VIENNA INSURANCE GROUP

BTA Baltic Insurance Company AAS

Solvency And Financial Condition Report For Year 2020

March 30, 2021

Content

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/EC 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 LVB1_0002/02-03-03-2021-38 of 30 March 2021.

The Major Changes In 2020

The following should be noted as significant events of the reporting year:

- a change in the composition of the shareholders, as a result of which Vienna Insurance Group AG Wiener Versicherung Gruppe became a 100% owner of the company, purchasing 9.17% of its shares from Balcia Insurance SE.
- global virus pandemic. Although 2020 was a challenging year due to the COVID-19 pandemic worldwide and also in the Baltic States, with more or less impact on all insurance market participants, their development and future plans, the Company was able to maintain progress towards its goals and ensure the full and continuous provision of services to customers and partners.

The spread of Covid-19 forced significant changes in work organization. However, as the Company has actively used document signing with a secure electronic signature and organized its processes using the possibilities provided by information technology already before pandemic, the transition to the remote work model did not cause any difficulties for the Company. During the reporting period, the Company repeatedly changed its work model - both working fully on-site and fully remotely, as well as creating shifts to ensure business continuity in the event of the virus spreading between the staff.

The amount of gross written insurance premiums (hereafter - GWP) written by the Company in 2020 in all Baltic countries is 206.8 million EUR, which declined comparing with a year ago due to the uncertainty and restrictions caused by the spread of Covid-19, which intensified competition and downward pressure on insurance price. Despite the challenges, the Company's insurance portfolio is well diversified together with the risk mitigation methods ensures a positive and stable overall business result. The year 2020 was closed with remarkable profit indicators.

In accordance with the Company's risk strategy the target solvency ratio level should range above 125%. The solvency ratio was steadily above this level in 2020 and was 136% (unaudited) as an annual result at 31 December 2020.

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

SHAREHOLDERS
In October 2020, Vienna Insurance Group AG Wiener Versicherung Gruppe (hereinafter - VIG) became the owner of 100% of BTA voting shares.

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

Shareholders	31.12.2019		31.12.2020	
	Number of shares	Shareholding	Number of shares	Shareholding
VIG	377 920	90.83%	416 094	100 00%
Balcia Insurance SE	38 174	9.17%	-	-
Total	416 094	100%	416 094	100%

The VIG comprises more than 50 insurance companies in 30 countries and employs over 25,000 people. VIG is a clear leader in the insurance markets represented in Europe with a high rating of financial stability - Standard & Poor's A + (stable outlook) - whose shares are listed on the Vienna and Prague stock exchanges.

Detailed information on VIG and group structure (in the form of an image) is available in the Company's 2020 report.

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).

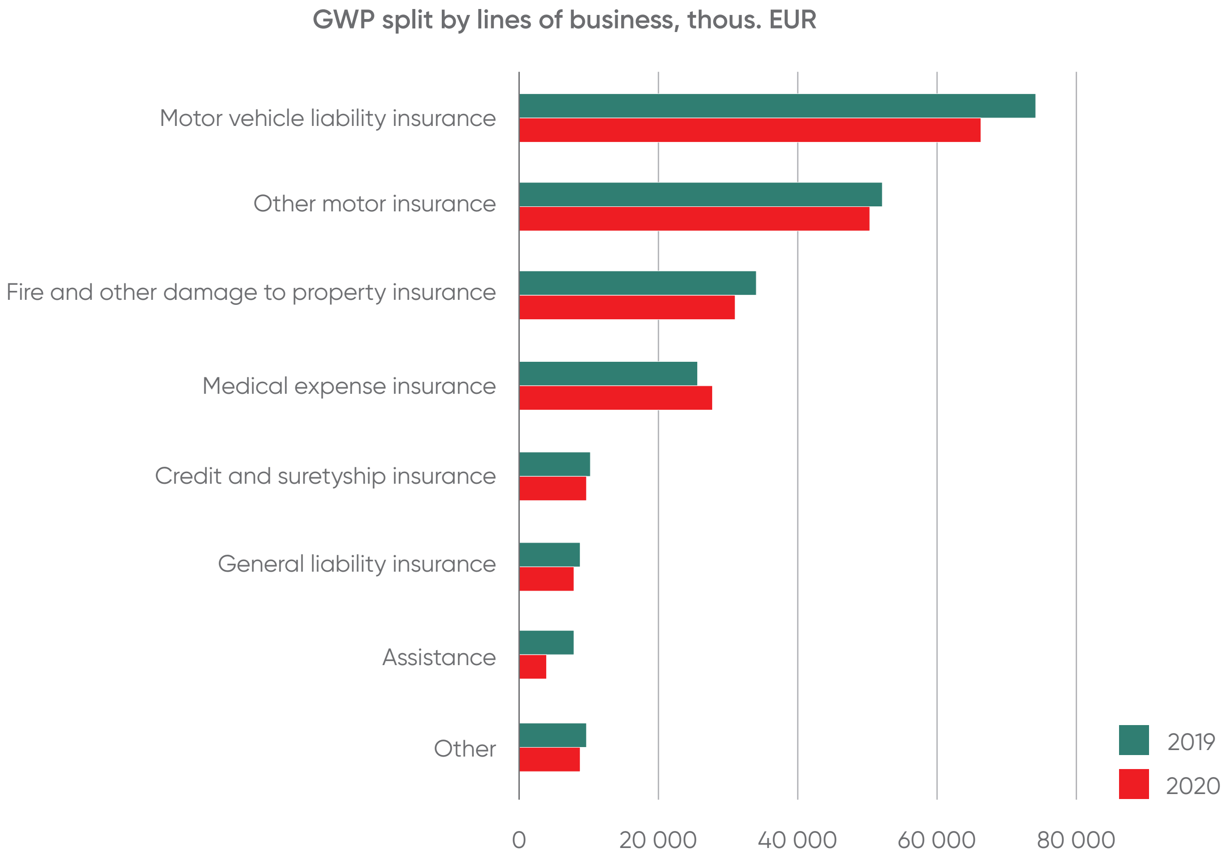
The amount of GWPs is geographically distributed as follows: 50% in Lithuania, 38% in Latvia and 12% in Estonia. The company offers a broad range of non-life insurance products to corporate and private entities – since 2015, the Company has all the following non-life insurance licences:
- motor insurance (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.

A.2 Underwriting Performance

The uncertainty and restrictions caused by the spread of the coronavirus Covid-19 contributed to the intensification of competition and downward pressure on prices. This was the main reason for the GWP decline in 2020. Despite the challenges the GWP in 2020 in all Baltic countries was 206.8 million EUR, 50% from business in Lithuania, 38% - in Latvia and 12% - in Estonia.

The amount of gross claims incurred in 2020 was 129.6 million EUR, which decreased by 12% compared to 2019. The combined ratio for all business in 2020 was 92.4%, which is better than in 2019 (95.2%).

A.2.1. image. GWP split by lines of business, in thous. EUR



Looking at business activities in terms of insurance lines of businesses, motor third party liability insurance (CASCO) and its owners' civil liability insurance (OCTA) accounts for slightly more than half (56%) of GWP. The largest drop in premiums in 2020 is in MTPL insurance.

EFFECT OF RISK MITIGATION ACTIVITIES ON THE UNDERWRITING RESULT

In order to reduce risk, Company's 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 reinsures a part of underwritten risks in order to control its exposure to losses and protect own capital. It purchases the obligatory and facultative reinsurance coverage to reduce the net exposure and not to exceed the actual margin of solvency. The Company also buys reinsurance treaties for the main lines of its business that protect the Company from any cumulative losses that may arise from multiple claims resulting from the same event.

Ceded reinsurance contains credit risk, and such reinsurance recoverable is reported after deductions for known counterparty insolvencies and uncollectible items. The Company monitors the financial condition of reinsurers on an ongoing basis and reviews its reinsurance arrangements periodically.

Risks are ceded to the (re)insurance companies with a sound reputation taking into account internal and VIG guidelines. The decision of choosing a cooperation partner with a rating below A- level by Standard and Poor's, Moody, Reuters, A.M. Best and Fitch, upon evaluating all risks, is coordinated with the Management Board and VIG Security Committee.

Reinsurance companies settle their obligations in the time period of 30 days. Reinsurance agreements also stipulate for cases when upon the insurance indemnity exceeding a certain amount, the reinsurance claim is paid immediately.

During the reporting period, there have been no cases where a reinsurance company has not fulfilled its obligations to the Company.

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 of the Company during the reporting year has increased from 256.0 million EUR to 275.5 million EUR. 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 bonds constitute 87 % of the investment volume and 60% of total assets.

A.3.1 table. Investment structure, thous. EUR

Asset position	code	2019	2020	Changes in 2020	In 2019 % of total assets	In 2020, % of total assets
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	**217 343**	**232 925**	**15 582**	**66.8%**	**69.1%**
Property (other than for own use)	R0080	1 329	1 403	74	0.4%	0.4%
Holdings in related undertakings, including participations	R0090	2 732	2 815	83	0.8%	0.8%
Equities (all listed)	R0100	0	506	506	0.0%	0.2%
Bonds	R0130	195 140	201 997	6 857	60.0%	59.9%
Government Bonds	*R0140*	*143 946*	*149 271*	*5 325*	*44.2%*	*44.3%*
Corporate Bonds	*R0150*	*51 194*	*52 726*	*1 532*	*15.7%*	*15.6%*
Collective Investments Undertakings	R0180	18 142	26 204	8 062	5.6%	7.8%
Loans and mortgages	**R0230**	**11 863**	**11 140**	**-723**	**3.6%**	**3.3%**
Cash and cash equivalents	**R0410**	**26 825**	**31 397**	**4 572**	**8.2%**	**9.3%**
Total investments		**256 031**	**275 462**	**19 431**	**78.7%**	**81.7%**
Total assets	**R0500**	**325 356**	**337 033**	**11 677**	**100%**	**100%**

During the reporting period, the investment strategy has not changed significantly, accordingly their structure has remained similar to 2019, the share of investments in collective investment undertakings has slightly increased.

The result of investment activities in 2020 was 1.88 million EUR (in 2019 it was 4.34 million EUR).

Taking into account the revaluation of assets according to Solvency II principles, the eligible own funds in 2020 have increased by 1 289.41 thousand EUR.

A.3.2. table. The results of investment activities, thous. EUR

	2019	2020	Changes in 2020
Investment management charges	-279	-292	-13
Depreciation of investment property	-69	-84	-15
Impairment of investment property	-34	0	34
Interest income	2 082	2 374	292
Interest expenses	-493	-452	41
Gain from financial assets and liabilities measured at fair value	2 443	76	-2 367
Gain/loss on foreign currency fluctuations	132	-278	-410
Other income	1 575	1 635	60
Other expenses	-1 104	-1 180	-76
Total	**4 344**	**1 880**	**-2 464**

Table A.3.3. Investment income/gains and losses in the period, thousand EUR

Asset category	Interest		Dividends		Rent		Net gains and losses		Unrealized gains and losses	
Year	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
Government Bonds	1 020.1	818.7					2 436.4	12.9	3 898.3	6 417.9
Corporate Bonds	657.3	1 226.9					-32.8	19.6	1 696.4	1 854.9
Cash and deposits	2.7	0								
Mortgages and loans	62.3	263.8								
Properties					71.0	110.2	0		-34.3	
Collective investments undertakings			340.0	573.4			50.5	36.1	1 134.7	-116.3
Total	**1 743.1**	**2 309.4**	**340.0**	**573.4**	**71.0**	**110.2**	**2 454.2**	**68.6**	**6 695.1**	**8 156.5**

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.

The Company's annual report provides detailed information on the Company's investments in the capital of other companies. As at 31 December 2020, subsidiaries and associates are booked in the financial statements using the cost method. Based on the management's impairment analysis as at 31 December 2020, no impairment has been identified.

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.

There were no material changes in the Company's governance system during the reporting period.

<u>SUPERVISORY BOARD</u>

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 five 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.

<u>Members of the company's Supervisory Board and their positions held:</u>
- Peter Franz Höfinger – Chairman of the Supervisory Board;
- Franz Fuchs – Deputy Chairman of the Supervisory Board;
- Elisabeth Stadler – Deputy Chairlady of the Supervisory Board;
- Jan Bogutyn – Member of the Supervisory Board;
- Artur Borowinski – Member of the Supervisory Board.

<u>MANAGEMENT BOARD</u>

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.

<u>Company Management Board members and their positions held during the reporting period:</u>
- Wolfgang Stockmeyer – Chairman of the Management Board;
- Oskars Hartmanis – Deputy Chairman of the Management Board;
- Evija Matveja – Member of the Management Board;
- Tadeušs Podvorski – Member of the Management Board.

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.

INVESTMENT COMMITTEE

The Investment committee started to operate from the beginning of 2019. It 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.

TARIFF COMMITTEES

Tariff committees started to operate in all Baltic countries since the beginning of 2019. The Tariff Committees are collegiate entities, established to execute the risk underwriting strategy of the Company. The main task of the Committees is to monitor the profitability of mass products and to check and approve propositions of change in tariffs.

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.

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

Risk Management function is 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 risk management functions:
- 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;
- ORSA processes coordination and preparation of ORSA report;
- upon close cooperation with the actuary function, monitoring of risk management system and the overall risk profile;
- investigation of reported incidents and their documentation in the Risk Event register;
- maintenance and updates of the risk register;
- Identification and assessment of risks.

Compliance function

The Director of Legal department performs compliance function the Company and in scope of Compliance function activities ensures the following:
- the Company is aware of and complies external regulatory requirements;
- coordination and control of compliance risk identification and assessment process;
- monitoring of compliance risk profile and implementation of risk mitigating measures, in case the 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.

GOVERNANCE OF BRANCHES IN LITHUANIA AND ESTONIA

Branch in Estonia

A branch director is responsible for the business and operations in the branch. Estonian Branch director reports to the Deputy Chairman of the Management Board.

Branch in Lithuania

A branch director is responsible for the business and operations in the branch. The director is also a member of the Management Board. Additionally in Lithuania, local Executive Board is established.

CHANGES IN THE GOVERNANCE SYSTEM OF THE REPORTING YEAR

There were no material changes in the Company's governance system during the reporting period.

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.

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 playouts 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.

MATERIAL TRANSACTIONS WITH THE RELATED PARTIES DURING 2019

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, thousand EUR

	2019	2020
Vienna Insurance Group AG Wiener Versicherung Gruppe	(1 055)	(630)
VIG RE zajišťovna a.s.	(614)	(580)

(Detailed information is available at the Company's annual report for 2020)

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

	2019	2020
Vienna Insurance Group AG Wiener Versicherung Gruppe	**(410)**	**(780)**
Interest expense for subordinated liabilities	(378)	(378)
Other expense	(32)	(402)
Compensa Life insurance SE Lietuvos filiāle	**(97)**	**(105)**
Contributions to Health insurance	(97)	(105)
Compensa Towarzystwo Ubezpieczeń Spolka Akcyjna Vienna Insurance Group	**(228)**	**(54)**
Claims handling costs	(228)	(54)
KKB Real Estate SIA	**6**	**155**
Interest income from a loan	6	155

(Indicated only transactions, where the net amount is EUR 50 thousand and above. Detailed information is available at the Company's annual report for 2020)

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

	2019	2020
Receivables	**48 540**	**53 501**
Vienna Insurance Group AG Wiener Versicherung Gruppe	37 301	41 857
VIG RE zajišt'ovna a.s.	881	1 479
VIG FUND, a.s.	2 462	2 454
Atrium Tower Sp. z o.o.	1 384	1 350
KKB Real Estate SIA	6 006	5 899
Urban Space SIA	506	506
Global Assistance SIA	–	100
Alauksta 13/15 SIA	–	3
Artilērijas 35 SIA	–	3
Ģertrūdes 121 SIA	–	3
Payables	**45 192**	**49 457**
Vienna Insurance Group AG Wiener Versicherung Gruppe	44 883	48 982
VIG RE zajišt'ovna a.s.	300	475
Compensa Vienna Insurance Group, UADB	6	–
Seesam Insurance AS Lietuvos filialas	3	–

(Detailed information is available at the Company's annual report for 2020)

The payment terms of loans issued to VIG FUND, a.s. and Atrium Tower Sp. z.o.o. is 31 December 2030 and annual interest rate is 2.5%; while the payment terms of loan issued to KKB Real Estate SIA is 31 March 2030 and annual interest rate is 2.55%.

In addition, assets due from VIG FUND, a.s. include investment in the share capital of VIG FUND, a.s. in amount of 2 312 thousand EUR (2019: 2 312 thousand EUR), which is included in the Statement of Financial Position under Available-for-sale instruments caption.

Payables due to Vienna Insurance Group AG Wiener Versicherung Gruppe include:

- Subordinated loan in amount of 1 500 thousand EUR (2019: 1 500 thousand EUR) that has been acquired as a result of reorganisation of InterRisk Vienna Insurance Group AAS. The payment term of this loan is 28 December 2025 and annual interest rate is 5%. Accrued interest expense as at 31 December 2020 amounted to 0 EUR (2019: 9 EUR);
- Subordinated loan in amount of 5 500 thousand EUR which was received on 27 December 2018 with annual interest rate of 5.5%. The loan shall be repaid on tenth anniversary of the receipt of the loan. Accrued interest expense as at 31 December 2020 amounted to 3 732 EUR (2019: 3 315 EUR).

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:
- insurance underwriting risk management;
- market risk management,
- credit risk (counterparty default 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 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, 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 risk management functions and coordinates ORSA process.

The Company performs ORSA 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 ORSA forecasts and evaluates if new ad-hoc ORSA is necessary.

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 2020, the Company outsources only some information technology maintenance services, and asset management in limited amount, all outsourcing agreements are coordinated with the Financial and Capital Market Commission.

The outsourcing services providers are the Baltic an Austria 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

The Company's governance system is appropriate for management of risks related with Company's lines of business and its scale and complexity.

There is no other relevant information to disclose.

C. Risk Profile

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

Risk category	Solvency capital requirement (SCR)		
	31.12.2019	31.12.2020	Changes in 2020
Non-life underwriting risk	34 509	34 279	-230
Market risk	14 084	15 628	+1 544
Counterparty risk	6 412	7 192	+780
Health underwriting risk	5 007	4 790	-217
Life underwriting risk	2 336	2 527	+191
Diversification	-17 055	-17 935	-880
Basic solvency capital requirement	**45 293**	**46 481**	**+1 188**
Operational risk	6 215	6 139	-76
Loss absorption capacity of deferred taxes	-2 983	-1 700	+1 283
Solvency capital requirement (SCR)	**48 526**	**50 920**	**+2 394**

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

No significant changes in the Company's risk profile during the reporting period, The Solvency Capital Requirement has increased by 2.4 million EUR, market risk has increased by 1.5 million EUR, counterparty default risk has increased by 0.78 million EUR. These changes are related with minor changes in the investment structure described in the section A.3.

C.1 Underwriting Risk

By conducting insurance activities, the Company faced insurance underwriting risk, constituted by three components:
- non-life insurance underwriting risk
- health insurance underwriting risk (incl. accident insurance)
- life insurance 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.

To reduce underwriting risk, the basis of underwriting strategy is risk diversification and selection of an appropriate 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 correspond 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.

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).

Company uses reinsurance to reduce loses which may occur in case of insurance risk concentration and to deliver stable financial result, minimising the impact of large claims. 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 2020 amounts to 15.6 million EUR (end of 2019: 14.1 million EUR). 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 275.46 million EUR at the end of 2020 (2019: 256.03 million EUR), an increase in share of corporate bonds the fixed income investment portfolio, an increase in share of investments into corporate fixed income securities and real estate.

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. Market risk capital requirement, in thousand EUR

Type of risk	Capital requirement		
	31.12.2019	31.12.2020	Changes in 2020
Market risk	**14 084**	**15 628**	**1 544**
Interest rate risk	7 456	6 946	-510
Equity risk	2 453	2 955	502
Property risk	5 225	6 965	1 740
Spread risk	5 731	5 615	-116
Market Risk Concentration	1 117	2 304	1 187
Currency risk	466	594	128
Diversification	-8 365	-9 751	-1 386

An increased focus in 2020 is on asset diversification, which is thereby reflected by market risk diversification effect, which has increased by 1 386 thousand EUR.

Concentration risk has increased because BTA has increased share in strategic and VIG group related investments that are excluded from total exposure, which is applied in standard formula in threshold calculations. Concentration risk in the amount of 2 304 thousand EUR results from 2 asset groups – Polish government bonds which are required for asset and liability currency matching and investments in entities in Latvia (owned by government) – Altum, Airbaltic, Latvenergo.

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

Risks category	Amount of assets, sensitive to the respective risk		Changes	
	31.12.2019	31.12.2020	thousand EUR	%
Market risk	**239 097**	**253 010**	**13 913**	**6%**
Interest rate risk	215 962	202 601	-13 360	-6%
Spread risk	82 790	81 622	-1 168	-1%
Property risk	20 901	27 861	6 959	33%
Equity risk	7 099	7 687	588	8%

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.

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 increased by 780 thousand EUR. The major cause for it was increase of type 1 exposures by 1.08 million EUR, due to increase of cash balances with banks by 4.57 million EUR (from 26.82 million EUR to 31.40 million EUR). 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, thousand EUR

	31.12.2019	31.12.2020	Changes	
			thousand EUR	%
Credit risk	**6 412**	**7 192**	**+780**	**+12.2**
Type 1 exposures (cash in credit institutions, reinsurers' liabilities)	5 753.6	6 831	1 077	+18.7
Type 2 exposures (brokers, policyholders, other debtors, etc.)	845.5	472.7	-373	-44.1

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

No	Counterparty group/Name of single name exposure	Exposure*
1	VIENNA INSURANCE GROUP AG WIENER VERSICHERUNG GRUPPE	28 615.8
2	Skandinaviska Enskilda Banken AB	15 297.5
3	SWEDBANK GROUP	12 258.0
4	SOCIETY OF LLOYD'S	5 705.6
5	SCOR SE	4 051.1
6	HDI HAFTPFLICHT DER DEUTSCHEN INDUSTRIE VAG	3 966.6
7	SWISS RE GROUP	3 749.3
8	R+V VERSICHERUNG AG	3 508.8
9	NORDEA BANK GROUP	2 875.6
10	RHINE REINSURANCE CO LTD/BERMUDA	2 097.4

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

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 has 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, however prudently looking on potential negative effects from Covid-19 to counterparty default risk, in scope of risk inventory the assessment of liquidity risk assessment was temporary increased to medium. 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 2020 by Solvency II assessment principles was 2 037 thousand EUR.

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 6 139 thousand EUR as at 31.12.2020 (31.12.2019: 6 216 thousand EUR).

According to the annual own risk assessment the most significant operational risk categories were identified to be compliance risk, process and organizational risk and business disruption 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 2.03 million EUR, less than established for 2019 (2.27 million EUR), primarily due to the smoothly functioning and effective internal controls system. The Solvency II capital calculated with standard formula on covering operational risk three times exceeds the amount of capital required, according to expert judgement.

C.6 Other Material Risks

In risk identification and assessment, the Company has also identified and assessed the strategic risk (medium level), reputation risk (low level) and cyber risk (low level). 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. Other material risks in addition to the above-mentioned have not been identified.

C.7 Other Information

For the purposes of stress tests and scenario analysis, the Company performs sensitivity analysis to determine the parameters whose fluctuations have the strongest impact on the solvency ratio. In addition, the Companies identify risks that may interfere with the achievement of turnover and profit objectives. When selecting the most significant risks and parameters that may cause the most significant negative impact on the solvency ratio, the Company performs stress tests and analysis of scenarios that combine these parameters. In addition, the Company has also performed reverse tests to determine the set of circumstances and risks that reduce the Company's solvency ratio to 100%, the Company assesses the probability of such a scenario as very low.

D. Valuation For Solvency Purposes

D.1. Assets

The total amount of the Company's assets on 31 December 2020 is 337 033 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 and VIG Group guidelines, thus, amounts on 31 December 2019 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. 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.

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 the 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, and for loans. 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 – 89.9% 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	2019	2020			
Position	Total	Total	Tiers		
			I	II	III
Basic own funds total	66 307	69 146	62 146	7 000	-
- Ordinary share capital	41 609	41 609	41 609	-	-
- Reconciliation reserve	17 698	20 536	20 536	-	-
- Subordinated liabilities	7 000	7 000	-	7 000	-
Total eligible own funds after deductions (1-2)	66 307	69 146	62 146	7 000	-
Ancillary own funds, total	-	-	-	-	-

The increase of the eligible own funds is mainly due to profitable operations as well as changes in asset valuation. Low interest rate environment resulted in market value increase for Company's investment portfolio. The eligible own funds calculation includes the anticipated dividends of 10 million EUR from the profit generated during the reporting period.

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.1.1.

Image E.1.1. Capital management process

Capital adequacy assessment

- Regulatory capitalization
- Internal capital requirements
- Economic capital

→

Capital planning

- Amount and quality of capital
- Amount and structure of risk
- Capital allocation
- Strategic targets

→

Capital management measures

- Underwriting targets and limitations
- Insurance portfolio management
- Management of products and pricing
- Investment limits
- Dividends
- Additional capital attraction
- Liability management

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 69 146 thousand EUR, while the solvency capital requirement is 50 920 thousand EUR, solvency ratio is 135.8%. There was almost no change in the solvency ratio at the end of the reporting period comparing with the end oy 2019.

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

Year	31.12.2019	31.12.2020			
Position	Total	Tiers			
		Total	I	II	III
Total available and eligible own funds					-
Total available own funds to meet the SCR	66 307	69 146	62 146	7 000	-
Total available own funds to meet the MCR	66 307	69 146	62 146	7 000	-
Total eligible own funds to meet the SCR	66 307	69 146	62 146	7 000	-
Total eligible own funds to meet the MCR	63 674	66 623	62 146	4 478	-
Solvency capital requirement (SCR)	48 526	50 920			
Minimum capital requirement (MCR)	21 837	22 388			
Ratio of eligible own funds to SCR (%)	136.6 %	135.8 %			
Ratio of eligible own funds to MCR (%)	291.6 %	298.6 %			

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 2019.

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 MCR And The SCR

The Company is fully compliant with the Solvency capital requirements – in 31.12.2020, solvency ratio is 135.8% and the minimum capital solvency ratio is 298.6%.

E.6 Other Information

There is no other relevant information to disclose.

BTA Baltic Insurance Company AAS

Solvency and financial condition report
For 2020

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 thous. EUR

Assets		Solvency II value
		C0010
Intangible assets	R0030	0
Deferred tax assets	R0040	222
Pension benefit surplus	R0050	0
Property, plant & equipment held for own use	R0060	8 946
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	232 925
Property (other than for own use)	R0080	1 403
Holdings in related undertakings, including participations	R0090	2 815
Equities	R0100	506
Equities - listed	R0110	506
Equities - unlisted	R0120	0
Bonds	R0130	201 997
Government Bonds	R0140	149 271
Corporate Bonds	R0150	52 726
Structured notes	R0160	0
Collateralised securities	R0170	0
Collective Investments Undertakings	R0180	26 204
Derivatives	R0190	0
Deposits other than cash equivalents	R0200	0
Other investments	R0210	0
Assets held for index-linked and unit-linked contracts	R0220	0
Loans and mortgages	R0230	11 140
Loans on policies	R0240	0
Loans and mortgages to individuals	R0250	0
Other loans and mortgages	R0260	11 140
Reinsurance recoverables from:	R0270	45 708
Non-life and health similar to non-life	R0280	23 931
Non-life excluding health	R0290	23 775
Health similar to non-life	R0300	156
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	21 777
Health similar to life	R0320	0
Life excluding health and index-linked and unit-linked	R0330	21 777
Life index-linked and unit-linked	R0340	0
Deposits to cedants	R0350	0
Insurance and intermediaries receivables	R0360	2 522
Reinsurance receivables	R0370	3 094
Receivables (trade, not insurance)	R0380	422
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	31 397
Any other assets, not elsewhere shown	R0420	657
Total assets	R0500	337 033

Annex 1
S.02.01.02
Balance sheet, in thous. EUR

Liabilities		Solvency II value
		C0010
Technical provisions – non-life	R0510	130 614
Technical provisions – non-life (excluding health)	R0520	121 377
TP calculated as a whole	R0530	0
Best Estimate	R0540	117 545
Risk margin	R0550	3 832
Technical provisions - health (similar to non-life)	R0560	9 237
TP calculated as a whole	R0570	0
Best Estimate	R0580	9 051
Risk margin	R0590	186
Technical provisions - life (excluding index-linked and unit-linked)	R0600	58 786
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	58 786
TP calculated as a whole	R0660	0
Best Estimate	R0670	56 334
Risk margin	R0680	2 452
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	2 161
Pension benefit obligations	R0760	0
Deposits from reinsurers	R0770	28 914
Deferred tax liabilities	R0780	389
Derivatives	R0790	0
Debts owed to credit institutions	R0800	0
Financial liabilities other than debts owed to credit institutions	R0810	4 974
Insurance & intermediaries payables	R0820	22 165
Reinsurance payables	R0830	5 315
Payables (trade, not insurance)	R0840	4 566
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	0
Total liabilities	R0900	264 884
Excess of assets over liabilities	R1000	72 149

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	27 876	5 331	0	66 414	50 310	3 213	31 121	8 023	9 717
Gross - Proportional reinsurance accepted	R0120	0	0	0	0	0	0	0	0	0
Gross - Non-proportional reinsurance accepted	R0130									
Reinsurers' share	R0140	0	2 696	0	33 710	37	1 829	6 495	1 195	5 202
Net	R0200	27 876	2 635	0	32 704	50 273	1 384	24 626	6 828	4 515
Premiums earned										
Gross - Direct Business	R0210	27 317	5 066	0	67 969	51 275	3 961	28 996	7 850	7 159
Gross - Proportional reinsurance accepted	R0220	0	0	0	0	0	0	0	0	0
Gross - Non-proportional reinsurance accepted	R0230									
Reinsurers' share	R0240	0	2 588	0	34 455	36	2 586	6 135	1 146	3 227
Net	R0300	27 317	2 478	0	33 515	51 239	1 375	22 861	6 704	3 931
Claims incurred										
Gross - Direct Business	R0310	20 865	2 394	0	46 166	32 247	2 917	15 744	2 137	5 121
Gross - Proportional reinsurance accepted	R0320	0	0	0	0	0	0	0	0	0
Gross - Non-proportional reinsurance accepted	R0330									
Reinsurers' share	R0340	0	1 231	0	19 341	-57	2 427	3 527	-317	3 116
Net	R0400	20 865	1 163	0	26 825	32 304	491	12 217	2 454	2 005
Changes in other technical provisions										
Gross - Direct Business	R0410	0	0	0	0	0	0	0	0	0
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	0
Expenses incurred	R0550	5 116	276	0	8 719	14 909	154	7 495	1 979	673
Other expenses	R1200									
Total expenses	R1300									

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)			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	C0200
Premiums written									
Gross - Direct Business	R0110	17	4 270	523					206 814
Gross - Proportional reinsurance accepted	R0120	0	0	0					0
Gross - Non-proportional reinsurance accepted	R0130				0	0	0	0	0
Reinsurers' share	R0140	0	86	156	0	0	0	0	51 405
Net	R0200	17	4 185	367	0	0	0	0	155 409
Premiums earned									
Gross - Direct Business	R0210	16	4 614	419					204 642
Gross - Proportional reinsurance accepted	R0220	0	0	0					0
Gross - Non-proportional reinsurance accepted	R0230				0	0	0	0	0
Reinsurers' share	R0240	0	82	154	0	0	0	0	50 408
Net	R0300	16	4 532	265	0	0	0	0	154 233
Claims incurred									
Gross - Direct Business	R0310	-2	2 040	-2					129 628
Gross - Proportional reinsurance accepted	R0320	0	0	0					0
Gross - Non-proportional reinsurance accepted	R0330				0	0	0	0	0
Reinsurers' share	R0340	0	92	23	0	0	0	0	29 383
Net	R0400	-2	1 948	-25	0	0	0	0	100 245
Changes in other technical provisions									
Gross - Direct Business	R0410	0	0	0					0
Gross - Proportional reinsurance accepted	R0420	0	0	0					0
Gross - Non- proportional reinsurance accepted	R0430				0	0	0	0	0
Reinsurers'share	R0440	0	0	0	0	0	0	0	0
Net	R0500	0	0	0	0	0	0	0	0
Expenses incurred	R0550	25	2 828	93					42 267
Other expenses	R1200								-49
Total expenses	R1300								42 218

Annex 3
S.05.02.01
Premiums, claims and expenses by country

		Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations					Total Top 5 and home country
		C0010	C0020	C0030	C0040	C0050	C0060	C0070
	R0010		EE	LT				
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
Premiums written								
Gross - Direct Business	R0110	79 080	24 951	102 783				206 814
Gross - Proportional reinsurance accepted	R0120	0	0	0				0
Gross - Non-proportional reinsurance accepted	R0130	0	0	0				0
Reinsurers' share	R0140	16 555	5 628	29 223				51 405
Net	R0200	62 525	19 324	73 560				155 409
Premiums earned								
Gross - Direct Business	R0210	78 858	24 981	100 803				204 642
Gross - Proportional reinsurance accepted	R0220	0	0	0				0
Gross - Non-proportional reinsurance accepted	R0230	0	0	0				0
Reinsurers' share	R0240	16 377	5 725	28 307				50 408
Net	R0300	62 481	19 256	72 496				154 233
Claims incurred								
Gross - Direct Business	R0310	55 706	14 851	59 071				129 628
Gross - Proportional reinsurance accepted	R0320	0	0	0				0
Gross - Non-proportional reinsurance accepted	R0330	0	0	0				0
Reinsurers' share	R0340	11 510	2 545	15 327				29 383
Net	R0400	44 196	12 305	43 744				100 245
Changes in other technical provisions								
Gross - Direct Business	R0410	0	0	0				0
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	0	0	0				0
Expenses incurred	R0550	16 594	5 327	20 347				42 267
Other expenses	R1200							-49
Total expenses	R1300							42 218

Annex 4

S.12.01.02

Life and Health SLT Technical Provisions, in thous. EUR

		Insurance with profit participation	Index-linked and unit-linked insurance			Other life insurance			Annuities stemming from non-life insurance contracts and relating to insurance obligation other than health insurance obligations	Accepted reinsurance	Total (Life other than health insurance, incl. Unit-Linked)
				Contracts without options and guarantees	Contracts with options or guarantees		Contracts without options and guarantees	Contracts with options or guarantees			
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0150
Technical provisions calculated as a whole	R0010										
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	R0020										
Technical provisions calculated as a sum of BE and RM											
Best Estimate											
Gross Best Estimate	R0030								56 334		56 334
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0080								21 777		21 777
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	R0090								34 557		34 557
Risk Margin	R0100								2 452		2 452
Amount of the transitional on Technical Provisions											
Technical Provisions calculated as a whole	R0110										
Best estimate	R0120										
Risk margin	R0130										
Technical provisions - total	R0200								58 786		58 786

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	4 998	1 131	0	16 108	9 861	446	12 641	437	-368
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140	0	-154	0	-1 004	-9	498	122	-13	319
Net Best Estimate of Premium Provisions	R0150	4 998	1 285	0	17 112	9 870	-52	12 518	449	-686
Claims provisions										
Gross	R0160	2 054	867	0	41 561	6 572	2 947	5 978	10 673	8 670
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240	0	310	0	18 207	0	1 571	936	374	2 736
Net Best Estimate of Claims Provisions	R0250	2 054	557	0	23 354	6 572	1 376	5 043	10 298	5 934
Total Best estimate - gross	R0260	7 053	1 998	0	57 669	16 433	3 393	18 619	11 109	8 303
Total Best estimate - net	R0270	7 053	1 842	0	40 466	16 442	1 324	17 561	10 748	5 248
Risk margin	R0280	147	40	0	1 667	469	98	360	735	423
Amount of the transitional on Technical Provisions										
Technical Provisions calculated as a whole	R0290									
Best estimate	R0300									
Risk margin	R0310									

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 - total										
Technical provisions - total	R0320	7 199	2 038	0	59 335	16 902	3 492	18 979	11 844	8 726
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330	0	156	0	17 203	-9	2 069	1 058	362	3 055
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0340	7 199	1 882	0	42 133	16 911	1 422	17 921	11 482	5 671

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

		Direct business and accepted proportional reinsurance			Accepted non-proportional reinsurance				Total Non-Life obligation
		Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	
		C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
Technical provisions 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	12	805	23					46 094
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140	0	3	-22	0	0	0	0	-258
Net Best Estimate of Premium Provisions	R0150	12	801	46	0	0	0	0	46 352
Claims provisions									
Gross	R0160	1	1 072	106					80 502
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240	0	33	23	0	0	0	0	24 189
Net Best Estimate of Claims Provisions	R0250	1	1 039	83	0	0	0	0	56 312
Total Best estimate - gross	R0260	13	1 877	129	0	0	0	0	126 596
Total Best estimate - net	R0270	13	1 841	128	0	0	0	0	102 665
Risk margin	R0280		74	6	0	0	0	0	4 018
Amount of the transitional on Technical Provisions									
Technical Provisions calculated as a whole	R0290								
Best estimate	R0300								
Risk margin	R0310								

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

		Direct business and accepted proportional reinsurance			Accepted non-proportional reinsurance				Total Non-Life obligation
		Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	
		C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
Technical provisions - total									
Technical provisions - total	R0320	13	1 951	135	0	0	0	0	130 614
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330	0	36	1	0	0	0	0	23 931
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0340	13	1 915	134	0	0	0	0	106 683

Annex
6 S.19.01.21

Non-life Insurance Claims Information, in thous. EUR.

Total Non-Life Business

Accident year / Underwriting year	Z0010	Accident year

Gross Claims Paid (non-cumulative), (absolute amount)

		Development year												In Current year	Sum of years (cumulative)
	Year	0	1	2	3	4	5	6	7	8	9	10 & +			
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110		C0170	C0180
Prior	R0100											57	R0100	57	57
N-9	R0160	0	12 357	1 531	869	570	448	149	37	16	7		R0160	7	15 984
N-8	R0170	33 606	12 223	1 565	774	402	373	237	234	775			R0170	775	50 189
N-7	R0180	40 958	12 126	1 411	689	979	329	200	59				R0180	59	56 751
N-6	R0190	45 135	14 718	1 868	954	749	396	359					R0190	359	64 179
N-5	R0200	51 889	14 771	1 786	1 178	1 841	393						R0200	393	71 857
N-4	R0210	58 050	16 479	4 943	1 689	897							R0210	897	82 057
N-3	R0220	59 094	28 230	2 607	1 291								R0220	1 291	91 222
N-2	R0230	80 354	37 237	4 451									R0230	4 451	122 042
N-1	R0240	94 510	28 575										R0240	28 575	123 085
N	R0250	92 870											R0250	92 870	92 870
												Total	R0260	129 736	770 296

Gross undiscounted Best Estimate Claims Provisions, (absolute amount)

		Development year												Year end (discounted data)
	Year	0	1	2	3	4	5	6	7	8	9	10 & +		
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300		C0360
Prior	R0100											289	R0100	290
N-9	R0160	0	5 924	3 662	1 708	1 119	394	317	200	48	64		R0160	65
N-8	R0170	21 796	5 634	3 746	2 919	2 040	1 838	1 295	1 029	324			R0170	325
N-7	R0180	20 883	4 827	2 442	1 984	1 506	1 208	975	772				R0180	775
N-6	R0190	27 907	7 033	4 797	6 863	6 836	6 524	4 426					R0190	4 444
N-5	R0200	26 646	4 768	4 971	3 750	2 237	1 346						R0200	1 352
N-4	R0210	23 465	10 922	6 394	4 874	2 428							R0210	2 438
N-3	R0220	39 307	12 347	7 021	5 080								R0220	5 100
N-2	R0230	53 804	14 874	8 053									R0230	8 087
N-1	R0240	49 603	11 635										R0240	11 682
N	R0250	45 779											R0250	45 944
												Total	R0260	80 502

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					
Iinitial 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	20 536	20 536			
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	69 146	62 146		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					

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
Available and eligible own funds						
Total available own funds to meet the SCR	R0500	69 146	62 146		7 000	0
Total available own funds to meet the MCR	R0510	69 146	62 146		7 000	
Total eligible own funds to meet the SCR	R0540	69 146	62 146	0	7 000	0
Total eligible own funds to meet the MCR	R0550	66 623	62 146	0	4 478	
SCR	R0580	50 920				
MCR	R0600	22 388				
Ratio of Eligible own funds to SCR	R0620	135.79%				
Ratio of Eligible own funds to MCR	R0640	297.59%				

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	72 149
Own shares (held directly and indirectly)	R0710	
Foreseeable dividends, distributions and charges	R0720	10 003
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	20 536
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	R0770	
Expected profits included in future premiums (EPIFP) - Non- life business	R0780	2 037
Total Expected profits included in future premiums (EPIFP)	R0790	2 037

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	15 628		
Counterparty default risk	R0020	7 192		
Life underwriting risk	R0030	2 527		
Health underwriting risk	R0040	4 790		
Non-life underwriting risk	R0050	34 279		
Diversification	R0060	-17 935		
Intangible asset risk	R0070	0		
Basic Solvency Capital Requirement	R0100	46 481		

Calculation of Solvency Capital Requirement		C0100
Operational risk	R0130	6 139
Loss-absorbing capacity of technical provisions	R0140	0
Loss-absorbing capacity of deferred taxes	R0150	-1 700
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	50 920
Capital add-on already set	R0210	0
Solvency capital requirement	R0220	50 920
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

		Yes/No
		C0109
Approach based on average tax rate	R0590	Yes

		LAC DT
Calculation of loss absorbing capacity of deferred taxes		C0130
LAC DT	R0640	-1 700
LAC DT justified by reversion of deferred tax liabilities	R0650	-167
LAC DT justified by reference to probable future taxable economic profit	R0660	-1 533
LAC DT justified by carry back, current year	R0670	0
LAC DT justified by carry back, future years	R0680	0
Maximum LAC DT	R0690	-1 700

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	21 662

		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	7 053	27 876
Income protection insurance and proportional reinsurance	R0030	1 842	2 635
Workers' compensation insurance and proportional reinsurance	R0040	0	0
Motor vehicle liability insurance and proportional reinsurance	R0050	40 466	32 704
Other motor insurance and proportional reinsurance	R0060	16 442	50 273
Marine, aviation and transport insurance and proportional reinsurance	R0070	1 324	1 384
Fire and other damage to property insurance and proportional reinsurance	R0080	17 561	24 626
General liability insurance and proportional reinsurance	R0090	10 748	6 828
Credit and suretyship insurance and proportional reinsurance	R0100	5 248	4 515
Legal expenses insurance and proportional reinsurance	R0110	13	17
Assistance and proportional reinsurance	R0120	1 841	4 185
Miscellaneous financial loss insurance and proportional reinsurance	R0130	128	367
Non-proportional health reinsurance	R0140	0	0
Non-proportional casualty reinsurance	R0150	0	0
Non-proportional marine, aviation and transport reinsurance	R0160	0	0
Non-proportional property reinsurance	R0170	0	0

Linear formula component for life insurance and reinsurance obligations

		C0040
MCR_{L} Result	R0200	726

		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	34 557	
Total capital at risk for all life (re)insurance obligations	R0250		

Overall MCR calculation

		C0070
Linear MCR	R0300	22 388
SCR	R0310	50 920
MCR cap	R0320	22 914
MCR floor	R0330	12 730
Combined MCR	R0340	22 388
Absolute floor of the MCR	R0350	3 700

		C0070
Minimum Capital Requirement	R0400	22 388