



BTA Baltic Insurance Company AAS

PUBLIC QUARTERLY REPORT 4TH QUARTER 2018

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

The Report includes the summarized information on the Company's activity over the period from **January 1st until December 31st 2018.**

Company information



Name of the Company	BTA Baltic Insurance Company												
Legal status	Insurance Joint Stock Company												
Number, place and date of registration	40103840140, registered in Riga, Latvia on 28 October 2014												
Address	Sporta 11, Riga, Latvia, LV-1013												
Members of the Board and their positions	Wolfgang Stockmeyer – Chairman of the Management Board from 28.12.2018; until then Member of the Management Board Oskars Hartmanis – Deputy Chairman of the Management Board from 28.12.2018; until then Member of the Management Board Evija Matveja – Member of the Management Board Tadeuš Podvorski – Member of the Management Board from 26.06.2018 Janis Lucaus – Chairman of the Board until 27.04.2018												
Members of the Council and their positions	Franz Fuchs – Chairman of the Council Elisabeth Stadler – Deputy Chairman of the Council Jan Bogutyn – Member of the Council Artur Borowinski – Member of the Council												
Reporting Period	01.01.2018 – 31.12.2018												
Shareholder structure at the end of reporting period	<table><thead><tr><th>Shareholder</th><th>Number of shares</th><th>% of the share capital</th></tr></thead><tbody><tr><td>VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe</td><td>377 920</td><td>90.83%</td></tr><tr><td>Balcia Insurance SE</td><td>38 174</td><td>9.17%</td></tr><tr><td>Total:</td><td>416 094</td><td>100%</td></tr></tbody></table>	Shareholder	Number of shares	% of the share capital	VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe	377 920	90.83%	Balcia Insurance SE	38 174	9.17%	Total:	416 094	100%
Shareholder	Number of shares	% of the share capital											
VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe	377 920	90.83%											
Balcia Insurance SE	38 174	9.17%											
Total:	416 094	100%											
Face value of one share	EUR 100.00												
Subscribed share capital	EUR 41 609 400												
Paid-up share capital	EUR 41 609 400												
Foreign branches	Lithuania, Estonia												

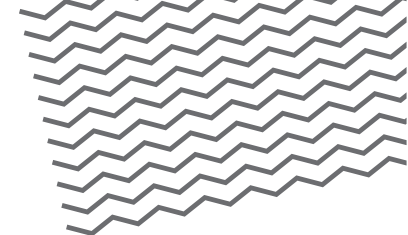
Balance Sheet

Item	At the end of the Reporting Period, EUR	At the end of the Previous Reporting Year, EUR
Tangible assets	1 982 501	1 658 465
Investments in land lots and buildings	2 650 185	3 450 578
Intangible assets	1 542 091	1 777 474
Investments in share capital of related companies	-	-
Investments in share capital of associated companies	-	-
Classified as financial assets at fair value through profit and loss	1 748 077	1 755 877
Classified as financial assets at fair value through other comprehensive income	198 440 882	150 655 690
Classified as financial assets at amortized cost	43 638 386	35 420 411
Accrued income and deferred expenses	9 481 526	9 420 287
Tax assets	282 051	234 793
Ceded reinsurance and retrocession contracts	64 676 036	51 248 399
Cash on hand and claims on demand on credit institutions	15 849 680	33 562 493
Total assets	340 291 415	289 184 467
Capital and reserves	54 095 750	53 102 933
Insurance and reinsurance liabilities	249 996 297	209 235 231
Classified as financial liabilities at fair value through profit and loss	-	-
Financial liabilities at amortized cost	30 807 444	22 291 012
Provisions	2 930 395	2 356 187
Tax liabilities	619 917	880 932
Accrued expenses and deferred income	1 841 612	1 318 172
Total liabilities	286 195 665	236 081 534
Total capital and reserves, and liabilities	340 291 415	289 184 467

Income Statement

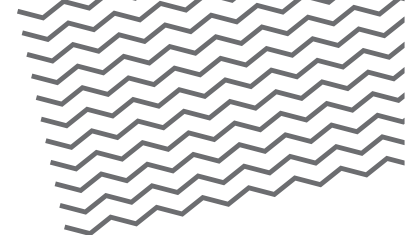
Item	For the Reporting Period, EUR	For the Respective Period of the Previous Reporting Year, EUR
Earned premiums	151 939 295	126 157 736
Other technical income, net	350 422	295 706
Incurred claims, net	(104 868 963)	(85 345 879)
Changes in life insurance technical reserves	-	-
Changes in other technical reserves	-	(128 386)
Gratuities, net	-	-
Net operating expenses	(37 323 232)	(32 399 211)
Other technical expenses, net	(692 940)	(147 196)
Changes in equalization reserves	106 693	-
Investment management expenses/income and commission payments	(366 839)	(217 903)
Net interest income and dividend income	1 774 984	904 540
Net profit/loss from derecognition of the financial assets and financial liabilities not classified at fair value through profit and loss	(12 958)	714 310
Net profit/loss from the financial assets and financial liabilities classified at fair value through profit and loss	(15 830)	73 916
Revaluation result of foreign currencies	(97 343)	(180 445)
Profit/loss from derecognition of tangible assets, investments in buildings for ensuring own activities, investments in property and intangible assets	942 213	92 719
Depreciation	(1 349 377)	(1 118 639)
Impairment losses	(92 194)	-
Negative goodwill	-	-
Net profit/loss from investments in subsidiaries and participations recognized using equity method	-	-
Profit/loss for the reporting period before profit tax	10 293 931	8 701 268
Profit tax	(1 141 827)	(909 164)
Profit/loss for the reporting period before taxes	9 152 104	7 792 104
Other comprehensive income	(1 422 786)	1 106 676

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



	Gross Premiums Written			Gross Claims Paid			Net operating expenses
	Total	for agreements signed in Latvia		Total	for agreements signed in Latvia		
		incl. agreements signed with private persons			incl. agreements signed with private persons		
Non-life insurance	207 192 987	78 841 364	21 869 605	117 463 656	54 765 993	16 707 871	38 672 609
Accident insurance	4 497 476	1 854 776	869 940	1 787 213	682 188	328 387	1 186 032
Health Insurance	22 935 455	20 690 535	32 326	16 244 883	14 510 910	34 982	3 924 287
Motor vehicle insurance (other than railway)	48 967 187	16 984 221	7 348 959	29 228 551	11 653 316	5 235 113	13 256 078
Railway transport insurance	320 327	51 590	0	47 362	31 651	0	58 795
Aircraft insurance	114 416	11 186	0	1 770	0	0	17 000
Vessel insurance	2 772 444	2 393 157	9 611	1 435 740	1 335 434	0	(244 580)
Cargo insurance	1 314 167	858 769	125	807 789	602 611	0	295 016
Property insurance against fire and natural disaster damages and other risks	25 214 934	12 465 579	4 308 517	10 697 182	4 299 655	1 292 639	6 528 912
Civil liability insurance of motor vehicle owners	61 138 003	15 244	100	29 610 394	3	0	5 837 292
Civil liability insurance of aircraft owners	148 086	27 962	3 511	7 074	0	0	20 380
Civil liability insurance of vessel owners	87 205	15 910	1 775	1 874	0	0	(12 761)
General civil liability insurance	8 083 206	2 005 327	424 796	2 601 554	426 087	66 488	2 045 641
Loan insurance	205 589	205 589	0	376 451	376 451	0	8 566
Guarantee insurance	7 499 510	2 747 577	275	6 635 806	4 562 547	0	892 403
Insurance of various financial losses	501 495	208 716	73	500	417	0	121 833
Insurance of legal expenses	28 885	28 885	13 956	400	400	129	5 396
Assistance insurance	7 273 955	2 185 693	1 693 303	2 159 673	464 883	334 986	3 029 706
Compulsory civil liability insurance of motor vehicle owners	16 090 648	16 090 648	7 162 339	15 819 440	15 819 440	9 415 147	1 702 613

Insurer's performance indicators by Type of Insurance



Item	Total in reporting period	Type of Insurance																	
		Accident insurance	Health Insurance	Motor vehicle insurance (other than railway)	Railway transport insurance	Aircraft insurance	Vessel insurance	Cargo insurance	Property insurance against fire and natural disaster damages and other risks	Civil liability insurance of motor vehicle owners	Civil liability insurance of aircraft owners	Civil liability insurance of vessel owners	General civil liability insurance	Loan insurance	Guarantee insurance	Insurance of various financial losses	Insurance of legal expenses	Assistance insurance	Compulsory civil liability insurance of motor vehicle owners
Loss ratio (%)	69.02	42.79	76.99	61.61	430.95	69.42	240.52	187.50	57.55	76.44	4.88	0.93	53.69	(66.01)	73.94	(14.94)	(3.19)	33.23	120.61
Expense ratio (%)	25.91	28.16	18.19	28.38	22.08	23.76	(123.61)	25.56	34.31	20.18	24.41	(138.62)	27.79	10.83	24.21	29.77	19.57	42.08	21.08
Combined ratio (%)	94.93	70.95	95.18	89.99	453.03	93.18	116.91	213.06	91.86	96.62	29.29	(137.69)	81.48	(55.18)	98.15	14.83	16.38	75.31	141.69



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

No.	Item	In reporting period
1	Basic own funds before deduction	57 539 032
2	Deductions for participations in financial and credit institutions	-
3	Total basic own funds after deductions (1.-2.)	57 539 032
4	Total ancillary own funds	-
5	Available and eligible own funds	57 539 032
5.1.	Total available own funds to meet the Solvency Capital requirements	57 539 032
5.2.	Total available own funds to meet the Minimum Capital requirements	57 539 032
5.3.	Total eligible own funds to meet the Solvency Capital requirements	57 539 032
5.4.	Total eligible own funds to meet the Minimum Capital requirements	54 556 921
6	Solvency Capital requirements	44 643 216
7	Minimum Capital requirements	20 089 447
8	Ratio of Eligible own funds to Solvency Capital requirements	129%
9	Ratio of Eligible own fundsto Minimum Capital requirements	272%



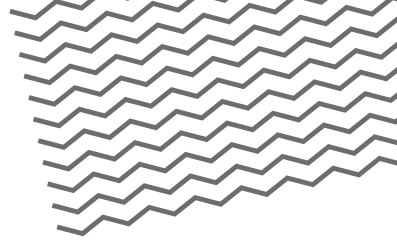
Key Cooperation Partners

Reinsurers

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

Insurance and Reinsurance Brokerage Companies

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



Operational Strategy and Objectives

Thanks to the excellent business growth, improvements in pricing of insurance products, further development of internal processes and information technology solutions, the Company succeeded in achieving strong positive financial results in year 2018 in all Baltic countries. This year the Company will continue with the previously commenced initiatives and plans.

The Company's goal this year remains on increasing its business volume, facilitated by strengthening and diversification of its insurance portfolio, and reducing the share of MTPL insurance. The Company sets higher goals in voluntary lines of insurance business, such as Property insurance, CASCO insurance and Assistance insurance.

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

With the new strategy for the upcoming three years and its goal to be the preferred insurance service provider for its customers and partners, the Company's focus will be set on innovations and personnel development.

The Company has defined innovative internal culture, innovative products and continual improvements in processes and information technologies as the pillars of the new strategy. The Company continuously strives to develop the knowledge, abilities and skills of all the members of its professional team. The Company invests into development, working environment and equipment of its sales and support employees. The Company is also planning to extend the training program, know-how sharing platforms, to focus on development of the leadership skills of its key managers, and on adding experts and young talents to the team.

The Company will further sustain its quick and high-quality decision-making, with a particular focus on improvement of insurance claims handling processes.

The Company will continue the previously started contemporary art project "BTA Art", aiming to reveal diversity in the artistic approaches and to popularize contemporary art among its employees and customers. The Company will continue to engage in the corporate social responsibility activities, demonstrating its attention to the issues significant for the society.



Departments and Branches of the Company

Customer service locations that offer BTA insurance services in Latvia:

<https://www.bta.lv/en/contacts/customer-service-centres>

Foreign branches:

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

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