



BTA Baltic Insurance Company AAS

PUBLIC QUARTERLY REPORT 2ND QUARTER 2018

This Report is prepared in accordance with the Financial and Capital Market Commission Regulations No. 147 "Regulations on Preparation of Public Quarterly Reports of the Insurers" of 31 August 2016.

The Report includes the summarized information on the Company's activity over the period **from January 1st until June 30st 2018.**

Company information



Name of the Company	BTA Baltic Insurance Company												
Legal status	Insurance Joint Stock Company												
Number, place and date of registration	40103840140, registered in Riga, Latvia on 28 October 2014												
Address	Sporta 11, Riga, Latvia, LV-1013												
Members of the Board and their positions	Janis Lucaus - Chairman of the Board until 27.04.2018 Oskars Hartmanis - Board member Evija Matveja - Board member Wolfgang Kurt Wilhelm Stockmeyer - Board member Tadeuš Podvorski - Board member from 26.06.2018												
Members of the Council and their positions	Franz Fuchs - Chairman of the Council Elisabeth Stadler - Deputy Chairman of the Council Jan Bogutyn - Member of the Council Artur Borowinski - Member of the Council												
Reporting Period	01.01.2018 – 30.06.2018												
Shareholder structure at the end of reporting period	<table><thead><tr><th>Shareholder</th><th>Number of shares</th><th>% of the share capital</th></tr></thead><tbody><tr><td>VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe</td><td>377 920</td><td>90.83%</td></tr><tr><td>Balcia Insurance SE</td><td>38 174</td><td>9.17%</td></tr><tr><td>Total:</td><td>416 094</td><td>100%</td></tr></tbody></table>	Shareholder	Number of shares	% of the share capital	VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe	377 920	90.83%	Balcia Insurance SE	38 174	9.17%	Total:	416 094	100%
Shareholder	Number of shares	% of the share capital											
VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe	377 920	90.83%											
Balcia Insurance SE	38 174	9.17%											
Total:	416 094	100%											
Face value of one share	EUR 100.00												
Subscribed share capital	EUR 41 609 400												
Paid-up share capital	EUR 41 609 400												
Foreign branches	Lithuania, Estonia												

Balance Sheet

Item	At the end of the Reporting Period, EUR	At the end of the Previous Reporting Year, EUR
Tangible assets	1 667 246	1 658 465
Investments in land lots and buildings	3 220 394	3 450 578
Intangible assets	1 877 122	1 777 474
Investments in share capital of related companies	-	-
Investments in share capital of associated companies	-	-
Classified as financial assets at fair value through profit and loss	7 489 681	1 755 877
Classified as financial assets at fair value through other comprehensive income	162 624 651	150 655 690
Classified as financial assets at amortized cost	48 140 081	35 420 411
Accrued income and deferred expenses	9 973 177	9 420 287
Tax assets	720 480	234 793
Ceded reinsurance and retrocession contracts	55 639 112	51 248 399
Cash on hand and claims on demand on credit institutions	20 839 720	33 562 493
Total assets	312 191 664	289 184 467
Capital and reserves	49 627 345	53 102 933
Insurance and reinsurance liabilities	237 234 207	209 235 231
Classified as financial liabilities at fair value through profit and loss	-	-
Financial liabilities at amortized cost	20 877 985	22 291 012
Provisions	2 520 978	2 356 187
Tax liabilities	687 983	880 932
Accrued expenses and deferred income	1 243 166	1 318 172
Total liabilities	262 564 319	236 081 534
Total capital and reserves, and liabilities	312 191 664	289 184 467

Income Statement

Item	For the Reporting Period, EUR	For the Respective Period of the Previous Reporting Year, EUR
Earned premiums	72 914 078	66 021 200
Other technical income, net	189 129	129 496
Incurred claims, net	(50 144 437)	(44 236 194)
Changes in life insurance technical reserves	-	-
Changes in other technical reserves	-	-
Gratuities, net	-	-
Net operating expenses	(17 338 716)	(17 361 932)
Other technical expenses, net	(133 505)	(61 040)
Changes in equalization reserves	(1 593 307)	-
Investment management expenses/income and commission payments	(188 009)	(122 934)
Net interest income and dividend income	727 511	356 394
Net profit/loss from derecognition of the financial assets and financial liabilities not classified at fair value through profit and loss	96 934	(73 435)
Net profit/loss from the financial assets and financial liabilities classified at fair value through profit and loss	(288)	71 006
Revaluation result of foreign currencies	(88 839)	(94 476)
Profit/loss from derecognition of tangible assets, investments in buildings for ensuring own activities, investments in property and intangible assets	371 553	(68 434)
Depreciation	(624 390)	(486 658)
Impairment losses	-	-
Negative goodwill	-	-
Net profit/loss from investments in subsidiaries and participations recognized using equity method	-	-
Profit/loss for the reporting period before profit tax	4 187 714	4 072 993
Profit tax	-	-
Profit/loss for the reporting period before taxes	4 187 714	4 072 993
Other comprehensive income	(920 330)	182 363

Gross Written Premiums, Gross Claims paid and Net operating expenses by type of insurance, EUR



	Gross Premiums Written			Gross Claims Paid			Net operating expenses
	Total	for agreements signed in Latvia		Total	for agreements signed in Latvia		
			incl. agreements signed with private persons			incl. agreements signed with private persons	
Non-life insurance	108 794 298	41 013 354	10 814 251	56 656 902	27 190 165	10 029 417	17 963 106
Accident insurance	2 414 523	1 131 610	585 939	889 543	376 972	175 230	570 683
Health Insurance	15 300 361	13 871 066	23 366	8 328 320	7 431 679	17 107	1 921 980
Motor vehicle insurance (other than railway)	25 181 435	8 032 200	3 403 069	14 716 712	6 330 551	2 951 597	6 158 821
Railway transport insurance	210 892	32 467	-	13 943	9 283	-	34 429
Aircraft insurance	92 192	9 880	-	889	-	-	7 616
Vessel insurance	1 121 576	826 413	6 337	852 214	792 976	-	(129 737)
Cargo insurance	1 032 235	770 262	-	193 244	131 860	-	166 200
Property insurance against fire and natural disaster damages and other risks	11 381 369	4 811 965	2 000 047	5 366 340	2 253 456	655 961	2 942 198
Civil liability insurance of motor vehicle owners	32 092 571	11 529	-	13 802 855	3	-	2 436 332
Civil liability insurance of aircraft owners	133 817	11 759	3 056	39	-	-	10 781
Civil liability insurance of vessel owners	63 294	14 551	907	52	-	-	(9 952)
General civil liability insurance	4 545 590	1 022 079	194 817	1 404 266	236 858	37 748	1 048 706
Loan insurance	159 695	159 695	-	155 540	155 540	-	7 230
Guarantee insurance	3 327 233	1 193 282	275	1 706 917	995 961	-	329 444
Insurance of various financial losses	323 060	163 734	70	244	169	-	78 893
Insurance of legal expenses	15 297	15 297	5 522	52	52	-	2 238
Assistance insurance	3 404 054	940 461	793 600	953 588	202 661	160 891	1 361 811
Compulsory civil liability insurance of motor vehicle owners	7 995 104	7 995 104	3 797 246	8 272 144	8 272 144	6 030 882	1 025 433

Ratio by Type of Insurance



Item	Total in reporting period	Type of Insurance																	
		Accident insurance	Health Insurance	Motor vehicle insurance (other than railway)	Railway transport insurance	Aircraft insurance	Vessel insurance	Cargo insurance	Property insurance against fire and natural disaster damages and other risks	Civil liability insurance of motor vehicle owners	Civil liability insurance of aircraft owners	Civil liability insurance of vessel owners	General civil liability insurance	Loan insurance	Guarantee insurance	Insurance of various financial losses	Insurance of legal expenses	Assistance insurance	Compulsory civil liability insurance of motor vehicle owners
Loss ratio (%)	68.77	41.78	79.78	65.67	108.49	168.84	296.81	196.31	67.97	65.89	4.79	1.79	55.72	(230.26)	43.71	2.52	(15.14)	36.80	114.98
Expense ratio (%)	24.82	27.94	17.97	27.30	25.63	25.46	(177.84)	27.38	31.60	17.75	32.35	(182.35)	28.30	18.14	18.32	25.04	16.80	41.85	25.74
Combined ratio (%)	93.59	69.72	97.75	92.97	134.12	194.30	118.97	223.69	99.57	83.64	37.14	(180.56)	84.02	(212.12)	62.03	27.56	1.66	78.65	140.72



Insurer's Own Funds and Solvency Capital Requirement calculation, EUR

No.	Item	In reporting period
1	Basic own funds before deduction	53 207 967
2	Deductions for participations in financial and credit institutions	-
3	Total basic own funds after deductions (1.-2.)	53 207 967
4	Total ancillary own funds	-
5	Available and eligible own funds	53 207 967
5.1.	Total available own funds to meet the Solvency Capital requirements	53 207 967
5.2.	Total available own funds to meet the Minimum Capital requirements	53 207 967
5.3.	Total eligible own funds to meet the Solvency Capital requirements	53 207 967
5.4.	Total eligible own funds to meet the Minimum Capital requirements	53 207 967
6	Solvency Capital requirements	39 912 042
7	Minimum Capital requirements	17 960 419
8	Ratio of Eligible own funds to Solvency Capital requirements	133%
9	Ratio of Eligible own funds to Minimum Capital requirements	296%



Key Cooperation Partners

Reinsurers

Reinsurer	Reinsurer's Rating	Rating Agency	Place (Country) of Registration of the Reinsurer
VIG RE ZAJISTOVNA, A.S.	A+	Standard & Poor's	Czech Republic
SWISS RE EUROPE S.A.	AA-	Standard & Poor's	Luxembourg
R+V VERSICHERUNG AG	AA-	Standard & Poor's	Germany
SCOR GLOBAL P&C SE	AA-	Standard & Poor's	France
HANNOVER RÜCK SE	AA-	Standard & Poor's	Germany

Insurance and Reinsurance Brokerage Companies

Brokerage Company	Service	Place (Country) of Registration
AON Benfield	Reinsurance mediation	Germany
Guy Carpenter	Reinsurance mediation	Great Britain



Operational Strategy and Objectives

Despite the fierce competition in the Baltic market, the Company discerns a high growth potential in several types of insurance, voluntary insurance in particular.

Proceeding with improvement of its insurance products and customer service, the Company plans to increase the volume of operations in 2018 in the Baltic States, achieving more than 15 % growth in gross written insurance premiums total for the Baltic region. The Company senses the greatest growth opportunities in Estonia and Latvia, where the increase in gross written insurance premiums is expected to be above 25 % respectively compared to the year 2017. Given the current insurance portfolio volume and market situation in Lithuania, the Company expects the growth in that country to slow down in comparison to 2017.

The Company plans to strengthen its insurance portfolio, proceeding with its diversification and reducing the share of MTPL insurance type. The Company sets higher goals in voluntary insurance types, such as property insurance, CASCO insurance and assistance insurance.

Meanwhile the Company is going to proceed with the started initiatives on improvement of processes and management efficiency in all realms of operations, which includes improvement of private and corporate customer service standards and developing online sales.

The Company will further sustain its quick and high-quality decision-making, with a particular focus on improvement of insurance claims handling processes. The Company's Board is going to enable the professional development of its staff, meanwhile keeping on with improvement of its insurances products, increasing their quality, thus maintaining and improving the Company's long-term capacity to operate at profit.

On the behalf of the Company's Board, we hereby thank our employees, our clients and our cooperation partners for the work accomplished aimed at meeting our common goals – thank you for your loyalty and trust!

Departments and Branches of the Company

Customer service locations that offer BTA insurance services in Latvia:
<https://www.bta.lv/en/contacts/customer-service-centres>

Foreign branches:

Estonia - <https://www.bta.ee/>

Lithuania - <https://www.bta.lt/>