AAS "BTA Baltic Insurance Company"
SOLVENCY AND FINANCIAL CONDITION REPORT
FOR YEAR 2017

May, 2018

CONTENT

SUMMARY

ABOUT REPORT

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

The report is approved by Company's Management Board decision No LVB1_0002/02-03-03-2018-50 of 03 May 2018.

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

OPERATIONS AND THE MAJOR CHANGES IN 2017

2017 has been a successful year for the company – the Company grew above market average in all main lines of business and got closer to more adequate price levels in motor insurance. The 2017 financial result of 8.7 million EUR (before tax) reflects the Company's financial stability in an environment of intense competition. In 2017, gross written premiums in the Baltics increased to 163.0 million EUR (after mandatory payments). This significant increase of 24% has strengthened the position of the Company as one of the leading insurance companies in Latvia, Lithuania and Estonia, with a total market share of non-life and health insurance segments of 13%.

The most significant changes during 2017 in the Company's development:

- Rebranding. At the end of May 2017, the Company changed its logo and corporate design in Latvia, Lithuania and Estonia;
- In 2017 the Company merged with InterRisk Vienna Insurance Group through reorganization. The reorganization was successfully completed in the fourth quarter of 2017;
- At the end of 2017, the shareholders decided to invest 10 million euros into the Company's further development.

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

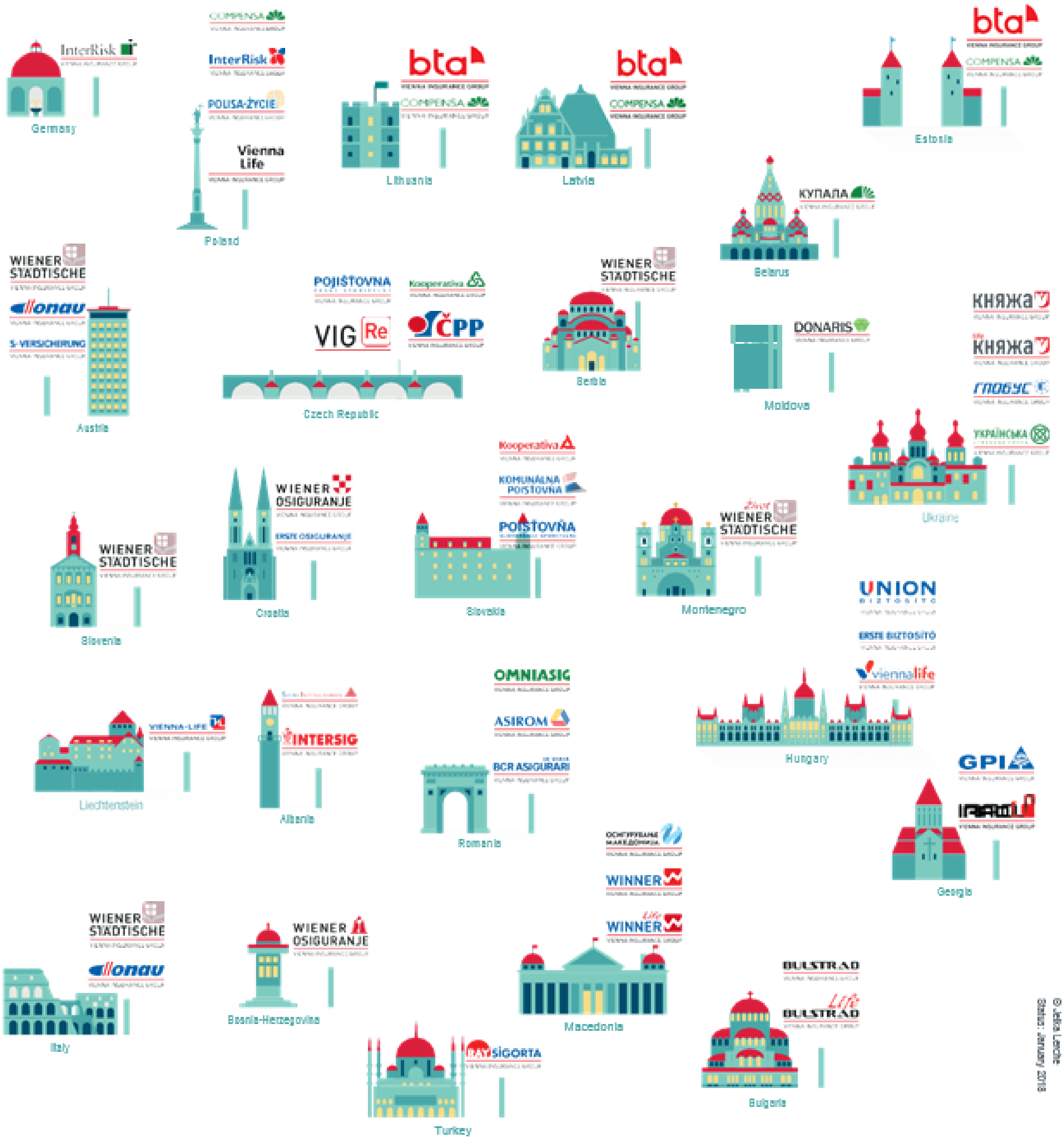
AUDITOR
KPMG Baltics SIA
Address: Vesetas iela 7, Riga, Latvia, LV-1013
Licence Nr. 55
Telephone: +371 67038000
E-mail: kpmg@kpmg.lv

SHAREHOLDERS
Vienna Insurance Group AG (hereinafter – VIG), one of the leading insurers in Europe, became the Company's main shareholder in 24 August 2016. 90.83% of shares are owned by VIG and 9.17% of the shares of the Company are owned by Balcia Insurance SE.

COMPANY SHAREHOLDING STRUCTURE INFORMATION

	31.12.2016		**31.12.2017**	
	Number of shares	**Proportion**	**Number of shares**	**Proportion**
Vienna Insurance Group AG Wiener Versicherung Gruppe	261 000	90 %	377 920	90.83%
Balcia Insurance SE	29 000	10 %	38 174	9.17%
	290 000	**100%**	**416 094**	**100%**

Over 25,000 employees work for the Vienna Insurance Group AG (VIG), in around 50 companies in 25 countries, developing insurance solutions in line with personal and local needs, which has made them one of the leaders in the insurance industry in Austria and Central and Eastern Europe (CEE). VIG has an A+ rating with stable outlook from well-known rating agency Standard & Poor's, meaning that it remains the top-rated company on the Vienna Stock Exchange's index of leading shares, the ATX. The Vienna Insurance Group AG is listed in both Vienna and Prague stock exchanges markets.



WE ARE THE **NUMBER ONE**
IN AUSTRIA, CENTRAL AND
EASTERN EUROPE.

VIG
VIENNA INSURANCE GROUP
Protecting what matters.

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), offering a broad range of non-life insurance products to corporate and private entities.

The company offers a wide range of non-life insurance products for legal and private persons – since 2015, the Company has the following 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.

NUMBER OF EMPLOYEES AT THE END OF THE REPORTING YEAR

	31 December 2017	**31 December 2016**
Latvia	480	471
Lithuanian Branch	465	442
Estonian Branch	44	48
Total	**989**	**961**

NUMBER OF CUSTOMER SERVICE CENTRES

	31 December 2017	**31 December 2016**
Customer service centres located abroad	109	102
Customer service centres located in Latvia	53	55
Total	**162**	**157**

A.2. UNDERWRITING PERFORMANCE

The Company has gross written insurance premiums of 163.0 million euros for the Baltic States together in 2017 (after mandatory payments). The volume of gross written insurance premiums increased by 24% in year 2017, as compared to the results of year 2016 in Estonia (+17 %), Lithuania (+29 %) and Latvia (+21 %). Successfully reinforced positions in the corporate customer segment, where the volume of gross written insurance premiums increased by 26 %.

By types of insurance, the steepest growth of gross written insurance premiums in 2017 was in property insurance (+31 %), travel accident insurance (+29 %), MTPL (+27 %), CASCO (+23 %) and health insurance (+21 %).

Throughout the year the Company could observe the volume of gross written insurance premiums in voluntary insurance types grow. The demand for voluntary insurance coverage continued to grow in all the Baltic States. The total volume of the Company's gross written insurance premiums in voluntary insurance types reached 101.5 million euros in 2017, which is by 23% more than in 2016.

Following the growth of the volume of insurance premiums the volume of insurance claims, disbursed by the Company, increased by 3% in 2017 and reached 79.4 million euros. The Company disbursed about 315 thousand euros on average every business day in 2017, which makes it approximately 39 thousand euros every business hour. Insurance claims in 2017 increased by 45% in Travel accident insurance, by 22% in Health insurance and by 16% in Property insurance.

At the end of 2017, the sum of the Company's gross technical reserves reached 181.0 million euros, while the net technical reserves made 134.2 million euros. The total value of equity, reserves and liabilities made 289.2 million euros, which is the highest indicator among Latvian insurance companies and one of the highest indicators among the Baltic insurers.

EFFECT OF RISK MITIGATION ACTIVITIES ON THE UNDERWRITING RESULT

In order to reduce risk, Company risk underwriting is based on risk diversification, which ensures a balanced portfolio in the long term. The company monitors results by products in order to identify the emergence of negative trends in a timely manner and to take measures required to improve business performance and adjust the risk level in accordance with the strategy and the annual plan.

One of the main risk mitigation tools for underwriting risk is ceded reinsurance. The company's reinsurance policy in 2017 has improved, mainly due to reinsurance possibilities within the VIG. The main changes to the reinsurance structure this year are related to MTPL, Aircraft, Property and connected product reinsurance structure. New contracts for additional protection of the Company's portfolio have been purchased.

Retained risk part is chosen from the capital size, business needs, internal and VIG guidelines.

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

EFFICIENCY OF RISK MITIGATION TECHNIQUES

In order to minimize the Company's risk, risk retention levels were reviewed for all types of insurance and in 2017 Company's maximum liability is not higher than EUR 1 million.

The efficiency of changes in reinsurance program is confirmed by the fact that gross written premiums increased by 24% in 2017, with an equivalent increase in gross incurred claims (21%), but net incurred claims grew by only 7%, which is only a half of the increase in net premiums written (12%) compering with 2016. (Detailed data can be found in Annex 2 - Report template S.05.01.02.).

A.3. INVESTMENT PERFORMANCE

During year 2017 the Company continued to execute the approved investment strategy. Investments in government bonds continued to form the major share of the Company's investment portfolio, reaching the amount of 120 million EUR (year 2016: 79 million EUR). The Company decreased the amount of cash and cash equivalents to 34 million EUR (year 2016: 42 million EUR) and increased share of investments in corporate bonds to 26 million EUR (year 2016: 2 million EUR). In addition, the Company made investments into investment funds in the amount of 6 million EUR (year 2016: 0).

The investment risk is mitigated by both diversifying the investment portfolio and thorough analysis of the asset both before and after acquisition.

	2017 EUR'000	**2016 EUR'000**
Investment management charges	(300)	(42)
Interest income, including:	904	1 144
- interest income from fixed income securities	879	1 083
- interest income from deposits with credit institutions	25	60
- interest on loans	-	1
Gain/(loss) from financial assets and liabilities at fair value through profit or loss, net	769	(92)
Investment result recognized in profit for the period	**1 373**	**1 010**
Investment result recognized in revaluation reserve	957	(12)

The investment result of the Company recognized in revaluation reserve is 957 thousand EUR.

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

A.4. PERFORMANCE OF OTHER ACTIVITIES

In the reporting year, the Company did not conduct any activities that are not directly or indirectly related to underwriting or investing. In the reporting year, the Company concluded some transactions, not disclosed as underwriting or investing result, and reported them under other results of other activities.

During year 2017 the Company was exposed to currency risk from claims, which occurred in countries outside of Eurozone. In order to mitigate the currency risk, the Company conducts currency matching of assets and liabilities. The result of foreign currency fluctuations from carrying assets in foreign currencies to match liabilities in year 2017 is also reported in the table below. The effect of the corresponding foreign currency fluctuations from liabilities is reported in the technical result as part of changes in outstanding claim technical reserves.

	2017 EUR'000	**2016 EUR'000**
Gain/(loss) on foreign currency fluctuation	(174)	(267)
Other expenses, net	(69)	(135)

A.5 OTHER INFORMATION

REORGANIZATION

On 19 September 2017, a decision was taken regarding reorganisation of AAS BTA Baltic Insurance Company. The reorganisation was performed as a merger by way of takeover, where AAS BTA Baltic Insurance Company was an acquiring company and InterRisk Vienna Insurance

Group AAS, registration number: 40003387032, registered address: Ūdens iela 12 - 115, Riga, LV-1007, was an acquired company.
The reorganization was enacted effective on 27 December 2017. As a result of the reorganisation, all property of InterRisk Vienna Insurance Group AAS (assets, liabilities, rights and obligations) were transferred to AAS BTA Baltic Insurance Company. The share capital of AAS BTA Baltic Insurance Company was increased by EUR 2,609,400. All newly issued shares were paid-up by way of non-monetary contribution of the net assets of InterRisk Vienna Insurance Group AAS.

CAPITAL INCREASE
On 28 December 2017 the share capital of AAS BTA Baltic Insurance Company was increased by EUR 10,0 million to EUR 41,6 million. The purpose of increasing the share capital is to strengthen the Company's financial stability. Respectively all newly issued shares were paid up in cash and subscribed by the existing shareholders.

B. SYSTEM OF GOVERNANCE

B.1. GENERAL INFORMATION ON THE SYSTEM OF GOVERNANCE

The Company has established a governance system that is relevant to the character, size and complexity of its operations, based on a transparent organizational structure with clearly defined distribution of obligations, rights and responsibilities, as well as a well-designed information management system.
The Shareholders' meeting, the Supervisory board and the Management board according to requirements of the Articles of Association of the Company, external regulatory enactments and internal regulatory documents execute the governance of the Company. To guarantee that the Company is managed and supervised in a professional way, it is maintained that the Supervisory board and the Management board together have sufficient experience and knowledge regarding all essential Company's operation segments and risks, as well as that each Management board member possesses a proper qualification, knowledge, skills and professional experience to accomplish the assigned tasks.

SUPERVISORY BOARD
The Supervisory board represents the interests of shareholders and supervises the operations of the Management board including supervision of the Company's Management board ensuring efficient governance system establishment and operations. The Supervisory board determines the company's development and operational strategy, as well as approves the budget and the policies, including defined risks, the company is willing to undertake, and the acceptable risks margin, supervises the company's Management board establishing efficient risks management system to ensure continuous management of current and prospective risks, risk groups management and supervision of the interaction of different risks.
The Supervisory board makes decisions regarding all significant business transactions, which are not included in the Company business plan.
At the end of the reporting period the Supervisory board is composed of 4 (four) members elected by the Meeting of shareholders. Supervisory board meetings occur at least four times a year, it takes at least three members of the Supervisory board to reach a quorum.

Members of the company's supervisory board and their positions held:
Franz Fuchs – Chairman of the Supervisory Board
Elisabeth Stadler – Deputy Chairlady of the Supervisory Board
Jan Bogutyn – Supervisory Board Member
Artur Borowinski – Supervisory Board Member
Gints Dandzbergs – Supervisory Board Member until 13.01.2017

MANAGEMENT BOARD

The Management board is composed of 4 (four) members elected by the Supervisory board. Each Management board member is assigned to supervise certain operational areas in line with its competence in the organizational structure. The Company avoids making unilateral decisions, which have material impact on the Company's business strategy, operations and management, or which have material impact on the Company's finances, employees or policyholders and insured persons.

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

Company Management Board members and their positions held during the reporting period:
Jānis Lucaus – Chairman of the Management Board
Oskars Hartmanis – Management Board Member
Evija Matveja – Management Board Member
Wolfgang Kurt Wilhelm Stockmeyer – Management Board Member.

THE COMPANY'S COMMITTEES

Audit committee composed of 3 (three) members has been established at the Company's shareholders' meeting in 27 April 2017. 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.

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 any particular function.

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

Risk Management and Compliance functions

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

The following tasks are completed within risks management function:

- providing the Management board with reports on exposure of risks, as well as consulting the Company's Management board and organizational units on the matter of risk management, therefore, aiding the Company's management board to effect risk management system efficiently;
- upon close cooperation with the actuary function, risk management system and the overall risk profile monitoring is performed;
- identifying and assessing new risks.
- Within compliance function:
- compliance risk identification and assessment process is controlled;
- the Company's awareness and compliance with external regulatory requirements is ensured;
- compliance risk profile monitoring and risk reducing measure implementation is ensured, in case current control measures are assessed inefficient.

Actuarial function

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

Internal audit function

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

CHANGES IN THE GOVERNANCE SYSTEM OF THE REPORTING YEAR

In 2017, minor changes occurred in the management system:

- The Accounting Division was separated from the Finance Department by establishing the Accounting Department;
- Actuarial and Reinsurance Department subordination was changed from the Chairman of the Management Board to the Member of the Management Board, who is also responsible for Finance Department and Accounting Department.

REMUNERATION POLICY

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

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

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

Short-term employee benefits, including salaries, social security contributions, bonuses and holiday 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.

TRANSACTIONS WITH THE RELATED PARTIES

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

The Company's transactions with the related parties during year 2017 were primarily related to reinsurance operations. Due to introduction of proportional reinsurance program for compulsory MTPL in year 2017, liabilities to related parties for ceded reinsurance increased significantly compared to year 2016. The following table discloses receivables and payables to the related parties:

	31.12.2017 EUR'000	31.12.2016 EUR'000
Receivables from related parties		
Compensa Towarzystwo Ubezpieczeń S.A. Vienna Insurance Group 006216959	-	1
Compensa TU S.A. Vienna Insurance Group 012806455	-	1
Compensa Vienna Insurance Group, UADB EESTI filiaal 12970620	-	1
	-	**3**
Payables to related parties		
VIENNA INSURANCE GROUP AG	23 748	-
VIG RE zajišťovna a.s.	-	11
	23 748	**11**

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 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 a 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.

Whether an employee is fit and proper for a position is established in line with work performance management procedure, where the employee completes work performance management survey forms in the Company's internal information system and the employee holding work performance management interviews with the employee.

B.3. RISK MANAGEMENT SYSTEM, INCLUDING OWN RISK AND SOLVENCY ASSESSMENT (ORSA)

The Company's risk management system encompasses:

- insurance risk underwriting,
- market risk management,
- credit risk or business partner risk management,
- liquidity risk management,
- operational risk management, including compliance risk management, information security and business continuity 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 insurance risks – on a regular basis, analyses risk underwriting results, prepares reports to the management board and to the person in charge of the Risk management function, conducts necessary activities to improve risk underwriting management and risk level adjustment in line with the strategy and annual plan.

Actuarial Department takes care of setting technical provisions, analysis and calculation of solvency capital requirements and their assessment, as well as conducts ORSA quantitative estimates according to the standard formula, except for operational risk assessment, monitoring and their compliance with the standard formula.

Reinsurance Department performs reinsurance risk management.

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

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

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

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

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

The Company's management board approves testable factors and scenarios of Risk and solvency self-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, resulting in a report approved by the Management Board.
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 realizes 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 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 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 estimates to experience, the actuarial function reviews the quality of the previous best estimates and uses the conclusions in the current assessment to improve the quality of the current calculations. Comparison of the best estimates 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 up or down 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 service providers, in accordance with their creditworthiness;
- the expected cover in accordance with 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 corrected.

B.7. OUTSOURCING

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

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

B.8 ANY OTHER INFORMATION

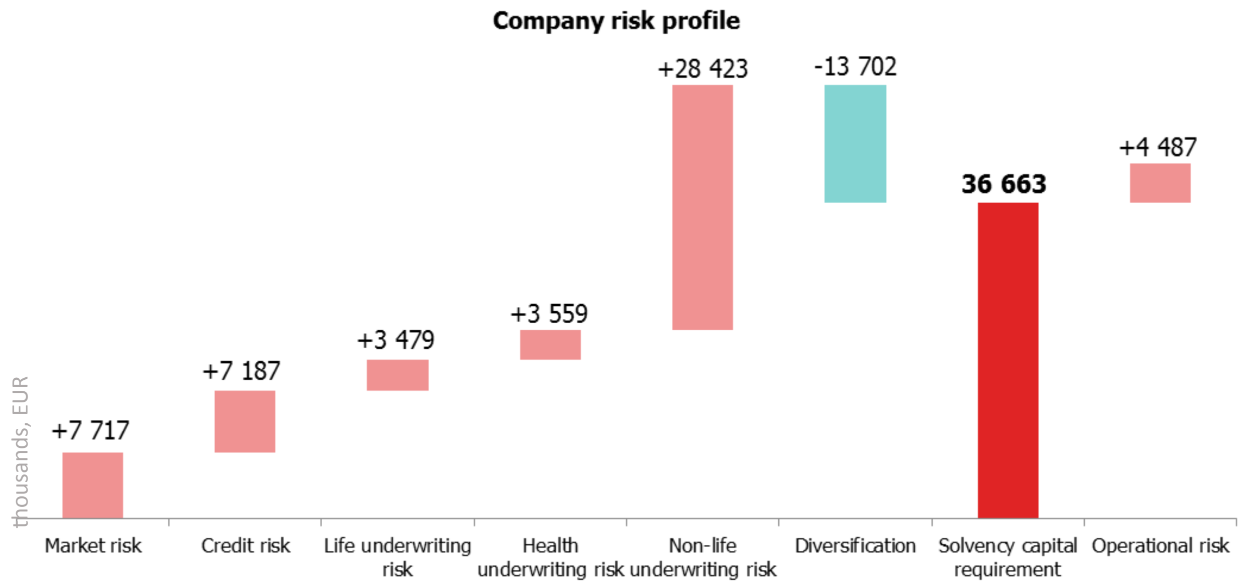
There is no other relevant information to disclose.

C. RISK PROFILE

C.1.table. Capital Requirement calculated with Standard formula breakdown by type of risk.

Risk category	Solvency Capital Requirement 31.12.2017 EUR'000	Solvency Capital Requirement 31.12.2016 EUR'000
Non-life underwriting risk	28 423	26 324
Credit risk	7 187	4 036
Health underwriting risk	3 559	2 624
Life underwriting risk	3 479	1 029
Market risk	7 717	883
Diversification	-13 702	-5 776
Solvency capital requirement	**36 663**	**29 120**
Operational risk	4 487	3 713

According to specific operations of the Company, the main part of Company risk profile makes non-life underwriting risk, then comes the market risk, credit risk and operational risk. Health underwriting risk and Life underwriting risk arising from non-life business claims and annuities, together do not makes even 1/5 of the total risk profile.



C.1 UNDERWRITING RISK

By doing insurance operations, Company is facing underwriting risk.
The underwriting risks are divided into:

- non-life underwriting risk
- health underwriting risk (incl. accident insurance)
- life insurance obligation underwriting risk. The product in which life underwriting risk appears is Compulsory Civil Liability Insurance of Owners of Motor Vehicles (MTPL).

Magnitude of underwriting risk, which is calculated with Standard formula is shown in Annex 8, Template S.25.01.21. In Annex 2, Template S.05.01.02 written premiums, claims and expenses by line of business in thousand EUR can be seen.
The basis of underwriting strategy, to reduce underwriting risk, is risk diversification, 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.
There are no significant changes in underwriting risk structure in reporting period. Slight increase in non-life underwriting risk share, because of business volume overall increase in 2016 (Estonia +29%, Lithuania +24% and 18% growth in corporate client segment in Latvia), and life underwriting risk, which was tended by the increase in the number of cases of long-term remuneration, seriousness and persistence of cases. While health underwriting risk share have decreased because of reinsurance in health insurance business which significantly reduced the risk of health disasters.
Risk management of underwriting risk:

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

To maintain that the underwriting process and it is always is in compliance with the qualitative and quantitative standards defined in the Company, in addition to developed internal regulatory documents, Company have developed Policy for the development, implementation and review of insurance products, to ensure a uniform underwriting process across all Baltic States.
The company, when planning its activities, determines the preferred distribution of the insurance portfolio between business lines and regularly checks compliance with the planned volumes both at the time of underwriting the risk and preparing regular reports.
In order to diversify the risk, the Company continues to develop its operations in all Baltic States - in 2017, 34.2% of the business (net written premiums paid) was made in Latvia and 52.9% in Lithuania, 12.9% in Estonia. The geographical risk does not significantly affect the Company's solvency capital. The distribution of premiums, claims and expenses by country for 2017 is reflected in Annex 3, template S.05.02.01.
The concentration of insurance risks by industry does not exceed 20% for an industry, therefore the Company's management does consider the risk concentration is at the acceptable level.
To reduce underwriting risk company carries out regular monitoring of underwriting results – gross/net premiums and gross/net paid claim actual and planned data is compared, and also conditions which influenced results are analysed – external environment processes, like market

changes, situation changes in economic or politic situation, changes in law etc., internal environment in Company is analysed as well. Company prepares overviews on certain insurance products and sales channels, taking into account internal and external influence. To reach strategic goals, based on the results of the analysis, Company decides on its pricing policy, methodology and ensures risk diversification in priority segments (client, product, geographic).

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

C.2 MARKET RISK

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

According to the standard formula assessment, the market risk for the Company as of the end of year 2017 amounts to 7.7 million EUR.

Compared to the previous reporting period, the market risk as of the end of 2017 has grown significantly. This increase is due to several factors, such as an overall growth of the investment portfolio to 193 million EUR in year 2017 (year 2016: 126 million EUR), an increase in average maturity of the fixed income investment portfolio, an increase in share of investments into corporate fixed income securities and investment funds, as well as due to addition of assets taken over in the process of the reorganization.

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

C.2.tabula. Market risk breakdown by risk components

Type of risk	**Capital requirement, EUR'000**	
	31.12.2016	**31.12.2017**
Market risk	883	7 717
Interest rate risk	207	3 985
Equity risk	362	777
Property risk	129	2 446
Spread risk	325	1 928
Market Risk Concentration	201	526
Currency risk	213	539
Diversification	-554	-2 484

The breakdown of financial assets is shown in Table D.1. Categories of material assets and valuation methods.

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.

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, determines limits both for categories of investments and for investment counterparties. 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.

C.4 LIQUIDITY RISK

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

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

C.5 OPERATIONAL RISK

In order to cover operational risk, capital requirement is calculated by means of standard formula. Calculated in accordance with standard formula for operational risk coverage Solvency II capital on 31 December 2016 is 4 487 thous. EUR (31 December 2016 –3 713 thous. EUR).

In the result of risk self-assessment the following categories were defined as three most significant operational risk categories:

- Legal and compliance risks that are not directly related to the insurance;
- Risk of business disruption;
- Risk of employee knowledge concentration;
- IT hardware and infrastructure risk;
- Risk of calculation models and data quality;
- Legal and compliance risks directly related to insurance;
- Human error risk.

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

internal regulatory framework for most significant processes and takes care of the employee training.
In order to ascertain that standard formula is appropriate, Company carries out Internal control systems annual assessment, to identify and measure operational risk assessment, (by identifying all operational risks and their controls, assessing frequency and severity of risks, in accordance with the procedure of the Internal Control System), thus identifying the Company's operational risk level and the necessary control activities to reduce it.
The required capital to cover possible operational risks is 3 379 thousand. EUR, which has decreased by 2% compared to 2016 (3 445 thousand EUR).
The Solvency capital calculated with standard formula on covering operational risk is 4 487 thousand EUR as on 31.12.2017. (as on 31.12.2016 – 3 713 thousand EUR), which by 24% exceeds the amount of capital required, according to expert judgment. Both ratings are comparable, slightly lower for experts. The Company considers the capital requirements calculated according to the standard formula to be adequate.

C.6 OTHER MATERIAL RISK

Risk is considered material in case it exceeds 1% form the Company's own funds. Other material risks in addition to the above-mentioned have not been identified.

C.7 ANY OTHER INFORMATION

The Company has performed revers stress tests in order to establish the set of risk occurrence circumstances, which reduces the Company's solvency margin below 100%.
Analysis of solvency capital sufficiency sensitivity, upon performance of different stress tests, testifies that according to stress tests, BTA is solvent, solvency ratio changes affected by each particular stress test does not exceed 14 percent point margin.

D. VALUATION FOR SOLVENCY PURPOSES

D.1. ASSETS

Sum total of the Company's assets on 31 December 2017 is 233 324 thousand EUR, break-up in asset positions is attached in Annex 1 template S.02.01.02.
Conducting asset valuation for solvency purposes and comparing the results to the financial statements there are differences – all changes leading to them are as defined in Regulation 2015/35 – and the differences are the following:

- 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.

D.2. TECHNICAL PROVISIONS ASSESSMENT FOR SOLVENCY II PURPOSES

Best estimates and risk reserve are calculated in accordance with Regulation 2015/35 and in accordance with regulations issued by the Financial and Capital Market Commission, thus, amounts on 31 December 2016 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 estimates are the sum of claims provisions best estimate and premium provisions best estimate. Life best estimates and non-life claim provisions best estimates differ from the IFRS (International Financial Reporting Standards) technical provisions due to discounting. The Company uses risk-free interest rates set by the EIOPA (The European Insurance and Occupational Pensions Authority) as required by 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 best gross estimates 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 financial statements.

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

The transitional period deduction specified in Article 308(d) of Directive 2009/138/EC is not used.

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 estimates for life insurance obligations is made separately for each policy, country by using relevant mortality tables and relevant risk-free interest rate term structure.

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

For purposes of credibility and comparability of the calculation of best estimate of technical provisions and risk margin, the Company has developed internal regulatory documents, describing the calculation methodologies and assumptions in detail.

To gain reasonable understanding of the characteristics of the underlying risks and trends in the risks, the Company uses a minimum of five year period in its provisions calculation. The data is available at the Company's data warehouses on each respective homogenous risk group, used in calculation of technical provisions.

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

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

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

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

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

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

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

In the case of insufficient statistics, the IBNR reserve is calculated as 5% or 10% from Gross Premiums Written for the previous 12 months and the result is compared to the forecasted loses calculated using the forecasted loss ratio.

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.

In case a contract 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. Accident insurance premiums and claims are reallocated according to Solvency II segmentation using proportionality factors. Health insurance premiums and claims apply to Medical Expenses Insurance for Solvency II.

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.

D.1. Table. Differences between IFRS provisions and best estimate results

Provision	Reasons of differences	Effect sign
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, while the latter is multiplied by loss ratios, expense ratios, recourse ratios and termination ratios. Calculation also encompasses receivables effective contract premiums, which have not yet matured.	+/-
	Best estimates of premium provisions are calculated as a present value of prospective future payables and receivables.	+
	Best estimates of provisions affect 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 described in section C, sensitivity tests and reverse stress tests, as well as checking sufficiency of provisions regularly.
The Company's volatility and compliance corrections are not applied in calculating technical provisions.
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 is no other liabilities for the Company.

D.4. ALTERNATIVE METHODS FOR VALUATION

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

D.5 OTHER INFORMATION

No other information.

E. CAPITAL MANAGEMENT

E.1. OWN FUNDS

For calculation of the solvency capital requirement, the Company uses the standard formula defined in the Regulation 2015/35.
The composition of equity for solvency purposes is indicated in Table E.1.1.
The Company's equity consists primarily of its equity and reconciliation reserve arising from the excess of the total assets over the total value of liabilities that are calculated for solvency purposes.
The size of own funds on 31.12.2017 calculated for solvency purposes (51 124 thous. EUR) is different as it is in the annual financial statement (52 987 thous. EUR). That arises because of different asset and liability assessment methods for solvency calculation and for financial

statements. Financial statements are prepared in accordance with international financial reporting standards (IFRS).

Detailed information on asset assessment methods are described in chapter D.1, table D.1.1 and on liability assessment methods – in chapter D2.

Compering the changes in own funds with the period until 31.12.2016, the most significant changes are observed in the own funds due to the merger with InterRisk and the increase of the share capital by 10 million at the end of 2017 - see section A5.

E.1.Table. Own funds, thous. EUR.

Position	**Total**	**Tiers**			**Total**
	31.12.2017	**I**	**II**	**III**	**31.12.2016**
Basic own funds total	51 124	49 624	1 500	-	37 236
- Ordinary share capital (gross of own shares)	41 609	41 609	-	-	29 000
- Reconciliation reserve	8 014	8 014	-	-	8 073
- Subordinated liabilities	1 500	-	1 500	-	-
- An amount equal to the value of net deferred tax assets	-	-	-	-	164
Deductions on participation in financial institutions and credit institutions	-	-	-	-	-
Total basic own funds after deductions (1-2)	51 124				37 236
Ancillary own funds, total	-				-

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 described in Image E.1.

E.1. Image. Capital management process.

Capital adequacy assessment	**Capital planning**	**Capital management measures**
- Regulatory capitalization - Internal capital requirements - Economic capital	- Amount and quality of capital - Amount and structure of risk - Capital allocation - Strategic targets	- 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 own funds to meet solvency capital requirement are 51 124 thous. EUR, while the solvency capital threshold is 38 954 thous. EUR, solvency ratio - 131%. The minimum capital solvency ratio is 291%. Compared to the beginning of 2017, the solvency ratio has increased by 4 percentage points. The solvency improvement is based on the improvement of management of capital, balancing of insurance portfolio, and stable financial results, which contributed to the release of own funds.

E.2.Table. Minimum capital and Solvency capital requirements, thous. EUR (31.12.2017).

Position	**Total**		**Tiers**		**Total**
	31.12.2017	**I**	**II**	**III**	**31.12.2016**
Total available own funds	51 124				37 236
Total available own funds to meet the SCR	51 124	51 124	0	0	37 236
Total available own funds to meet the MCR	51 124	51 124	-	-	37 073
Total eligible own funds to meet the SCR	51 124	51 124	-	-	37 236
Total eligible own funds to meet the SCR	51 124	51 124	-	-	37 073
Solvency capital requirement (SCR)	38 954				29 212
Minimum capital requirement (MCR)	17 529				13 145
Ratio of eligible own funds to SCR (%)		131.24 %			127 %
Ratio of eligible own funds to MCR (%)		291.64 %			282 %

The Company uses the Standard formula to calculate the Solvency Capital Requirement. The breakdown of capital requirement between risks is shown in Table C.1 of Section C.
There are no inconsistencies with the Minimum Capital Requirement and the Solvency Capital Requirement fulfilment.

E.3 USE OF THE DURATION-BASED EQUITY RISK SUB-MODULE IN THE CALCULATION OF THE SOLVENCY CAPITAL REQUIREMENT

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

E.4 DIFFERENCES BETWEEN THE STANDARD FORMULA AND ANY INTERNAL MODEL USED

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

E.5 NON-COMPLIANCE WITH THE MINIMUM CAPITAL REQUIREMENT AND NON-COMPLIANCE WITH THE SOLVENCY CAPITAL REQUIREMENT

The Company is fully compliant with the Solvency capital requirements – solvency ratio is 131% and the minimum capital solvency ratio is 291%.

E.6 ANY OTHER INFORMATION

There is no other relevant information to disclose.

BTA Baltic Insurance Company AAS
SOLVENCY AND FINANCIAL CONDITION REPORT
for 2017

ANNEXES TO THE REPORT

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

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

		Solvency II value
Assets		**C0010**
Intangible assets	**R0030**	0
Deferred tax assets	**R0040**	181
Pension benefit surplus	**R0050**	0
Property, plant & equipment held for own use	**R0060**	4 692
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	156 447
Property (other than for own use)	**R0080**	644
Holdings in related undertakings, including participations	**R0090**	0
Equities	**R0100**	0
Equities - listed	**R0110**	0
Equities - unlisted	**R0120**	0
Bonds	**R0130**	146 526
Government Bonds	**R0140**	120 138
Corporate Bonds	**R0150**	26 387
Structured notes	**R0160**	0
Collateralised securities	**R0170**	0
Collective Investments Undertakings	**R0180**	5 974
Derivatives	**R0190**	0
Deposits other than cash equivalents	**R0200**	3 302
Other investments	**R0210**	0
Assets held for index-linked and unit-linked contracts	**R0220**	0
Loans and mortgages	**R0230**	0
Loans on policies	**R0240**	0
Loans and mortgages to individuals	**R0250**	0
Other loans and mortgages	**R0260**	0
Reinsurance recoverables from:	**R0270**	30 671
Non-life and health similar to non-life	**R0280**	30 671
Non-life excluding health	**R0290**	30 684
Health similar to non-life	**R0300**	-14
Life and health similar to life, excluding health and index-linked and unit-linked	**R0310**	0
Health similar to life	**R0320**	0
Life excluding health and index-linked and unit-linked	**R0330**	0
Life index-linked and unit-linked	**R0340**	0
Deposits to cedants	**R0350**	0
Insurance and intermediaries receivables	**R0360**	5 026
Reinsurance receivables	**R0370**	853
Receivables (trade, not insurance)	**R0380**	741
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**	33 562
Any other assets, not elsewhere shown	**R0420**	1 152
Total assets	**R0500**	233 324

Liabilities		Solvency II value
		C0010
Technical provisions – non-life	**R0510**	116 850
Technical provisions – non-life (excluding health)	**R0520**	108 952
TP calculated as a whole	**R0530**	0
Best Estimate	**R0540**	105 208
Risk margin	**R0550**	3 744
Technical provisions - health (similar to non-life)	**R0560**	7 898
TP calculated as a whole	**R0570**	0
Best Estimate	**R0580**	7 517
Risk margin	**R0590**	381
Technical provisions - life (excluding index-linked and unit-linked)	**R0600**	35 421
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**	35 421
TP calculated as a whole	**R0660**	0
Best Estimate	**R0670**	33 716
Risk margin	**R0680**	1 705
Technical provisions – index-linked and unit-linked	**R0690**	0
TP calculated as a whole	**R0700**	0
Best Estimate	**R0710**	0
Risk margin	**R0720**	0
Contingent liabilities	**R0740**	0
Provisions other than technical provisions	**R0750**	0
Pension benefit obligations	**R0760**	0
Deposits from reinsurers	**R0770**	9 313
Deferred tax liabilities	**R0780**	378
Derivatives	**R0790**	0
Debts owed to credit institutions	**R0800**	0
Financial liabilities other than debts owed to credit institutions	**R0810**	0
Insurance & intermediaries payables	**R0820**	2 258
Reinsurance payables	**R0830**	3 478
Payables (trade, not insurance)	**R0840**	8 828
Subordinated liabilities	**R0850**	1 500
Subordinated liabilities not in BOF	**R0860**	0
Subordinated liabilities in BOF	**R0870**	1 500
Any other liabilities, not elsewhere shown	**R0880**	160
Total liabilities	**R0900**	178 186
Excess of assets over liabilities	**R1000**	55 138

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**	16 906	2 206	0	61 449	39 241	3 629	20 854	6 772	5 897
Gross - Proportional reinsurance accepted	**R0120**	0	0	0	0	0	0	0	0	0
Gross - Non-proportional reinsurance accepted	**R0130**									
Reinsurers' share	**R0140**	26	0	0	16 510	19	1 967	2 251	1 039	1 559
Net	**R0200**	16 880	2 206	0	44 939	39 223	1 662	18 604	5 733	4 339
Premiums earned										
Gross - Direct Business	**R0210**	16 017	2 060	0	56 679	35 289	3 338	17 205	6 404	5 455
Gross - Proportional reinsurance accepted	**R0220**	0	0	0	0	0	0	0	0	0
Gross - Non-proportional reinsurance accepted	**R0230**									
Reinsurers' share	**R0240**	11	15	0	15 793	19	1 854	1 903	971	1 447
Net	**R0300**	16 007	2 045	0	40 886	35 270	1 484	15 302	5 433	4 008
Claims incurred										
Gross - Direct Business	**R0310**	11 900	792	0	43 751	23 219	872	9 210	3 260	3 900
Gross - Proportional reinsurance accepted	**R0320**	0	0	0	0	0	0	0	0	0
Gross - Non-proportional reinsurance accepted	**R0330**									
Reinsurers' share	**R0340**	0	0	0	10 411		557	264	775	1 643
Net	**R0400**	11 900	792	0	33 340	23 219	316	8 946	2 485	2 258
Changes in other technical provisions										
Gross - Direct Business	**R0410**	0	0	0	101	-230	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	101	-230	0	0	0	0
Expenses incurred	**R0550**	2 685	349	0	9 145	6 030	579	3 478	1 096	938
Other expenses	**R1200**									
Total expenses	**R1300**									

		Line of Business for: **non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)**			Line of business for: **accepted non-proportional reinsurance**				Total
		Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty	Marine, aviation, transport	Property	
		C0100	**C0110**	**C0120**	**C0130**	**C0140**	**C0150**	**C0160**	**C0200**
Premiums written									
Gross - Direct Business	**R0110**	27	5 786	212					162 979
Gross - Proportional reinsurance accepted	**R0120**	0	0	0					0
Gross - Non-proportional reinsurance accepted	**R0130**								
Reinsurers' share	**R0140**	0	2	45					23 416
Net	**R0200**	27	5 785	167					139 563
Premiums earned									
Gross - Direct Business	**R0210**	27	5 553	192					148 219
Gross - Proportional reinsurance accepted	**R0220**	0	0	0					0
Gross - Non-proportional reinsurance accepted	**R0230**								
Reinsurers' share	**R0240**	0	2	47					22 061
Net	**R0300**	27	5 552	145					126 158
Claims incurred									
Gross - Direct Business	**R0310**	2	2 086	2					98 994
Gross - Proportional reinsurance accepted	**R0320**	0	0	0					0
Gross - Non-proportional reinsurance accepted	**R0330**								
Reinsurers' share	**R0340**	0	0						13 649
Net	**R0400**	2	2 086	2					85 346
Changes in other technical provisions									
Gross - Direct Business	**R0410**	0	0	0					-128
Gross - Proportional reinsurance accepted	**R0420**	0	0	0					0
Gross - Non- proportional reinsurance accepted	**R0430**								
Reinsurers'share	**R0440**	0	0	0					0
Net	**R0500**	0	0	0					-128
Expenses incurred	**R0550**	7	919	41					25 266
Other expenses	**R1200**								0
Total expenses	**R1300**								25 266

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

		Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations		Total Top 5 and home country
		C0010	C0020	C0030	C0070
	R0010		Estonia	Lithuania	
		C0080	C0090	C0100	C0140
Premiums written					
Gross - Direct Business	**R0110**	55 750	21 060	86 169	162 979*
Gross - Proportional reinsurance accepted	**R0120**	0	0	0	0
Gross - Non-proportional reinsurance accepted	**R0130**	0	0	0	0
Reinsurers' share	**R0140**	6 933	2 718	13 766	23 416
Net	**R0200**	48 817	18 343	72 404	139 563
Premiums earned					
Gross - Direct Business	**R0210**	49 904	19 624	78 690	148 219
Gross - Proportional reinsurance accepted	**R0220**	0	0	0	0
Gross - Non-proportional reinsurance accepted	**R0230**	0	0	0	0
Reinsurers' share	**R0240**	5 894	2 431	13 736	22 061
Net	**R0300**	44 010	17 193	64 954	126 158
Claims incurred					
Gross - Direct Business	**R0310**	35 328	13 089	50 577	98 994
Gross - Proportional reinsurance accepted	**R0320**	0	0	0	0
Gross - Non-proportional reinsurance accepted	**R0330**	0	0	0	0
Reinsurers' share	**R0340**	4 167	1 174	8 307	13 649
Net	**R0400**	31 161	11 915	42 270	85 346
Changes in other technical provisions					
Gross - Direct Business	**R0410**	-62	-47	-20	-128
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**	-62	-47	-20	-128
Expenses incurred	**R0550**	10 875	1 887	12 504	25 266
Other expenses	**R1200**				0
Total expenses	**R1300**				25 266

* The Company makes obligatory deductions in accordance with the law "On compulsory motor third party liability" and the related Cabinet of Ministers regulations of the Republic of Latvia. Gross written premiums on motor third party liabilities insurance are shown net of the obligatory deductions EUR 463 thousand.The Company makes obligatory deductions to the Motor Bureaus of Lithuania and Estonia in accordance with the statutory requirements. Gross written premiums on motor third party liabilities insurance are shown net of the obligatory deductions to the transport insurance offices of Lithuania and Estonia in the amount of EUR 1 181 thousand.

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

		Insurance with profit participation	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)**
		C0020	**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**		33 716		33 716
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0080**				
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	**R0090**		33 716		33 716
Risk Margin	**R0100**		1 705		1 705
Amount of the transitional on Technical Provisions					
Technical Provisions calculated as a whole	**R0110**				
Best estimate	**R0120**				
Risk margin	**R0130**				
Technical provisions - total	**R0200**		35 421		35 421

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**	4 945	611	0	20 911	12 090	-483	4 879	501	1 530
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0140**	-14	0	0	-1 305	943	78	-360	-34	210
Net Best Estimate of Premium Provisions	**R0150**	4 959	611	0	22 216	11 147	-560	5 239	535	1 319
Claims provisions										
Gross	**R0160**	1 667	293	0	34 913	7 207	897	5 353	7 859	7 716
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0240**	0	0	0	24 249	392	337	66	774	5 333
Net Best Estimate of Claims Provisions	**R0250**	1 667	293	0	10 663	6 815	560	5 287	7 084	2 383
Total Best estimate - gross	**R0260**	6 612	904		55 823	19 297	414	10 232	8 359	9 246
Total Best estimate - net	**R0270**	6 626	904	0	32 879	17 962		10 526	7 619	3 702
Risk margin	**R0280**	215	166	0	1 663	909	0	532	385	162
Amount of the transitional on Technical Provisions										
Technical Provisions calculated as a whole	**R0290**									
Best estimate	**R0300**									
Risk margin	**R0310**									

		Direct business and accepted proportional reinsurance								
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance
		C0020	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**	**C0100**
Technical provisions - total										
Technical provisions - total	**R0320**	6 827	1 070	0	57 486	20 205	414	10 765	8 745	9 408
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	**R0330**	-14	0	0	22 944	1 334	414	-294	740	5 544
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	**R0340**	6 841	1 070	0	34 542	18 871		11 058	8 004	3 864

		Direct business and accepted proportional reinsurance			Accepted non-proportional reinsurance				
		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	Total Non-Life obligation
		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**		937	17	0	0	0	0	45 937
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0140**	0	0	1	0	0	0	0	-481
Net Best Estimate of Premium Provisions	**R0150**		937	16	0	0	0	0	46 418
Claims provisions									
Gross	**R0160**	4	865	15	0	0	0	0	66 788
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0240**	0	0		0	0	0	0	31 152
Net Best Estimate of Claims Provisions	**R0250**	4	865	15	0	0	0	0	35 636
Total Best estimate - gross	**R0260**	4	1 802	31	0	0	0	0	112 725
Total Best estimate - net	**R0270**	4	1 802	30	0	0	0	0	82 054
Risk margin	**R0280**		91	2	0	0	0	0	4 125
Amount of the transitional on Technical Provisions									
Technical Provisions calculated as a whole	**R0290**								
Best estimate	**R0300**								
Risk margin	**R0310**								

Direct business and accepted proportional reinsurance			Accepted non-proportional reinsurance				

		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	Total Non-Life obligation
		C0110	**C0120**	**C0130**	**C0140**	**C0150**	**C0160**	**C0170**	**C0180**
Technical provisions - total									
Technical provisions - total	**R0320**	4	1 893	33	0	0	0	0	116 850
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	**R0330**	0	0	1	0	0	0	0	30 671
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	**R0340**	4	1 893	32	0	0	0	0	86 179

ANNEX 6. S.19.01.21 Information on non-life insurance claims

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**											137	**R0100**	137	137
N-9	**R0160**					805	483	108	91	145	163		**R0160**	163	1 794
N-8	**R0170**				1 446	368	220	260	256	69			**R0170**	69	2 619
N-7	**R0180**			1 441	1 700	580	172	211	237				**R0180**	237	4 341
N-6	**R0190**		12 357	1 531	869	570	448	149					**R0190**	149	15 924
N-5	**R0200**	33 606	12 223	1 565	774	402	373						**R0200**	373	48 942
N-4	**R0210**	40 958	12 126	1 411	689	979							**R0210**	979	56 163
N-3	**R0220**	45 135	14 718	1 868	954								**R0220**	954	62 676
N-2	**R0230**	51 889	14 771	1 786									**R0230**	1 786	68 445
N-1	**R0240**	58 050	16 479										**R0240**	16 479	74 529
N	**R0250**	59 094											**R0250**	59 094	59 094
												Total	**R0260**	80 419	394 665

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**											330	**R0100**	329
N-9	**R0160**	0	0	0	0	1 886	1 540	850	524	300	165		**R0160**	165
N-8	**R0170**	0	0	0	1 972	1 693	768	490	142	113			**R0170**	112
N-7	**R0180**	0	0	3 885	2 640	1 258	648	648	478				**R0180**	478
N-6	**R0190**	0	5 924	3 662	1 708	1 119	394	317					**R0190**	317
N-5	**R0200**	21 796	5 634	3 746	2 919	2 040	1 838						**R0200**	1 837
N-4	**R0210**	20 883	4 827	2 442	1 984	1 506							**R0210**	1 505
N-3	**R0220**	27 907	7 033	4 797	6 863								**R0220**	6 856
N-2	**R0230**	26 646	4 768	4 971									**R0230**	4 967
N-1	**R0240**	23 465	10 922										**R0240**	10 921
N	**R0250**	39 307											**R0250**	39 300
												Total	**R0260**	66 788

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**					
I~~i~~nitial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	**R0040**					
Subordinated mutual member accounts	**R0050**					
Surplus funds	**R0070**					
Preference shares	**R0090**					
Share premium account related to preference shares	**R0110**					
Reconciliation reserve	**R0130**	8 014	8 014			
Subordinated liabilities	**R0140**	1 500		1 500		
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**	51 124	49 624	1 500		0
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	**R0300**					
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	**R0310**					
Unpaid and uncalled preference shares callable on demand	**R0320**					
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	**R0330**					
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	**R0340**					
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	**R0350**					
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	**R0360**					
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	**R0370**					
Other ancillary own funds	**R0390**					
Total ancillary own funds	**R0400**					

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Available and eligible own funds						
Total available own funds to meet the SCR	**R0500**	51 124	49 624	1 500		0
Total available own funds to meet the MCR	**R0510**	51 124	49 624	1 500		
Total eligible own funds to meet the SCR	**R0540**	51 124	49 624	1 500	0	0
Total eligible own funds to meet the MCR	**R0550**	51 124	49 624	1 500	0	
SCR	**R0580**	38 954				
MCR	**R0600**	17 529				
Ratio of Eligible own funds to SCR	**R0620**	131.2%				
Ratio of Eligible own funds to MCR	**R0640**	291.6%				

		C0060	
Reconciliation reserve			
Excess of assets over liabilities	**R0700**	55 138	-
Own shares (held directly and indirectly)	**R0710**		-
Foreseeable dividends, distributions and charges	**R0720**	5 514	-
Other basic own fund items	**R0730**	41 609	-
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	**R0740**		-
Reconciliation reserve	**R0760**	8 014	-
Expected profits			-
Expected profits included in future premiums (EPIFP) - Life business	**R0770**		-
Expected profits included in future premiums (EPIFP) - Non- life business	**R0780**	839	-
Total Expected profits included in future premiums (EPIFP)	**R0790**	839	-

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**	7 717	-	-
Counterparty default risk	**R0020**	7 187	-	-
Life underwriting risk	**R0030**	3 479		
Health underwriting risk	**R0040**	3 559		-
Non-life underwriting risk	**R0050**	28 423		-
Diversification	**R0060**	-13 702	-	-
Intangible asset risk	**R0070**	0	-	-
Basic Solvency Capital Requirement	**R0100**	36 663	-	-

Calculation of Solvency Capital Requirement		**C0100**
Operational risk	**R0130**	4 487
Loss-absorbing capacity of technical provisions	**R0140**	0
Loss-absorbing capacity of deferred taxes	**R0150**	-2 196
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**	38 954
Capital add-on already set	**R0210**	0
Solvency capital requirement	**R0220**	38 954
Other information on SCR		-
Capital requirement for duration-based equity risk sub-module	**R0400**	0
Total amount of Notional Solvency Capital Requirement for remaining part	**R0410**	0
Total amount of Notional Solvency Capital Requirements for ring fenced funds	**R0420**	0
Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	**R0430**	0
Diversification effects due to RFF nSCR aggregation for article 304	**R0440**	0

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

Linear formula component for non-life insurance and reinsurance obligations

		C0010
MCR_{NL} Result	**R0010**	18 872

		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**	6 626	16 880
Income protection insurance and proportional reinsurance	**R0030**	904	2 206
Workers' compensation insurance and proportional reinsurance	**R0040**	0	0
Motor vehicle liability insurance and proportional reinsurance	**R0050**	32 879	44 939
Other motor insurance and proportional reinsurance	**R0060**	17 962	39 223
Marine, aviation and transport insurance and proportional reinsurance	**R0070**		1 662
Fire and other damage to property insurance and proportional reinsurance	**R0080**	10 526	18 604
General liability insurance and proportional reinsurance	**R0090**	7 619	5 733
Credit and suretyship insurance and proportional reinsurance	**R0100**	3 702	4 339
Legal expenses insurance and proportional reinsurance	**R0110**	4	27
Assistance and proportional reinsurance	**R0120**	1 802	5 785
Miscellaneous financial loss insurance and proportional reinsurance	**R0130**	30	167
Non-proportional health reinsurance	**R0140**	0	
Non-proportional casualty reinsurance	**R0150**	0	
Non-proportional marine, aviation and transport reinsurance	**R0160**	0	
Non-proportional property reinsurance	**R0170**	0	

Linear formula component for life insurance and reinsurance obligations

		C0040
MCR_L Result	**R0200**	710

		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**	33 716	
Total capital at risk for all life (re)insurance obligations	**R0250**		3 479

Overall MCR calculation

		C0070
Linear MCR	**R0300**	19 583
SCR	**R0310**	38 954
MCR cap	**R0320**	17 529
MCR floor	**R0330**	9 738
Combined MCR	**R0340**	17 529
Absolute floor of the MCR	**R0350**	3 700
-	-	**C0070**
Minimum Capital Requirement	**R0400**	17 529

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