9%), 12.3% in Estonia (2017: 12.9%). The geographical risk does not significantly affect the Company's solvency capital. The distribution of premiums, claims and expenses by country for 2018 is reflected in Annex 3, template S.05.02.01.

The concentration of insurance risks by industry does not exceed 20% for an industry, therefore the Company's management does consider the risk concentration is at the acceptable level.

To reduce underwriting risk company carries out regular monitoring of underwriting results –gross/net premiums and gross/net paid claim actual and planned data is compared, and also conditions which influenced results are analysed – external environment processes, like market changes, situation changes in economic or politic situation, changes in law etc., internal environment in Company is analysed as well. Company prepares overviews on certain insurance products and sales channels, taking into account internal and external influence. To reach strategic goals, based on the results of the analysis, Company decides on its pricing policy, methodology and ensures risk diversification in priority segments (client, product, geographic).

Reinsurance is very important risk management tool, which is oriented on risk mitigation. Company uses reinsurance, to reduce loses which may occur in the case of insurance risk concentration. By using reinsurance, Company's part in the risk either for one object, either for one event, in which losses may be caused for several objects at the same time.

C.2 Market Risk

The Company defines the market risk as a risk of a financial loss or negative change in the Company's financial position, which arises from fluctuations in market prices of assets, liabilities and financial instruments. According to the standard formula, the market risk is divided into several components, which include interest rate risk, equity risk, property risk, spread risk, market risk concentration risk, and currency risk.

According to the standard formula assessment, the market risk for the Company as of the end of year 2018 amounts to EUR 10.4 million (end of Y2017: EUR 7.7 million). The increase of the SCR for the market risk is due to a number of factors, which include an increase of the total investment volume to EUR 212.9 million at the end of 2018 (2017: EUR 161.1 million), an increase in average maturity of the fixed income investment portfolio (by 0.12 years), an increase in share of investments into corporate fixed income securities and investment funds.

Market risks are controlled in accordance with the Investment and Risk Strategy, Asset and Liability Management Policy, as well as the Capital Management Policy.

Table C.2.1. Capital requirement by standard formula to market risk, split by risk components, in thous. EUR

Type of risk	Capital requirement	
	31.12.2017	31.12.2018
Market risk	7 717	10 366
Interest rate risk	3 985	5 194
Equity risk	777	3 144
Property risk	2 446	2 707
Spread risk	1 928	4 122
Market Risk Concentration	526	467
Currency risk	539	340
Diversification	-2 484	-5 608

The changes in market risk were caused by minor changes in the investment structure and increase in volume. Investment assets, sensitive to market risk changes, have increased by 32%. The highest growth is in investments, sensitive to interest rate changes (EUR 44,516 thousand), followed by assets, sensitive to spread risk changes (EUR 24,772 thousand) and equity risk changes (EUR 4,175 thousand).

Table C.2.2. The amount of assets split by their sensitivity to certain types of market risks, thous. EUR

Risks category	Amount of assets, sensitive to the respective risk		2018/2017	
	2017	2018	Changes	%
Market risk	161138	212 880	51742	32%
Interest rate risk	149 828	194 344	44 516	30%
Spread risk	29 690	54 462	24 772	83%
Property risk	9 784	12 674	2 890	30%
Equity risk	1 687	5 862	4 175	247%

To regulate the risk concentration in financial instruments, the Company has set investment limits for one counterparty and for groups of financial instruments, thus controlling the concentration risk and the solvency capital requirements.

Market risk is limited by diversifying the investment portfolio and analysing investments before acquisition, as well as ensuring their regular monitoring. Asset and liability matching by currencies and maturity structure is ensured in the scope of asset and liability management. An increased focus in 2018 is on asset diversification, which is thereby reflected by market risk diversification effect, which has increased by EUR 3,124 thousand.

Investment committee was launched into operation in 2019, assigned to scrutinize the investment performance, and making decisions on investing funds or disposal of assets in line with the limits defined in the Investment and risk strategy.

C.3 Credit Risk (Counterparty Default Risk)

Credit risk or counterparty default risk reflects losses or unfavourable changes in values of assets and financial instruments, which may occur during the upcoming twelve months due to unforeseen failure by a business partner or other debtor to settle their liabilities to the Company or due to a decrease of the credit rating of a business partner. Credit risk reflects potential losses, which may occur should the business partners and debtors fail to settle their liabilities or should their credit rating decrease.

The approved Investment and risk strategy, which the Company reviews at least annually, describes conditions for execution of investments, including maximum limits for cash outstanding balance in specific credit



institutions. Reinsurance policy determines requirements and limits for reinsurance companies, defined in Reinsurance Policy and approved Reinsurance Programs.

The credit risk is controlled through establishing and complying with requirements for business partner ratings and cooperation limits, criteria for selection of business partner, through performing efficient debt collection, and, in case of insurance debtors, termination of the policy.

The credit risk, compared to the previous year, has decreased by EUR 2,176 thousand. The major cause for it was reduction of type 1 exposures by EUR 2.3 million, due to reduction of cash balances with banks by EUR 17.71 million (from EUR 33.56 million to EUR 15.85 million). There were material changes in cash balances, as financial instruments were acquired by means of this amount during 2018 (C.2.2 Table). The current cash balance with banks sustains a sufficient level of liquidity, i.e. It is sufficient for timely discharge of commitments towards clients and partners (Section C.4)

Table C.3.1. Credit risk distribution and changes, thous. EUR

	2017	2018	Changes
Credit risk	7 187.3	5 010.8	-2 176.5
Type 1 exposures (cash in credit institutions, reinsurers' liabilities)	6 513.0	4 165.5	-2 347.6
Type 2 exposures (brokers, policyholders, other debtors, etc.)	868.3	1 061.2	192.9

Table C.3.2. Company's TOP10 exposures, thous. EUR

#	Counterparty group/Name of single name exposure	Exposure*
1	VIENNA INSURANCE GROUP AG WIENER VERSICHERUNG GRUPPE	23 107.4
2	SWISS RE GROUP	7 286.7
3	ERSTE GROUP BANK	5 498.5
4	SCOR SE	5 236.2
5	HDI HAFTPFLICHT DER DEUTSCHEN INDUSTRIE VAG	4 420.6
6	R+V VERSICHERUNG AG	3 986.0
7	NORDEA BANK GROUP	3 464.4
8	MUNICH RE GROUP	3 142.4
9	SWEDBANK GROUP	3 098.9
10	SKANDINAVISKA ENSKILDA BANKEN GROUP	2 935.9

**potential loss given default, calculated according to Solvency II principles.*

Transactions with the related parties (persons, who effect considerably the company, governance, management or supervisory company unit members) are performed in accordance with the general Company operational principles and market prices (arm's length principle).

C.4 Liquidity Risk

Liquidity risk is a risk that the Company has no sufficient cash to settle its current liabilities without additional costs or time delay. This risk includes mismatch of maturity structure of assets and liabilities.

In accordance with the Company's investment strategy, the Company invests mostly into highly liquid financial assets. The major part of financial investments have an active market and can be realized within short period with minimal or no costs. The investment and risk strategy also sets the minimal level of cash to ensure the Company's ability to settle current and potential liabilities. Taking into account the above mentioned, liquidity risk of the Company is evaluated as low. The Company controls this risk through monitoring of the maturity structure of its asset and liabilities and observation of financial markets, as well as keeping a part of financial assets available at bank accounts.

The total amount of expected profit of the Company, included in future insurance premiums, at 31 December 2018 by Solvency II assessment principles was EUR 1,236 thousand.



C.5 Operational Risk

In order to cover operational risk, solvency capital requirement is calculated by means of a standard formula. The Solvency capital calculated with standard formula on covering operational risk is EUR 6,788 thousand as at 31.12.2018 (31.12.2017: EUR 4,487 thousand).

According to the annual own risk assessment the most significant operational risk categories were identified to be the compliance risk, procedures and organizational risk, human error risk.

To reduce operational risk, the Company uses two different control strategies – preventive, for instance, determining access rights/authorization levels, and adjusting (oriented towards timely aversion of operational risk event and possible aversion of the risk event repeating), and identifying – oriented towards detection of operational risk event occurred. The Company develops internal regulatory framework for most significant processes and takes care of the employee training.

In order to ascertain that standard formula is appropriate, Company carries out Internal control systems annual assessment, to identify and measure operational risk assessment, (by identifying all operational risks and their controls, assessing frequency and severity of risks, in accordance with the procedure of the Internal Control System), thus identifying the Company's operational risk level and the necessary control activities to reduce it. The required capital to cover potential operational risks thus established is EUR 2.39 million, less than established for 2017 (EUR 3.38 million), primarily due to the smoothly functioning and effective internal controls system. The Solvency II capital calculated with standard formula on covering operational risk is EUR 6.79 million as at 31.12.2018 (31.12.2017: EUR 4.49 million), which materially exceeds the amount of capital required, according to expert judgement. The Company finds the capital requirement calculated by the standard formula to be excessively large for covering the potential operational risk, although it does not intend developing an internal model, as the potential benefit would not compensate the invested resources.

C.6 Other Material Risk

In risk identification and assessment, the Company has also identified and assessed the strategic risk, reputation risk and cyber risk. The Company believes that, in the light of the corporate governance system and internal control system at the moment of evaluation, these risks are well controlled and the residual risk is low. Other material risks in addition to the above-mentioned have not been identified.

C.7 Other Information

The Company has performed reverse stress tests in order to establish the set of risk occurrence circumstances reducing the Company's solvency margin below 100 %, the Company deems the occurrence probability of such a scenario as low.

Analysis of solvency capital sufficiency sensitivity, upon performance of different stress tests, testifies that according to stress tests, BTA is solvent, solvency ratio changes affected by each particular stress test scenario is within 15 percent point margin.



D. Valuation for Solvency Purposes

D.1. Assets

The total amount of the Company's assets on 31 December 2018 is 284,870 thousand EUR, break-up in asset positions is attached in Annex 1 template S.02.01.02.

There are the following differences between asset valuation for solvency purposes (as defined in Regulation 2015/35) and asset values in the financial statements:

- property positions (Assets for own use, Property), as for solvency purposes they are provided at market value, while in financial statements – at residual value (after amortization);
- for solvency purposes, intangible assets and deferred acquisition costs are not included on the balance-sheet;
- recoverable amounts under reinsurance contracts – financial statements include the accurate amount of deferred indemnity payments and unearned premiums reserve, while for solvency purposes – the present value of forecasted future cash flows, including an adjustment for credit risk default.

D.2 Technical Provisions Assessment For Solvency II Purposes

Best estimate and risk margin are calculated in accordance with Regulation 2015/35 and in accordance with regulations issued by the Financial and Capital Market Commission, thus, amounts on 31 December 2018 altogether are available within the Company's balance sheet, in template S.02.01.02 in Annex 1, while template S.12.01.02 in Annex 4 and template S.17.01.02 in Annex 5 reflect the respective information allocated by types of insurance on life, health insurance and non-life insurance.

Best estimate is the sum of claims provisions best estimate and premium provisions best estimate. Life best estimate and non-life claim provisions best estimate differs from the IFRS (International Financial Reporting Standards) technical provisions due to discounting. The Company uses risk-free rates defined by EIOPA (The European Insurance and Occupational Pensions Authority) in accordance with Regulation 2015/35. The best estimate for premiums is calculated as forecasted cash flows, including cash flows as much as they pertain to current insurance and reinsurance contracts. The major cash flow positions are claim payments to policyholders and beneficiaries, premiums payments and all other cash flows under these premium and expense payments. To calculate the particular cash flow, the current loss, administrative etc. ratios are used.

Template S.19.01.21 in Annex 6 Non-life insurance claims summarizes quantitative information on gross paid insurance claims and gross Best estimate of claims provisions.

The Company applies a simplified method to calculating risk provisions, i.e. approximated assessment by using the ratio of the best estimate at that future year to the best estimate at the valuation date. This method takes into account the maturity and the run-off pattern of the obligations net of reinsurance. Consequently, some considerations are given regarding the manner in which the best estimate of technical provisions net of reinsurance has been calculated.

Segmentation. Liabilities in each agreement are segmented to follow main risk factor. If agreement contains several risks and only one is substantial then liabilities are not separated.

The Company has no material differences between bases, methodologies and assumptions, used in valuation for solvency purposes and used in valuation of technical provisions for claims for financial statements purposes. The Company does not use volatility and correlation adjustments in technical provisions calculation.

Transition period deduction mentioned in article 308.d of Directive 2009/138/EK is not applied.

Cash flow for life underwriting risk is calculated as a sum of cash flows from losses that have been reported to



the Company, but that have not been settled by the end of the accounting period (reported but not settled, hereafter – RBNS) and from claims that have transpired, but have not yet been reported to the Company (incurred but not reported, hereafter – IBNR).

The RBNS cash flow projections used in the calculation of Best estimate for life insurance obligations is made separately for each policy and country by using relevant mortality tables, forecasted inflation, indexation and relevant risk-free interest rate term structure.

The IBNR cash flow projections used in the calculation of Best estimate for life insurance obligations is made using Chain-Ladder method for pensions and other long term claims and RBNS triangles.

For purposes of credibility and comparability of the calculation of best estimate of technical provisions and risk margin, the Company has developed internal regulatory documents, describing the calculation methodologies and assumptions in detail. To gain reasonable understanding of the characteristics of the underlying risks and trends in the risks, the Company uses a minimum of five year period in its provisions calculation. The data is available at the Company's data warehouses on each respective homogenous risk group, used in calculation of technical provisions.

Once a quarter, the information from data warehouses during Solvency II calculation is compared to the information in insurance risks accounting systems.

At least once in quarter indices of absolute deviations in columns of accumulated triangles are checked. In the case of material differences data by separate claims are examined.

Reserve triangles every quarter are taken from beginning and historical information is compared with existing. Twice per year time interval between reporting data and accounting data is checked.

At least five-year interval is used in calculation of technical provisions if the last chain coefficient is one. Triangles are created based on main risks divided by countries. Otherwise, it takes as many years as necessary to have a value at least one or statistically-based tail coefficient should be applied. Data is considered homogeneous if such are absolute deviation indices in accumulated triangles.

In the case of nonhomogeneous data they are analysed in every cell in the level of separate claims and additional information is taken into account:

- changes in premium calculation,
- changes in selling segmentation,
- management decisions regarding business termination or continuation,
- presence of one or more than one non-characteristic claims, the recurrence of which is not expected.

Every change of standard coefficient and data correction is documented, describing the reason and the reason for selecting the used method.

In case of insufficient statistical data, e.g., lack of historical data, the IBNR provisions are calculated as the maximum amount of the proportion (5%) of premiums written in the respective insurance type for the past 12 months or at least of the initial provision. In case the provision sufficiency analysis suggests that the percentage value coefficient of premiums written is too low, it is increased.

The accuracy, completeness and appropriateness of the used data is additionally estimated by controlling the adequacy of technical provisions minimum once a quarter.

Insurance contracts for each insurance type are segmented to follow the main risk factor.

If agreement contains several risks and only one is substantial then liabilities are not separated.

The best estimate of technical provisions is calculated using homogeneous risk groups. In selecting a homogeneous risk group, the focus is on achieving an appropriate balance between the credibility of data available, to enable reliable statistical analyses to be performed, and the homogeneity of risk characteristics within the group.

Consistency between homogeneous risk groups, used to estimate gross technical provisions and reinsurance recoverable from reinsurance contracts are provided for the classification of amounts to be recovered by the same principles as the claims and mapping specific claims.



For homogeneous risk groups to be sufficiently stable enough over time, they are established in Solvency II regime conditions by using licensed insurance products, grouping them.

Insurance or reinsurance obligations stemming from health and other non-life insurance contracts is segmented to life lines of business where such obligations are exposed to biometrical risks (i.e. mortality, longevity or disability or morbidity) and where the common techniques that are used to assess such obligations explicitly take into consideration the behaviour of the variables underlying these risks.

The used assumptions for distribution of Solvency II lines of business are checked at least once a year and kept track to maintain that the basis of business lines are the main risks.

Table D.2.1. Differences between IFRS provisions and best estimate results

Provision	Reasons of differences
Premium provisions	IFRS premium provisions are calculated based on unearned premium part per days. Best estimate of premium provisions is calculated based on IFRS unearned premium provisions, and then multiplied by loss ratios, expense ratios, recourse ratios and termination ratios. Calculation also encompasses receivables effective contract premiums, which have not yet matured.
	Best estimate of premium provisions is calculated as a present value of prospective future payables and receivables.
	Best estimate of provisions affects considerably receivables effective contract premiums, which have not yet matured.
Claim provisions	RBNS provisions are discounted.
	IBNR provisions are discounted.
	RBNS provisions are reduced by the amount of prospective recourses.
	IBNR provisions are reduced by the amount of prospective recourses.

Uncertainty level related to technical provision value is analysed by the Company upon performance of stress tests, sensitivity tests and reverse stress tests, as well as checking sufficiency of provisions regularly. The Company checks the volume of IBNR provision also by means of stochastic methods (Bootstrapping, Monte Carlo), which indicate the level of credibility of IFRS and Solvency II claims provisions.

The Company does not use volatility and correlation adjustments in technical provisions calculation.

Transition period deduction mentioned in article 308.d of Directive 2009/138/EK is not applied.

The Company uses non-risk percent rates defined by EIOPA (The European Insurance and Occupational Pensions Authority) in accordance with Regulation 2015/35.

D.3 Other Liabilities

There are no other liabilities for the Company.

D.4 Alternative Methods for Valuation

Alternative methods for valuation are used for tangible assets and property. Revaluation frequency is in accordance with Regulation 2015/35.

D.5 Other Information

No other information.

E. Capital Management

E.1 Own Funds

For calculation of the solvency capital requirement, the Company uses the standard formula defined in the Regulation 2015/35.

The composition of own funds for solvency purposes is indicated in Table E.1. The structure of the Company's own funds is simple – 88% is the highest quality level – Tier 1. The Company's own funds consist primarily of its equity and reconciliation reserve arising from the excess of the total assets over the total value of liabilities calculated for solvency purposes and reduced by foreseeable dividends for next 12 months.

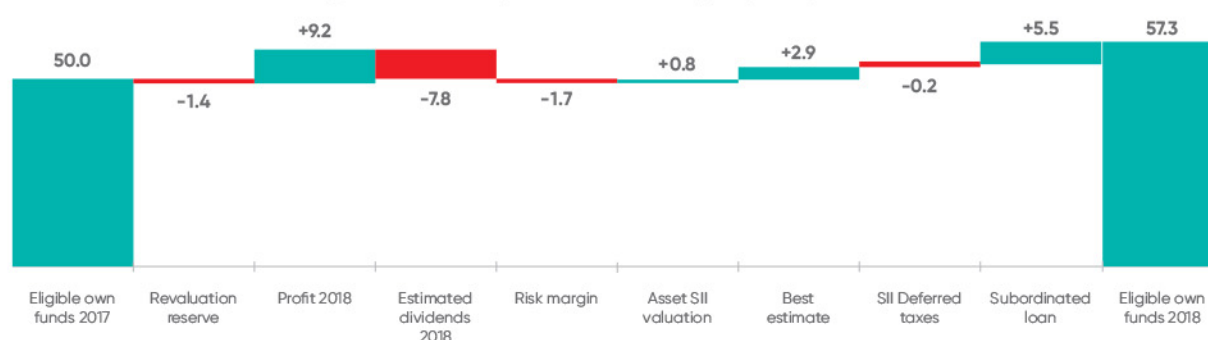
Table E.1. Own funds structure, in thousand EUR

Year	2017	2018				
		Total	Total	Tiers		
				I	II	III
Basic own funds total	51 124	57 285	50 285	7 000	-	
- Ordinary share capital (gross of own shares)	41 609	41 609	41 609	-	-	
- Reconciliation reserve	8 014	8 676	8 676	-	-	
- Subordinated liabilities	1 500	7 000	-	7 000	-	
- Net deferred tax assets	-	-	-	-	-	
Deductions on participation in financial institutions and credit institutions	-	-	-	-	-	
Total eligible own funds after deductions (1-2)	51 124	57 285	50 285	7 000	-	
Ancillary own funds, total	-	-	-	-	-	

The eligible own funds on 31.12.2018 calculated for solvency purposes EUR 57 285 thousands, is different as it is in the annual financial statements (EUR 54 094 thousands). That arises because of different asset and liability assessment methods for solvency calculation and for financial statements. Financial statements are prepared in accordance with international financial reporting standards (IFRS). Detailed information on asset assessment methods is provided in chapter D.1 and in chapter D.2.

The increase of the eligible own funds was due to the subordinate loan of EUR 5.5 million received from Vienna Insurance Group AG Wiener Versicherung Gruppe at the end of 2018. The development of the available own funds and its reasons are displayed in Image E.1.1. The eligible own funds calculation includes the anticipated dividends of EUR 7.8 million.

Image E.1.1. Development of the Company's eligible own funds in 2018, in million EUR





The purpose of the Company's capital management is to ensure the Company's sustainable operations and further development, its ability to fully comply with all Company's obligations arising from concluded insurance contracts and to allow dividends to be paid to the shareholders of the Company.

When developing capital management policies and capital management plans, the Company's management uses the methods for calculating the Solvency Capital Requirement in order to determine the capital requirements of the Company, taking into account the Company's existing financial situation, liabilities and future development plans. The management of the company evaluates the level of capitalization desired and determines the measures that are necessary to achieve it in the future taking into account the Company's risk profile and market conditions. Such measures may include limiting and reducing the risks taken, additional capital attraction, and adjusting the Company's development strategy.

Capital management policies and capital management plans are developed by the Management Board of the Company together with the Finance Department, the actuarial function and risk management function and approved by the Supervisory Board of the Company. The capital management process is provided in Image E.1.2.

Image E.1.2. Capital management process



E.2 Solvency Capital Requirement And Minimum Capital Requirement

The Company is fully compliant with minimum capital and solvency capital requirements. The Company's eligible own funds to meet solvency capital requirement are EUR 57 285 thousand, while the solvency capital threshold is EUR 44 491 thousand, solvency ratio is 129%. The minimum capital solvency ratio is 271%. Despite the stable financial results and increase in the available own funds, compared to the beginning of 2018, the solvency ratio has slightly decreased – by 2 percentage points, which is attributable to the rapid growth of the business volume.

Table E.2. Minimum capital and solvency capital requirements, in thous. EUR, 31.12.2018

Year	2017	2018			
		Total	Tiers		
Position	Total		Total	I	II
Total available and eligible own funds	51 124	57 285	50 285	7 000	-
Total available own funds to meet the SCR	51 124	57 285	50 285	7 000	-
Total available own funds to meet the MCR	51 124	57 285	50 285	7 000	-
Total eligible own funds to meet the SCR	51 124	57 285	50 285	7 000	-
Total eligible own funds to meet the MCR	51 124	54 290	50 285	4 004	-
Solvency capital requirement (SCR)	38 954	44 491			
Minimum capital requirement (MCR)	17 529	20 021			
Ratio of eligible own funds to SCR (%)	131 %			129 %	
Ratio of eligible own funds to MCR (%)	291 %			271 %	



The Company uses the standard formula to calculate the Solvency Capital Requirement. The split of solvency capital requirement by risks is shown in Table C.1 of Section C.

No inconsistencies with the Minimum Capital Requirement and the Solvency Capital Requirement fulfilment have been established in 2018.

E.3 Use Of The Duration-Based Equity Risk Sub-Module

The company does not use the duration-based equity risk sub-module in the calculation of the solvency capital requirement.

E.4 Differences Between The Standard Formula And Any Internal Model Used

The Company does not use internal models for solvency capital calculations therefore there is no difference between the standard formula and internal models.

E.5 Non-Compliance With The Minimum Capital Requirement And The Solvency Capital Requirement

The Company is fully compliant with the Solvency capital requirements – solvency ratio is 129% and the minimum capital solvency ratio is 271%.

E.6 Other Information

There is no other relevant information to disclose.



BTA Baltic Insurance Company AAS

Solvency and financial condition report
For 2018

Annexes To The Report

1. Template S.02.01.02
2. Template S.05.01.02
3. Template S.05.02.01
4. Template S.12.01.02
5. Template S.05.02.01
6. Template S.19.01.21
7. Template S.23.01.01
8. Template S.25.01.21
9. Template S.28.01.01

ANNEX 1. S.02.01.02 Balance sheet, in thousand EUR

Balance sheet positions	Column index	Solvency II value
Assets		C0010
Intangible assets	R0030	0
Deferred tax assets	R0040	207
Pension benefit surplus	R0050	0
Property, plant & equipment held for own use	R0060	3 626
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	207 746
Property (other than for own use)	R0080	1 267
Holdings in related undertakings, including participations	R0090	697
Equities	R0100	0
Equities - listed	R0110	0
Equities - unlisted	R0120	0
Bonds	R0130	189 828
Government Bonds	R0140	139 882
Corporate Bonds	R0150	49 945
Structured notes	R0160	0
Collateralised securities	R0170	0
Collective Investments Undertakings	R0180	12 945
Derivatives	R0190	0
Deposits other than cash equivalents	R0200	3 008
Other investments	R0210	0
Assets held for index-linked and unit-linked contracts	R0220	0
Loans and mortgages	R0230	1 509
Loans on policies	R0240	0
Loans and mortgages to individuals	R0250	0
Other loans and mortgages	R0260	1 509
Reinsurance recoverables from:	R0270	47 784
Non-life and health similar to non-life	R0280	47 784
Non-life excluding health	R0290	47 801
Health similar to non-life	R0300	-17
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	0
Health similar to life	R0320	0
Life excluding health and index-linked and unit-linked	R0330	0
Life index-linked and unit-linked	R0340	0
Deposits to cedants	R0350	0
Insurance and intermediaries receivables	R0360	6 185
Reinsurance receivables	R0370	374
Receivables (trade, not insurance)	R0380	871
Own shares (held directly)	R0390	0
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400	0
Cash and cash equivalents	R0410	15 850
Any other assets, not elsewhere shown	R0420	720
Total assets	R0500	284 870

Balance sheet positions	Column index	Solvency II value
Liabilities		C0010
Technical provisions – non-life	R0510	141 883
Technical provisions – non-life (excluding health)	R0520	132 374
TP calculated as a whole	R0530	0
Best Estimate	R0540	127 806
Risk margin	R0550	4 569
Technical provisions – health (similar to non-life)	R0560	9 508
TP calculated as a whole	R0570	0
Best Estimate	R0580	8 994
Risk margin	R0590	515
Technical provisions – life (excluding index-linked and unit-linked)	R0600	45 311
Technical provisions – health (similar to life)	R0610	0
TP calculated as a whole	R0620	0
Best Estimate	R0630	0
Risk margin	R0640	0
Technical provisions – life (excluding health and index-linked and unit-linked)	R0650	45 311
TP calculated as a whole	R0660	0
Best Estimate	R0670	42 864
Risk margin	R0680	2 448
Technical provisions – index-linked and unit-linked	R0690	0
TP calculated as a whole	R0700	0
Best Estimate	R0710	0
Risk margin	R0720	0
Contingent liabilities	R0740	0
Provisions other than technical provisions	R0750	0
Pension benefit obligations	R0760	0
Deposits from reinsurers	R0770	18 707
Deferred tax liabilities	R0780	549
Derivatives	R0790	0
Debts owed to credit institutions	R0800	0
Financial liabilities other than debts owed to credit institutions	R0810	0
Insurance & intermediaries payables	R0820	6 723
Reinsurance payables	R0830	2 676
Payables (trade, not insurance)	R0840	3 943
Subordinated liabilities	R0850	7 000
Subordinated liabilities not in BOF	R0860	0
Subordinated liabilities in BOF	R0870	7 000
Any other liabilities, not elsewhere shown	R0880	12
Total liabilities	R0900	226 804
Excess of assets over liabilities	R1000	58 066

ANNEX 2. S.05.01.02 Premiums, claims and expenses by line of business, in thous.EUR

		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
Premiums written										
Gross - Direct Business	R0110	22 935	4 497	0	77 229	49 288	4 436	25 215	8 083	7 705
Gross - Proportional reinsurance accepted	R0120	0	0	0	0	0	0	0	0	0
Gross - Non-proportional reinsurance accepted	R0130									
Reinsurers' share	R0140	0	35	0	39 132	45	2 874	4 447	1 097	2 605
Net	R0200	22 935	4 463	0	38 097	49 243	1 563	20 768	6 986	5 100
Premiums earned										
Gross - Direct Business	R0210	22 212	4 279	0	78 583	47 674	3 846	22 282	8 504	6 730
Gross - Proportional reinsurance accepted	R0220	0	0	0	0	0	0	0	0	0
Gross - Non-proportional reinsurance accepted	R0230									
Reinsurers' share	R0240	0	35	0	40 995	45	2 322	3 100	1 059	2 304
Net	R0300	22 212	4 244	0	37 587	47 629	1 524	19 182	7 445	4 426
Claims incurred										
Gross - Direct Business	R0310	17 100	1 816	0	62 742	30 578	5 866	15 448	4 408	5 453
Gross - Proportional reinsurance accepted	R0320	0	0	0	0	0	0	0	0	0
Gross - Non-proportional reinsurance accepted	R0330									
Reinsurers' share	R0340	0	0	0	30 362	250	3 162	4 409	411	2 295
Net	R0400	17 100	1 816	0	32 380	30 328	2 704	11 039	3 997	3 158
Changes in other technical provisions										
Gross - Direct Business	R0410	0	0	0	0	0	0	0	0	-107
Gross - Proportional reinsurance accepted	R0420	0	0	0	0	0	0	0	0	0
Gross - Non-proportional reinsurance accepted	R0430									
Reinsurers' share	R0440	0	0	0	0	0	0	0	0	0
Net	R0500	0	0	0	0	0	0	0	0	-107
Expenses incurred	R0550	3 924	1 186	0	7 540	13 315	75	6 529	2 046	901
Other expenses	R1200									
Total expenses	R1300									

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)			Line of business for: accepted non-proportional reinsurance				Total
		Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty	Marine, aviation, transport	Property	
		C0100	C0110	C0120	C0130	C0140	C0150	C0160	
Premiums written									
Gross - Direct Business	R0110	29	7 274	501					207 193
Gross - Proportional reinsurance accepted	R0120	0	0	0					0
Gross - Non-proportional reinsurance accepted	R0130								
Reinsurers' share	R0140	0	2	152					50 388
Net	R0200	29	7 272	349					156 805
Premiums earned									
Gross - Direct Business	R0210	28	7 253	680					202 069
Gross - Proportional reinsurance accepted	R0220	0	0	0					0
Gross - Non-proportional reinsurance accepted	R0230								
Reinsurers' share	R0240	0	2	268					50 130
Net	R0300	28	7 251	411					151 939
Claims incurred									
Gross - Direct Business	R0310	-1	2 409	-72					145 748
Gross - Proportional reinsurance accepted	R0320	0	0	0					0
Gross - Non-proportional reinsurance accepted	R0330								
Reinsurers' share	R0340	0	0	-10					40 879
Net	R0400	-1	2 409	-61					104 869
Changes in other technical provisions									
Gross - Direct Business	R0410	0	0	0					-107
Gross - Proportional reinsurance accepted	R0420	0	0	0					0
Gross - Non-proportional reinsurance accepted	R0430								
Reinsurers' share	R0440	0	0	0					0
Net	R0500	0	0	0					-107
Expenses incurred	R0550	5	3 030	122					38 673
Other expenses	R1200								693
Total expenses	R1300								39 366

ANNEX 3. S.05.02.01 Information on premiums, claims and expenses by country, in thous. EUR

		Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations		Total Top 5 and home country
		C0010	C0020	C0030	C0070
R0010		 	Estonia	Lithuania	
		C0080	C0090	C0100	C0140
Premiums written		 	 	 	
Gross - Direct Business	R0110	78 841	25 554	102 797	207 193
Gross - Proportional reinsurance accepted	R0120	0	0	0	0
Gross - Non-proportional reinsurance accepted	R0130	0	0	0	0
Reinsurers' share	R0140	15 352	5 625	29 411	50 388
Net	R0200	63 489	19 929	73 387	156 805
Premiums earned		 	 	 	
Gross - Direct Business	R0210	78 406	23 529	100 135	202 069
Gross - Proportional reinsurance accepted	R0220	0	0	0	0
Gross - Non-proportional reinsurance accepted	R0230	0	0	0	0
Reinsurers' share	R0240	16 196	5 063	28 871	50 130
Net	R0300	62 210	18 466	71 263	151 939
Claims incurred		 	 	 	
Gross - Direct Business	R0310	60 802	20 947	63 998	145 748
Gross - Proportional reinsurance accepted	R0320	0	0	0	0
Gross - Non-proportional reinsurance accepted	R0330	0	0	0	0
Reinsurers' share	R0340	15 385	7 029	18 465	40 879
Net	R0400	45 417	13 919	45 533	104 869
Changes in other technical provisions		 	 	 	
Gross - Direct Business	R0410	-107	0	0	-107
Gross - Proportional reinsurance accepted	R0420	0	0	0	0
Gross - Non-proportional reinsurance accepted	R0430	0	0	0	0
Reinsurers' share	R0440	0	0	0	0
Net	R0500	-107	0	0	-107
Expenses incurred	R0550	14 850	4 836	18 987	38 673
Other expenses	R1200	 	 	 	693
Total expenses	R1300	 	 	 	39 366

* The Company makes obligatory deductions in accordance with the law "On compulsory motor third party liability" and the related Cabinet of Ministers regulations of the Republic of Latvia. Gross written premiums on motor third party liabilities insurance are shown net of the obligatory deductions EUR 624 thousand (2017: EUR 463 thousand).

The Company makes obligatory deductions to the Motor Bureaus of Lithuania and Estonia in accordance with the statutory requirements. Gross written premiums on motor third party liabilities insurance are shown net of the obligatory deductions to the transport insurance offices of Lithuania and Estonia in the amount of EUR 1 433 thousand (2017: EUR 1 181 thousand).

According to the law "On Motor Vehicles Third Party Liability Obligatory Insurance" and the related Cabinet Regulations of the Republic of Latvia, during the reporting period the Company made the following obligatory deductions from gross premiums written in this insurance type:

- Co-financing of the activities of the Motor Insurers' Bureau of Latvia: EUR 0.50 per contract + EUR 2 828 per month;
- For the MTPL Guarantee Fund: payments are made in accordance to special calculation by taking into account the period of contract and the type of insured motor vehicle;
- For the Road Traffic Accidents Fund in Latvia: 2% from gross written premium.

ANNEX 4. S.12.01.02 Information on the technical provisions relating to life insurance and health insurance pursued on a similar technical basis to that of life insurance ('health SLT') for each line of business, in thous. EUR

		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)
		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	42 864		42 864
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	42 864		42 864
Risk Margin	R0100	2 448		2 448
Amount of the transitional on Technical Provisions				
Technical Provisions calculated as a whole	R0110			
Best estimate	R0120			
Risk margin	R0130			
Technical provisions - total	R0200	45 311		45 311

ANNEX 5. S.17.01.02 Non-life Technical Provisions, in thous. EUR

		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 calculated as a whole	R0010									
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	R0050									
Technical provisions calculated as a sum of BE and RM										
Best estimate										
Premium provisions										
Gross	R0060	4 979	1 169	0	19 557	13 296	82	6 388	435	3 448
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140	0	-17	0	-1 166	-10	889	6	-23	226
Net Best Estimate of Premium Provisions	R0150	4 979	1 187	0	20 724	13 306	-807	6 382	458	3 222
Claims provisions										
Gross	R0160	2 153	693	0	43 211	8 580	4 497	10 163	9 750	6 241
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240	0	0	0	36 933	227	2 289	3 601	1 131	3 704
Net Best Estimate of Claims Provisions	R0250	2 153	693	0	6 278	8 354	2 207	6 563	8 619	2 537
Total Best estimate - gross	R0260	7 131	1 862	0	62 768	21 877	4 578	16 552	10 185	9 689
Total Best estimate - net	R0270	7 131	1 879	0	27 002	21 660	1 401	12 945	9 077	5 760
Risk margin	R0280	407	107	0	1 542	1 237	80	739	518	329
Amount of the transitional on Technical Provisions										
Technical Provisions calculated as a whole	R0290									
Best estimate	R0300									
Risk margin	R0310									

		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	7 539	1 970	0	64 310	23 113	4 658	17 291	10 704	10 018
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330	0	-17	0	35 767	217	3 178	3 607	1 108	3 930
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0340	7 539	1 987	0	28 543	22 896	1 481	13 684	9 596	6 089

		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
Technical provisions calculated as a whole	R0010								
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	R0050								
Technical provisions calculated as a sum of BE and RM									
Best estimate									
Premium provisions									
Gross	R0060	-2	1 031	-18	0	0	0	0	50 365
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140	0	0	-9	0	0	0	0	-105
Net Best Estimate of Premium Provisions	R0150	-2	1 031	-9	0	0	0	0	50 470
Claims provisions									
Gross	R0160	2	1 114	29	0	0	0	0	86 435
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240	0	0	4	0	0	0	0	47 889
Net Best Estimate of Claims Provisions	R0250	2	1 114	26	0	0	0	0	38 546
Total Best estimate - gross	R0260	0	2 145	11	0	0	0	0	136 800
Total Best estimate - net	R0270	0	2 145	16	0	0	0	0	89 016
Risk margin	R0280	0	122	1	0	0	0	0	5 083
Amount of the transitional on Technical Provisions									
Technical Provisions calculated as a whole	R0290								
Best estimate	R0300								
Risk margin	R0310								

		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	
Technical provisions - total									
Technical provisions - total	R0320	0	2 268	12	0	0	0	0	141 883
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330	0	0	-5	0	0	0	0	47 784
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0340	0	2 268	17	0	0	0	0	94 099

ANNEX 6. S.19.01.21 Information on non-life insurance claims, in thous. EUR

Total Non-Life Business

Accident year / Underwriting year	Z0010	Accident year
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Gross Claims Paid (non-cumulative)
(absolute amount)

	Year	Development year										
		0	1	2	3	4	5	6	7	8	9	10 & +
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110
Prior	R0100											101
N-9	R0160				1 446	368	220	260	256	69	9	
N-8	R0170			1 441	1 700	580	172	211	237	81		
N-7	R0180		12 357	1 531	869	570	448	149	37			
N-6	R0190	33 606	12 223	1 565	774	402	373	237				
N-5	R0200	40 958	12 126	1 411	689	979	329					
N-4	R0210	45 135	14 718	1 868	954	749						
N-3	R0220	51 889	14 771	1 786	1 178							
N-2	R0230	58 050	16 479	4 943								
N-1	R0240	59 094	28 230									
N	R0250	80 354										

Total

	In Current year	Sum of years (cumulative)
	C0170	C0180
R0100	101	101
R0160	9	2 628
R0170	81	4 422
R0180	37	15 961
R0190	237	49 179
R0200	329	56 492
R0210	749	63 424
R0220	1 178	69 624
R0230	4 943	79 472
R0240	28 230	87 324
R0250	80 354	80 354
R0260	116 248	508 982

Gross undiscounted Best Estimate Claims Provisions
(absolute amount)

	Year	Development year										
		0	1	2	3	4	5	6	7	8	9	10 & +
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300
Prior	R0100											235
N-9	R0160				1 972	1 693	768	490	142	113	57	
N-8	R0170			3 885	2 640	1 258	648	648	478	245		
N-7	R0180		5 924	3 662	1 708	1 119	394	317	200			
N-6	R0190	21 796	5 634	3 746	2 919	2 040	1 838	1 295				
N-5	R0200	20 883	4 827	2 442	1 984	1 506	1 208					
N-4	R0210	27 907	7 033	4 797	6 863	6 836						
N-3	R0220	26 646	4 768	4 971	3 750							
N-2	R0230	23 465	10 922	6 394								
N-1	R0240	39 307	12 347									
N	R0250	53 804										

	Year end (discounted data)
	C0360
R0100	235
R0160	57
R0170	245
R0180	200
R0190	1 295
R0200	1 208
R0210	6 842
R0220	3 754
R0230	6 394
R0240	12 351
R0250	53 852
Total	86 435

ANNEX 7. S.23.01.01 Own funds, in thous. EUR

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation (EU) 2015/35						
Ordinary share capital (gross of own shares)	R0010	41 609	41 609			
Share premium account related to ordinary share capital	R0030					
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	8 676	8 676			
Subordinated liabilities	R0140	7 000			7 000	
An amount equal to the value of net deferred tax assets	R0160	0				0
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180					
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220					
Deductions						
Deductions for participations in financial and credit institutions	R0230					
Total basic own funds after deductions	R0290	57 285	50 285	0	7 000	0
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300					
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310					
Unpaid and uncalled preference shares callable on demand	R0320					
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330					
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340					
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350					
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360					
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370					
Other ancillary own funds	R0390					
Total ancillary own funds	R0400					

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Available and eligible own funds						
Total available own funds to meet the SCR	R0500	57 285	50 285	0	7 000	0
Total available own funds to meet the MCR	R0510	57 285	50 285	0	7 000	
Total eligible own funds to meet the SCR	R0540	57 285	50 285	0	7 000	0
Total eligible own funds to meet the MCR	R0550	54 290	50 285	0	4 004	
SCR	R0580	44 491				
MCR	R0600	20 021				
Ratio of Eligible own funds to SCR	R0620	1.29				
Ratio of Eligible own funds to MCR	R0640	2.71				

		C0060		
Reconciliation reserve				
Excess of assets over liabilities	R0700	58 066		-
Own shares (held directly and indirectly)	R0710			-
Foreseeable dividends, distributions and charges	R0720	7 781		-
Other basic own fund items	R0730	41 609		-
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740			-
Reconciliation reserve	R0760	8 676		-
Expected profits				-
Expected profits included in future premiums (EPIFP) - Life business	R0770			-
Expected profits included in future premiums (EPIFP) - Non- life business	R0780	1 236		-
Total Expected profits included in future premiums (EPIFP)	R0790	1 236		-

ANNEX 8. S.25.01.21 Solvency Capital Requirement – for undertakings on Standard Formula, in thous. EUR

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0100
Market risk	R0010	10 366	-	-
Counterparty default risk	R0020	5 011	-	-
Life underwriting risk	R0030	4 999		
Health underwriting risk	R0040	4 569		-
Non-life underwriting risk	R0050	31 132		-
Diversification	R0060	-16 378	-	-
Intangible asset risk	R0070	0	-	-
Basic Solvency Capital Requirement	R0100	39 698	-	-

Calculation of Solvency Capital Requirement		C0100
Operational risk	R0130	6 788
Loss-absorbing capacity of technical provisions	R0140	0
Loss-absorbing capacity of deferred taxes	R0150	-1 995
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	0
Solvency capital requirement excluding capital add-on	R0200	44 491
Capital add-on already set	R0210	0
Solvency capital requirement	R0220	44 491
Other information on SCR		-
Capital requirement for duration-based equity risk sub-module	R0400	0
Total amount of Notional Solvency Capital Requirement for remaining part	R0410	0
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420	0
Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	R0430	0
Diversification effects due to RFF nSCR aggregation for article 304	R0440	0

ANNEX 9. S.28.01.01 Minimum Capital Requirement – Only life or only non-life insurance or reinsurance activity, in thous. EUR

Linear formula component for non-life insurance and reinsurance obligations

		C0010
MCR _{NL} Result	R0010	20 881

		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	7 131	22 935
Income protection insurance and proportional reinsurance	R0030	1 879	4 463
Workers' compensation insurance and proportional reinsurance	R0040	0	0
Motor vehicle liability insurance and proportional reinsurance	R0050	27 002	38 097
Other motor insurance and proportional reinsurance	R0060	21 660	49 243
Marine, aviation and transport insurance and proportional reinsurance	R0070	1 401	1 563
Fire and other damage to property insurance and proportional reinsurance	R0080	12 945	20 768
General liability insurance and proportional reinsurance	R0090	9 077	6 986
Credit and suretyship insurance and proportional reinsurance	R0100	5 760	5 100
Legal expenses insurance and proportional reinsurance	R0110	0	29
Assistance and proportional reinsurance	R0120	2 145	7 272
Miscellaneous financial loss insurance and proportional reinsurance	R0130	16	349
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	

Linear formula component for life insurance and reinsurance obligations

		C0040
MCR _L Result	R0200	904

		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	42 864	
Total capital at risk for all life (re)insurance obligations	R0250		4 999

Overall MCR calculation

		C0070
Linear MCR	R0300	21 784
SCR	R0310	44 491
MCR cap	R0320	20 021
MCR floor	R0330	11 123
Combined MCR	R0340	20 021
Absolute floor of the MCR	R0350	3 700
-	-	C0070
Minimum Capital Requirement	R0400	20 021