

**BTA Baltic Insurance Company AAS
SOLVENCY AND FINANCIAL CONDITION REPORT
FOR YEAR 2022**

April 5, 2023

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SUMMARY

About the report

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

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

The report is approved by the Company's Management Board by the decision No MB-02-03-03-2023-059 of 5th April 2023.

Report summary

The company offers its clients all types of non-life insurance services and the amount of its gross written insurance premiums in the Baltic countries reached EUR 262 million in 2022, showing a 20% increase compared to 2021. The company's 2022 net profit reached EUR 9.3 million, which exceeds the 2021 financial result by 12%.

Good corporate governance enables the Company to create sustainable value for its shareholders, customers, employees and other stakeholders. The company's risk management system (ERM) supports the implementation of the Company's strategy and helps protect capital, liquidity, income and reputation. BTA's management system is appropriate for the size and complexity of its business. The remuneration system complies with legal requirements and business and risk management strategies. The persons who manage the company, as well as provide the key functions, have the professional qualifications, knowledge and experience to perform the respective tasks. The risk management system, including own risk and solvency assessment (ORSA), is closely integrated into planning, risk management and decision-making processes. The internal control system ensures the identification, assessment and management of significant processes and risks. Outsourcing providers and the quality of their services are carefully monitored.

The company's risk profile has not changed significantly in the reporting year, the risk of underwriting non-life insurance and the market risk continue to dominate. Solvency capital requirement as a whole by the end of the reporting period has increased by EUR 4 million due to business growth.

In 2022, the minimum capital requirement and the solvency capital requirement were fully met. The ratio of eligible own funds to the solvency capital requirement is 120.5%, and the ratio of eligible own funds to the minimum capital requirement is 201.6%.

The most significant changes in 2022

The war started by Russia in Ukraine on February 24, 2022 had a significant impact on the political and economic development of the world during the reporting period, causing, among other things, disruptions in energy supply and significantly increasing the level of energy prices throughout Europe. This, in turn, contributed to producer and consumer price inflation, especially in the Baltics, where it reached one of the highest levels among all European Union member states.

The general rise in interest rates significantly reduced the market value of the Company's fixed income investment assets, and political risks exacerbated it. The corresponding decrease in value does not affect the Company's liquidity, and it will be recovered in the long run at the end of the relevant investment term, but it had a negative impact on the solvency ratio. In order to compensate for this negative impact and strengthen the solvency situation, during the reporting period the Company's share capital was increased by EUR 10 million and an additional subordinated loan of EUR 15 million was raised.

Subsequent events

During the period from the last day of the reporting period to the date of signing this report, there have been no other events that would require adjustments to be made in this report or that should be explained in this report. The Company does not see any going concern risks.

A. BUSINESS ACTIVITIES AND PERFORMANCE

A.1 Business

Company title: "BTA Baltic Insurance Company", AAS

Financial supervisory bodies of the company:

- The Bank of Latvia (from 01.01.2023)
Address: K.Valdemara iela 2, Riga, LV-1050
E-mail: info@bank.lv

Financial and Capital Market Commission (till 31.12.2022)
Address: Kungu iela 1, Riga, LV-1050
E-mail: fktk@fktk.lv
- The Bank of Lithuania
Address: Gedimino pr. 6, Vilnius, LT-01103
Mailing address: Totorių g. 4, Vilnius, LT-01121
E-mail: info@lb.lt
- The Financial Supervision Authority of Estonia
Address: Sakala 4, 15030 Tallinn, Estonia
E-mail: info@fi.ee
- Supervisory authority of Vienna Insurance Group AG Wiener Versicherung Gruppe:
The Financial Market Authority of Austria
Address: Otto Wagner Platz 5, A-1090, Vienna
E-mail: fma@fma.gv.at

Auditor: KPMG Baltics AS

Address: Roberta Hirsas street 1, Riga, Latvia, LV-1045

Licence No. 55

E-mail: kpmg@kpmg.lv

Shareholder: The sole shareholder of the Company is Vienna Insurance Group AG Wiener Versicherung Gruppe (VIG) with close to 200 years of experience in the insurance business. VIG has more than 25,000 employees in 50 insurance companies and is represented in 30 countries. VIG is a clear market leader in its Central and Eastern European markets, and takes care of more than 22 million customers. VIG has an A+ rating with stable outlook from the well-known rating agency Standard & Poor's. The Vienna Insurance Group is listed in both Vienna and Prague stock exchange. Wiener Städtische Versicherungsverein – a stable core shareholder with a long-term focus – owns around 70% of VIG's shares. The remaining shares are in free float.

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

Shareholders	31.12.2021		31.12.2022	
	Number of shares	Shareholding	Number of shares	Shareholding
Vienna Insurance Group AG Wiener Versicherung Gruppe (hereafter - VIG)	416 094	100 %	516 094	100 %

Detailed information on VIG and group structure (in the form of an image) is available on VIG web page: <https://www.vig.com/en/vig/group/profile.html>.

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 – Laisvės pr. 10, LT-04215, Vilnius).

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

- 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.

According to the amount of gross written premiums, the most important lines of business are MTPL (28.9%), CASCO (23.5%) and property insurance (16.5%). On the other hand, geographically, the largest volume of gross written premiums is formed in Lithuania - 54%, followed by Latvia with 35% and Estonia - 12%. During 2022, there have been no significant changes in the directions of business activities and their geography.

As the most significant event of 2022, the war in Ukraine should be mentioned, which had a significant impact on the political and economic development of the world during the reporting period, causing, among other things, disruptions in energy supply and contributing to a significant increase in the prices of energy resources throughout Europe. This in turn contributed to producer and consumer price inflation, especially in the Baltic States, where it reached one of the highest levels among all EU member states. In addition, interest rates rose sharply and uncertainty prevailed in international financial markets.

Despite these challenges, the Company managed to achieve its financial goals. The total profit of the Company before taxes reached EUR 10.5 million, while the net profit in 2022 was EUR 9.3 million, which exceeds the financial result of 2021 by 12%.

A.2 Underwriting performance

The amount of the company's gross written insurance premiums (after contributions of mandatory deductions) in the Baltic States reached EUR 262 million, showing a 20% increase compared to the gross written premiums of 2021. As can be seen from the table below, the corresponding increase is reflected in all business lines.

A.2. 1. table. GWP split by lines of business and underwriting result, in thousand EUR.

Type of product	Gross written premiums			Underwriting result*	
	2021	2022	2022/2021	2021	2022
Motor vehicle liability insurance (MTPL)	63 119	75 501	120%	2 787	2 183
Other motor insurance (CASCO)	52 630	62 124	118%	-4 939	7
Property insurance	37 320	43 320	116%	-335	-1 334
Medical expense (Health) insurance	30 574	37 806	124%	-1 512	-3 732
General liability insurance	10 399	13 471	130%	3 994	4 174
Credit and suretyship insurance	8 764	10 010	114%	3 807	4 136
Assistance	6 204	8 960	144%	1 405	1 343
Income protection (accident) insurance	6 072	6 678	110%	1 167	304
Other Total	3 723	4 196	113%	296	531
Total	218 804	262 066	120%	6 670	7 612

*- without other expenses (EUR 294.4 thousand - 2022, EUR 10 thousand - 2021)

A substantial increase in prices was the key challenge of risk underwriting and, accordingly, a factor that affected the development of premiums in the reporting year and contributed to the significant increase in the volume of premiums: CASCO insurance premiums grew by 18% to EUR 62.1 million, while motor third party liability insurance (MTPL) volumes increased by 20% in 2022 compared to the previous year and reached EUR 75.5 million (after mandatory fees). Property insurance lines also demonstrated an excellent growth rate of 16% in 2022 and reached the premium volume of EUR 43.3 million. As a positive aspect of the risk underwriting result, the improvement of the KASKO result compared to 2021 should be mentioned. At the same time, property insurance and health insurance are business lines that still generated a negative result in 2022. The overall result of underwriting risks in 2022 has slightly improved, although it is still slightly negative in the Estonian branch, compared to 2021, it has improved by approximately EUR 4 million. Detailed information is available in appendix S.05.01 and S.05.02.

Effect of risk mitigation activities on the underwriting result

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

The Company reinsures a part of the risk portfolio to increase its underwriting capabilities, to control its exposure to losses and to protect own capital. It purchases the obligatory and facultative reinsurance coverage to underwrite a larger quantity and/or volume of risk, to reduce the net exposure and to keep the solvency ratio in favourable range. The Company also buys reinsurance treaties for the main lines of its business that protect the Company from any cumulative losses that may arise from multiple claims resulting from the same event, including natural catastrophes. By covering against accumulated individual commitments, reinsurance gives the Company more security for its equity and solvency by increasing its ability to withstand the financial burden when unusual and major events occur.

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

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

Reinsurance companies settle their obligations in the time period of 30 days. Reinsurance agreements also stipulate the reinsurer's obligation to pay the insurance indemnity immediately when the amount of the indemnity exceeds a certain amount. During the reporting period, there have been no cases where a reinsurance company has not fulfilled its obligations to the Company.

A.3 Investment performance

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

The total amount of investments of the Company has not changed significantly during the reporting year - it has slightly increased from EUR 276.7 million to EUR 287.9 million.

The Company adhered to a conservative approach in its investment policy, mainly investing in low-risk assets. Since 68% of the total investment portfolio of the Company consists of bonds, the European Central Bank's decision to increase depository rates, which are closely linked to bond prices, drastically affected the Company's investment portfolio and investment strategy in 2022. The fall in the value of assets put pressure on Solvency II requirements, so throughout 2022 the Company invested almost exclusively in bonds, which accounted for 91% of the total investments made during the year. Of these investments in bonds, more than 90% was the purchase of one-year bonds of European countries, thus not only reducing the total duration of the portfolio and at the same time the volatility, but also creating low capital requirements, compared to other types of investments. The decrease in the value of the bonds is not observable in the values at the end of the year, because the Company invested the additional capital funds received from the parent company in the mentioned bonds. Due to the large market correction, the Company continued the previously initiated and approved development of other investment assets, meanwhile not taking on any new obligations.

A.3.1 table. Investment structure, thousand EUR

Asset position	code	2021	2022	Changes in 2022	In 2021, % of total assets	In 2022, % of total assets
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	251 782	263 630	11 848	73.50%	74.45%
Property (other than for own use)	R0080	1 676	1 482	-194	0.49%	0.42%
Holdings in related undertakings, including participations	R0090	22 942	27 052	4 110	6.70%	7.64%
Equities (all listed)	R0100	534	673	139	0.16%	0.19%
Bonds	R0130	184 982	196 773	11 791	54.00%	55.57%
<i>Government Bonds</i>	<i>R0140</i>	<i>123 433</i>	<i>144 934</i>	<i>21 501</i>	36.03%	40.93%
<i>Corporate Bonds</i>	<i>R0150</i>	<i>61 549</i>	<i>51 840</i>	<i>-9 709</i>	17.97%	14.64%
Collective Investments Undertakings	R0180	41 648	37 349	-4 299	12.16%	10.55%
Loans and mortgages	R0230	15 127	11 672	-3 455	4.42%	3.30%
Cash and cash equivalents	R0410	9 831	12 594	2 763	2.87%	3.56%
Total investments		276 740	287 896	11 156	80.79%	81.31%
Total assets	R0500	342 541	354 085	11 544	100.00%	100.00%

The result of investment activities in 2022 was EUR 3.05 million (in 2021 it was EUR 2.71 million), the main reason for the higher result is the increase in the nominal value of the bond portfolio, which allowed the Company to earn higher coupon income compared to the previous year.

By revaluation of assets according to Solvency II principles, eligible own funds decreased by EUR 27 million during 2022.

Table A.3.2. Investment income/gains and losses in the period, thousand EUR.

Asset category	Interest		Dividends		Rent		Net gains and losses		Unrealized gains and losses	
	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022
Government Bonds	647.3	963.0	-	-	0.0	0.0	568.0	-38.3	2 588.0	-11 959.0
Corporate Bonds	797.1	741.4	-	-	0.0	0.0	110.2	-178.7	440.4	-8 430.0
Cash and deposits	0.0	0.1	-	-	0.0	0.0	-	-	-	-
Mortgages and loans	318.8	360.2	-	-	0.0	0.0	-	-	-	-
Properties	0.0	0.0	-	-	119.1	135.0	-	169.5	-	-
Collective investments undertakings	-	-	865.6	830.5	-	-	29.0	159.3	716.8	-2 859.2
Total	1 763.2	2 064.7	865.6	830.5	119.1	135.0	707.2	111.8	3 745.2	-23 248.2

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

A.4 Performance of other activities

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

The Company's annual report provides detailed information on the Company's investments in the capital of other companies. As at 31 December 2022, subsidiaries and associates are booked in the financial statements using the cost method. Based on the management's impairment analysis as at 31 December 2022, no impairment has been identified.

A.5 Other information

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

B. SYSTEM OF GOVERNANCE

B.1. General information on the system of governance

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

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

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

Supervisory Board

The Supervisory Board is the supervisory institution of the Company, which represents the interests of shareholders during the time periods between the meetings of shareholders and supervises the activities of the Management board within the scope the articles of association. The Supervisory Board determines the company's development and operational strategy, as well as approves the budget and the policies, including defined risks, the company is willing to undertake, and the acceptable risks margin, supervises the company's Management board establishing efficient risks management system to ensure continuous management of current and prospective risks, risk groups management and supervision of the interaction of different risks. The Supervisory Board makes decisions regarding all significant business transactions, which are not included in the Company business plan.

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

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

- Harald Riener – Chairman of the Supervisory Board;
- Gabor Lehel – Deputy Chairman of the Supervisory Board;
- Franz Fuchs – Deputy Chairman of the Supervisory Board;
- Peter Franz Höfingler –Member of the Supervisory Board (until 30.06.2022);
- Jan Bogutyn – Member of the Supervisory Board;
- Artur Borowinski – Member of the Supervisory Board (until 17.10.2022).

Management Board

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

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

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

- Wolfgang Stockmeyer – Chairman of the Management Board;
- Oskars Hartmanis – Deputy Chairman of the Management Board;
- Evija Matveja – Member of the Management Board;
- Tadeuš Podvorski – Member of the Management Board.

Country level governance of business

In Latvia: Latvian Management Team is established to be in charge of the decision-making regarding business operations in Latvia.

In Estonia: the branch director represents the branch in cooperation with third parties. Estonian Branch director reports to the Deputy Chairman of the Management Board. Additionally in 2023, for internal decision-making and operational assurance in Estonia, the local Executive Board is established.

In Lithuania: the branch director represents the branch in cooperation with third parties. The director is also a member of the Management Board. Additionally, for internal decision-making and operational assurance in Lithuania, the local Executive Board is established.

Committees established by the Supervisory Board

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

Committees established by the Management Board

Investment committee: the committee operates from the beginning of 2019. It approves investment decisions, reviews investing activity results, as well as reports the investing results and investment strategy performance to the Company's Management Board on a regular basis.

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

IRIS change management committee: the committee is a collegial body established in 2022 to determine and implement BTA's basic strategies for the development and maintenance activities of the insurance system - IRIS at the company level.

Key functions

The Company appoints employees (company unit managers) in charge of key functions – risk management, compliance, actuarial and internal audit functions, who regularly review and evaluate the implementation of the functions they are in charge of, information exchange and decision-making procedure, and inform the Management Board regarding necessary improvements or changes.

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

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

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

The following tasks are completed within risk management functions:

- providing the Management Board with reports on exposure of risks, as well as consulting the Company's Management Board and organizational units on the matter of risk management, therefore, aiding the Company's Management Board to effect risk management system efficiently;
- ORSA processes coordination and preparation of ORSA report;
- upon close cooperation with the actuary function, monitoring of risk management system and the overall risk profile;
- investigation of reported incidents and their documentation in the Risk Event register;
- maintenance and updates of the risk register;
- Identification and assessment of risks.

Compliance function: the Director of Legal department performs compliance function in the Company and in scope of Compliance function activities ensures the following:

- the Company is aware of and complies external regulatory requirements;
- coordination and control of compliance risk identification and assessment process;
- monitoring of compliance risk profile and implementation of risk mitigating measures, in case the current control measures are assessed inefficient.

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

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

Changes in the governance system of the reporting year

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

Remuneration policy

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

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

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

Material transactions with the related parties

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

Table B.1.1. Net amount of transactions with related parties – reinsurance, thousand EUR.

	2021	2022
Vienna Insurance Group AG Wiener Versicherung Gruppe	4 379	-650
VIG RE zajišť'ovna a.s.	-1 661	-1 050
DONAU Versicherung AG Vienna Insurance Group	-72	-68

(Detailed information about transactions is available at the Company's annual report for 2022)

Table B.1.2. Net amount of transactions with related parties – other transactions, thousand EUR.

	2021	2022
Vienna Insurance Group AG Wiener Versicherung Gruppe	-923	-1528
Interest expense for subordinated liabilities	-378	-855
Other expense	-545	-673
Compensa Towarzystwo Ubezpieczeń Spolka Akcyjna Vienna Insurance Group (Claims handling costs)	-346	-128
KKB Real Estate SIA (Interest income from a loan)	159	172
Global Assistance Baltic SIA	-273	-827
Claim handling costs	-392	-101
Other expenses	-165	-834
Other income	-	108
VIG FUND, a.s.	54	97
Interest income from loan	4	3
Dividend income from investment in shares	50	94
Gertrüdes 121 SIA	34	101
Interest income from loan	27	29
Dividend income from investment in shares	0	53
Other income	7	19
NNC Real Estate Sp. Z O.O (Interest income from a loan)	4	105

(Indicated only transactions, where the net amount is EUR 50 thousand and above. Detailed information is available at the Company's annual report for 2022)

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

	2021	2022
Receivables	67 803	73 349
Vienna Insurance Group AG Wiener Versicherung Gruppe	45 311	50 777
VIG RE zajišťovna a.s.	762	1 194
VIG FUND, a.s.	4 809	4 803
Atrium Tower Sp. z o.o.	1 350	1 350
KKB Real Estate SIA	6 755	6 589
Urban Space SIA	506	506
Global Assistance SIA	107	-
Alauksta 13/15 SIA	664	654
Artilērijas 35 SIA	701	691
Ģertrūdes 121 SIA	2 320	2 290
Hymel Sp.z.o.o.	4 504	4 396
LiveOn Paevalille OÜ	-	23
LiveOn Stirnu SIA	-	13
LiveOn Terbatas SIA	-	23
LiveOn Linkmenu UAB	14	40
Payables	51 046	73 534
Vienna Insurance Group AG Wiener Versicherung Gruppe	50 407	72 270
VIG RE zajišťovna a.s.	639	1 082
Global Assistance SIA	-	182

Detailed information on transactions with related parties is available at the Company's annual report for 2022.

B.2 Fit and proper requirements

The company has developed Fit and Proper Policy, which determines the necessary qualifications for essential positions (including members of the Supervisory Board, Management Board, key function holders) and the procedure how they must be evaluated. In particular, it specifies the necessary procedures for assessing whether a person is "fit"- has the requisite set of professional skills, knowledge and experience, as well as has an impeccable reputation.

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

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

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

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

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

The fit and proper assessment of persons for their position is conducted upon starting employment or assuming post, in the case of re-election, of changing the areas of responsibility, as well as in cases of identification of any conditions raising doubt in a person's further fitness and propriety for performance of its duties.

B.3. Risk management system, including own risk and solvency assessment

The Company's risk management system includes strategies, processes and reporting procedures to continuously effectively identify, measure and manage risks to which the Company is or could be exposed, monitor them and use relevant information in decision-making processes.

The Company's risk management system encompasses:

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

Sustainability risks (ESG – environmental, social and governance) do not form a separate risk category in BTA's risk management system, but are included in all the aforementioned risk categories.

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

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

Actuarial Department takes care of setting technical provisions, analysis and calculation of solvency capital requirements and their assessment, as well as conducts ORSA quantitative estimates according to the standard formula, monitoring and their compliance with the standard formula, as well as the regular Solvency II reporting to supervisory institutions.

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

Finance Department and Investment Division perform market risk, credit risk and liquidity risk management.

Quality and Risk Management Department conducts risk management functions, including coordination of ORSA process and preparation of ORSA report, as well as ensures operational risk management.

The Company performs ORSA once per a calendar year. The assessment results are used in strategic and operational planning, budget planning, as well as, when any significant changes in the Company's operation are contemplated, the need to perform an ad-hoc ORSA is evaluated.

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, and in case the actual figures differ from ORSA forecasts significantly evaluates if new ad-hoc ORSA is necessary.

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

The Company's management board approves testable factors and scenarios for ORSA, 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 (unfavorable change effect determination for particular risk factors) and scenario tests (several risk factors simultaneous unfavorable change effect determination).

Risk management function in cooperation with actuarial function performs ORSA and submits the results to the Company's Management Board for approval. ORSA results are also presented to the Supervisory Board.

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 an Internal Control System (ICS) assessment, 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 assessment process, by identifying all relevant operational risks, assessing the existence of their controls and assessing the remaining risk.

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

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

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

- is entitled at his or her own initiative freely to contact employees and to access, without limitations, information, required for internal control;

- is provided and granted by the management board any required authorities, information, support, objectiveness and independence;
- possesses appropriate qualification, competence and experience to perform the particular internal control, as well as has had the necessary training.

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

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

B.5 Internal audit function

The company has established an Internal Audit Department, which carefully complies the rules defined in the Internal Audit policy and methodology. The Internal audit function does not participate in business operations which control is performed by the function, neither does the internal audit have any rights to define Company's accounting and control procedures and give orders to other Company's employees.

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

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

B.6 Actuarial function

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

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

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

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

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

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

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

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

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

B.7 Outsourcing

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

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

At the end of 2022, the Company outsources only some information technology maintenance services, and asset management in limited amount, all outsourcing agreements are coordinated with the Financial and Capital Market Commission.

The outsourcing services providers are mainly the Baltic and Austria based companies. The company in Lithuania is engaged for providing information technology maintenance services to the Lithuanian branch. As of 2019, a small part of asset management has been outsourced to an Estonian based company.

B.8 Other information

The Company's governance system is appropriate for management of risks related with Company's lines of business and its scale and complexity. There is no other relevant information to disclose.

C. RISK PROFILE

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

Risk category	Solvency capital requirement		
	31.12.2021	31.12.2022	Changes in 2022
Non-life underwriting risk	35 572	40 790	5 218
Market risk	22 240	21 343	-897
Counterparty default risk	4 231	4 498	267
Health underwriting risk	5 321	6 170	849
Life underwriting risk	2 348	2 113	-235
Diversification	-19 587	-20 486	-899
Basic solvency capital requirement	50 126	54 428	4 302
Operational risk	6 271	7 317	1 046
Loss absorption capacity of deferred taxes	-1 529	-2 799	-1 270
Solvency capital requirement	54 867	58 946	4 079

The risk profile has not changed significantly during the reporting period, according to the specifics of the operation, the risk profile of the Company is dominated by the risk of underwriting non-life insurance and the market risk. The risk of underwriting life insurance is formed in connection with life annuities (annuities), which results from the non-life insurance business. In the reporting period, due to business growth, the impact of non-life insurance underwriting risk in the risk profile increased (+EUR 5.2 MM). The solvency capital requirement as a whole has increased by EUR 4 million by the end of the reporting period.

C.1 Underwriting risk

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

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

The scope of underwriting risk, calculated by standard formula, is shown in the annex, template S.25.01.21.; the template S.05.01.02 displays written premiums, claims and expenses by lines of business in thousand EUR.

The increase in the solvency capital requirement in the amount of EUR 5.2 million for the risk of underwriting non-life insurance in 2022 was facilitated by the growth of the Company (including the impact of inflation on the amount of premiums).

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

Risk management of underwriting risk is conducted by:

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

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

To reduce underwriting risk the 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 the Company is analysed as well. The 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, the Company decides on its pricing policy, methodology and ensures risk diversification in priority segments (client, product, geographic).

The Company uses reinsurance to reduce loses which may occur in case of insurance risk concentration and to deliver stable financial result, minimising the impact of large claims. By using reinsurance, Company's part in the risk either for one object, either for one event, in which losses may be caused for several objects at the same time.

C.2 Market risk

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

According to the standard formula assessment, the market risk for the Company as of the end of year 2022 amounts to EUR 21.3 million (end of 2021: 22.2 million EUR).

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

Table C.2.1. Market risk capital requirement, in thousand EUR

Type of risk	Solvency capital requirement		
	31.12.2021	31.12.2022	Changes in 2022
Market risk	22 240	21 343	-897
Interest rate risk	6 280	7 445	1 165
Equity risk	7 925	7 650	-275
Property risk	7 938	7 632	-306
Spread risk	7 753	6 240	-1 513
Market Risk Concentration	3 477	1 406	-2 071
Currency risk	584	2 143	1 559
Diversification	-11 717	-11 172	545

Concentration risk in the amount of EUR 1.4 million results from 2 asset groups – Polish government bonds in PLN which are required for asset and liability currency matching and investments in entities in Latvia (owned by government) – Altum, Airbaltic, Latvenergo.

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

Type of risk	Amount of assets, sensitive to the respective risk		
	31.12.2021	31.12.2022	Changes in 2022
Market risk	274 475	281 450	6 975
Interest rate risk	213 883	220 347	6 464
Spread risk	100 584	83 695	-16 889
Property risk	31 754	30 527	-1 227
Equity risk	31 970	30 003	-1 967

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

Market risk is limited by diversifying the investment portfolio and analysing investments before acquisition, as well as ensuring their regular monitoring. Asset and liability matching by currencies and maturity structure is ensured in the scope of asset and liability management.

Investment committee is scrutinizing the investment performance, and making decisions on investing funds or disposal of assets in line with the limits defined in the Investment and risk strategy.

C.3 Credit risk (counterparty default risk)

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

The approved Investment and risk strategy, which the Company reviews at least annually, describes conditions for execution of investments, including maximum limits for cash outstanding balance in specific credit institutions. Reinsurance policy determines requirements and limits for reinsurance companies, defined in Reinsurance Policy and approved Reinsurance Programs.

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

The credit risk, compared to the previous year, has been stable and increased only by EUR 268 thousand. The current cash balance with banks sustains a sufficient level of liquidity, i.e. it is sufficient for timely discharge of commitments towards clients and partners (Section C.4).

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

Type of risk	Solvency capital requirement		
	31.12.2021	31.12.2022	Changes in 2022
Credit risk	4 231	4 498	268
Type 1 exposures (cash in credit institutions, reinsurers' liabilities)	3 712	4 039	327
Type 2 exposures (brokers, policyholders, other debtors, etc.)	662	590	-71
Diversification within counterparty default risk module	-143	-131	12

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

#	Counterparty group/Name of single name exposure	31.12.2022 Exposure*
1	VIG GROUP	31 390
2	HDI HAFTPFLICHT DER DEUTSCHEN INDUSTRIE VAG	7 843
3	SWEDBANK AB	6 535
4	SKANDINAVISKA ENSKILDA BANKEN AB	3 227
5	SWISS RE AG	2 686
6	MÜNCHENER RÜCKVERSICHERUNGS-GESELLSCHAFT AKTIENGESELLSCHAFT IN MÜNCHEN	2 506
7	SCOR SE	2 198
8	R+V VERSICHERUNG AG	1 944
9	CITADELE BANKA, AKCIJU SABIEDRĪBA	1 870
10	RHINE REINSURANCE CO LTD/BERMUDA	1 546

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

C.4 Liquidity risk

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

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

The total amount of expected profit of the Company, included in future insurance premiums, at 31 December 2022 by Solvency II assessment principles was EUR 3.955 million (31.12.2021 – EUR 2.929 million).

C.5 Operational risk

In order to cover operational risk, solvency capital requirement is calculated by means of a standard formula. The Solvency capital calculated with standard formula on covering operational risk is EUR 7.3 million as at 31.12.2022 (31.12.2021: EUR 6.3 million).

According to the annual own risk assessment the most significant operational risk categories were identified to be process and organizational risk, compliance risk and business disruption risk.

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

In order to ascertain that standard formula is appropriate, Company carries out Internal control systems annual assessment, to identify and measure operational risk assessment, (by identifying all operational risks and their controls, assessing frequency and severity of risks, in accordance with the procedure of the Internal Control System), thus identifying the Company's operational risk level and the necessary control activities to reduce it. The required capital to cover potential operational risks thus established is EUR 2.01 million, which was not materially different as in 2021 (EUR 2.13 million). The Solvency II capital calculated with standard formula on covering operational risk more than three times exceeds the amount of capital required, according to expert judgement.

C.6 Other material risks

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

C.7 Other information

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

D. VALUATION FOR SOLVENCY PURPOSES

D.1. Assets

The total amount of the Company's assets on 31 December 2022 is EUR 365.1 million (31.12.2021 – EUR 342.5 million), break-up in asset positions is attached in the annex, template S.02.01.02.

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

- property positions (Assets for own use, Property), as for solvency purposes they are provided at market value, while in financial statements – at residual value (after amortization);

- loans are valued based on book value if pricing method is amortised cost method (observable inputs: cost-price; redemption price, effective yield) or based on theoretical value if pricing method is present value method where cash flows are known (observable inputs: issuer, sector and rating dependent yield curves);
- for solvency purposes, intangible assets and deferred acquisition costs are not included on the balance-sheet;
- recoverable amounts under reinsurance contracts – financial statements include the accurate amount of deferred indemnity payments and unearned premiums reserve, while for solvency purposes – the present value of forecasted future cash flows, including an adjustment for credit risk default.

D.2 Technical provisions assessment

Best estimate and risk margin are calculated in accordance with Regulation 2015/35 and in accordance with regulations issued by the Financial and Capital Market Commission and VIG Group guidelines, thus, amounts on 31 December 2022 altogether are available within the Company's balance sheet, in template S.02.01.02 in the annex, while template S.12.01.02 and S.17.01.02 reflect the respective information allocated by types of insurance on life, health insurance and non-life insurance.

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

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

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

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

The Company has no material differences between bases, methodologies and assumptions, used in valuation for solvency purposes and used in valuation of technical provisions for claims for financial statements purposes.

Cash flow for life underwriting risk is calculated as a sum of cash flows from losses that have been reported to the Company, but that have not been settled by the end of the accounting period (reported but not settled, hereafter – RBNS) and from claims that have transpired, but have not yet been reported to the Company (incurred but not reported, hereafter – IBNR).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

D.3 Other liabilities

There are no other liabilities for the Company.

D.4 Alternative methods for valuation

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

D.5 Other information

No other information.

E. CAPITAL MANAGEMENT

E.1 Own funds

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

The composition of own funds for solvency purposes is indicated in Table E.1. The structure of the Company's own funds is simple – 68% is the highest quality level – Tier 1. The Company's own funds consist primarily of its equity and reconciliation reserve arising from the excess of the total assets over the total value of liabilities calculated for solvency purposes and reduced by foreseeable dividends for next 12 months.

Table E.1. Own fund's structure, in thousand EUR

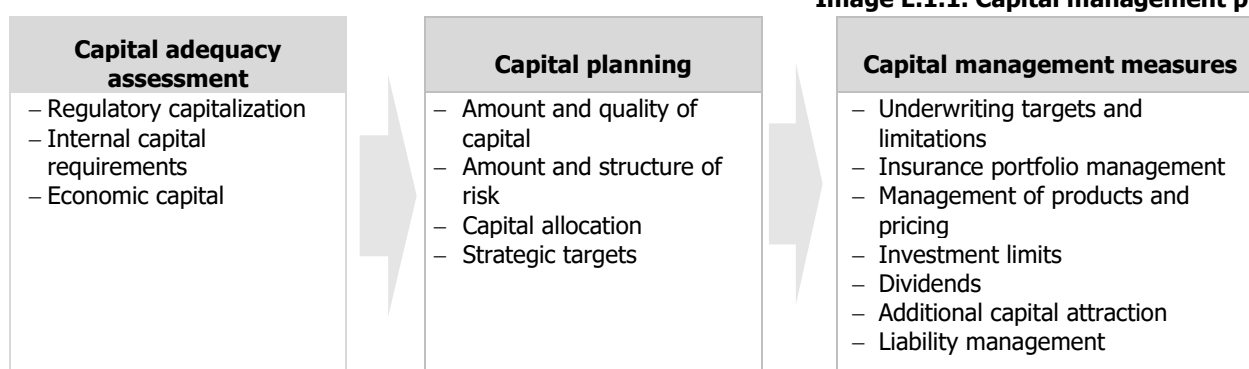
Position	31.12.2021	31.12.2022			
		Total	Tiers		
			I	II	III
Ordinary share capital	41 609	51 609	51 609	-	-
Reconciliation reserve	21 490	-3 442	-3 442	-	-
Subordinated liabilities	7 000	22 000		22 000	
An amount equal to the net deferred tax asset value		861			861
Total eligible own funds after deductions	70 099	71 029	48 167	22 000	861
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 provided in Image E.1.1.

Image E.1.1. Capital management process.



E.2 Solvency capital requirement and minimum capital requirement

The Company is fully compliant with minimum capital and solvency capital requirements. The Company's eligible own funds to meet solvency capital requirement are EUR 71.0 million, while the solvency capital requirement is EUR 58.9 million, solvency ratio is 120.5%. The solvency ratio at the end of the reporting period comparing with the end of 2021 decreased by 7 percentage points.

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

Position	31.12.2021	31.12.2022			
		Total	Tiers		
			I	II	III
Total available own funds to meet the SCR	70 0992	71 029	48 167	22 000	861
Total available own funds to meet the MCR	70 099	70 167	48 167	22 000	-
Total eligible own funds to meet the SCR	70 099	71 029	48 167	22 000	861
Total eligible own funds to meet the MCR	68 099	53 472	48 167	5 305	-
Solvency capital requirement (SCR)	54 867	58 946	-	-	-
Minimum capital requirement (MCR)	23 026	26 526	-	-	-
Ratio of eligible own funds to SCR (%)	127.76%	120.50%			
Ratio of eligible own funds to MCR (%)	295.75%	201.59%			

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

No inconsistencies with the Minimum Capital Requirement and the Solvency Capital Requirement fulfilment have been established in 2022.

E.3 Use of the duration-based equity risk sub-module

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

E.4 Differences between the standard formula and any internal model used

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

E.5 Non-compliance with the MCR and the SCR

The Company is fully compliant with the Solvency capital requirements – in 31.12.2022, solvency ratio is 120.5% and the minimum capital solvency ratio is 201.6%.

E.6 Other information

There is no other relevant information to disclose.

Annex (in thousand EUR)

S.02.01.02

Balance sheet

		Solvency II value
Assets		C0010
Intangible assets	R0030	0
Deferred tax assets	R0040	861
Pension benefit surplus	R0050	0
Property, plant & equipment held for own use	R0060	6 147
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	263 630
Property (other than for own use)	R0080	1 482
Holdings in related undertakings, including participations	R0090	27 052
Equities	R0100	673
Equities - listed	R0110	673
Equities - unlisted	R0120	0
Bonds	R0130	196 773
Government Bonds	R0140	144 934
Corporate Bonds	R0150	51 840
Structured notes	R0160	0
Collateralised securities	R0170	0
Collective Investments Undertakings	R0180	37 349
Derivatives	R0190	0
Deposits other than cash equivalents	R0200	300
Other investments	R0210	0
Assets held for index-linked and unit-linked contracts	R0220	0
Loans and mortgages	R0230	11 672
Loans on policies	R0240	0
Loans and mortgages to individuals	R0250	0
Other loans and mortgages	R0260	11 672
Reinsurance recoverables from:	R0270	50 731
Non-life and health similar to non-life	R0280	25 539
Non-life excluding health	R0290	25 148
Health similar to non-life	R0300	391
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	25 192
Health similar to life	R0320	0
Life excluding health and index-linked and unit-linked	R0330	25 192
Life index-linked and unit-linked	R0340	0
Deposits to cedants	R0350	0
Insurance and intermediaries receivables	R0360	2 452
Reinsurance receivables	R0370	4 330
Receivables (trade, not insurance)	R0380	641
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	12 594
Any other assets, not elsewhere shown	R0420	1 024
Total assets	R0500	354 085

Annex (in thousand EUR)

S.02.01.02

Balance sheet

		Solvency II value
Liabilities		C0010
Technical provisions – non-life	R0510	140 875
Technical provisions – non-life (excluding health)	R0520	128 374
TP calculated as a whole	R0530	0
Best Estimate	R0540	124 540
Risk margin	R0550	3 835
Technical provisions - health (similar to non-life)	R0560	12 501
TP calculated as a whole	R0570	0
Best Estimate	R0580	12 258
Risk margin	R0590	243
Technical provisions - life (excluding index-linked and unit-linked)	R0600	55 427
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	55 427
TP calculated as a whole	R0660	0
Best Estimate	R0670	53 322
Risk margin	R0680	2 105
Technical provisions – index-linked and unit-linked	R0690	0
TP calculated as a whole	R0700	0
Best Estimate	R0710	0
Risk margin	R0720	0
Contingent liabilities	R0740	0
Provisions other than technical provisions	R0750	2 477
Pension benefit obligations	R0760	0
Deposits from reinsurers	R0770	33 965
Deferred tax liabilities	R0780	0
Derivatives	R0790	0
Debts owed to credit institutions	R0800	0
Financial liabilities other than debts owed to credit institutions	R0810	3 062
Insurance & intermediaries payables	R0820	27 601
Reinsurance payables	R0830	10 102
Payables (trade, not insurance)	R0840	4 896
Subordinated liabilities	R0850	22 000
Subordinated liabilities not in BOF	R0860	0
Subordinated liabilities in BOF	R0870	22 000
Any other liabilities, not elsewhere shown	R0880	0
Total liabilities	R0900	300 404
Excess of assets over liabilities	R1000	53 680

Annex (in thousand EUR)

S.05.01.02

Premiums, claims and expenses by line of business

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	37 806	6 678	0	75 501	62 124	3 326	43 320	13 471	10 010
Gross - Proportional reinsurance accepted	R0120	0	0	0	0	0	0	0	0	0
Gross - Non-proportional reinsurance accepted	R0130									
Reinsurers' share	R0140	0	3 361	0	38 349	57	1 433	10 429	2 130	3 238
Net	R0200	37 806	3 317	0	37 152	62 067	1 893	32 891	11 340	6 772
Premiums earned										
Gross - Direct Business	R0210	35 228	6 411	0	71 041	57 614	3 147	39 444	11 709	9 843
Gross - Proportional reinsurance accepted	R0220	0	0	0	0	0	0	0	0	0
Gross - Non-proportional reinsurance accepted	R0230									
Reinsurers' share	R0240	0	3 224	0	36 137	57	1 217	9 120	2 123	4 369
Net	R0300	35 228	3 187	0	34 904	57 557	1 931	30 324	9 586	5 474
Claims incurred										
Gross - Direct Business	R0310	32 619	3 879	0	49 955	42 285	1 748	26 403	1 137	-2 735
Gross - Proportional reinsurance accepted	R0320	0	0	0	0	0	0	0	0	0
Gross - Non-proportional reinsurance accepted	R0330									
Reinsurers' share	R0340	0	1 754	0	26 988	-21	1 051	6 515	-265	-2 626
Net	R0400	32 619	2 126	0	22 966	42 305	697	19 889	1 402	-109
Changes in other technical provisions										
Gross - Direct Business	R0410	0	0	0	0	0	0	0	0	0
Gross - Proportional reinsurance accepted	R0420	0	0	0	0	0	0	0	0	0
Gross - Non- proportional reinsurance accepted	R0430									
Reinsurers' share	R0440	0	0	0	0	0	0	0	0	0
Net	R0500	0	0	0	0	0	0	0	0	0
Expenses incurred	R0550	6 341	757	0	9 754	15 245	683	11 769	4 011	1 447
Other expenses	R1200									
Total expenses	R1300									

Annex (in thousand EUR)

S.05.01.02

Premiums, claims and expenses by line of business

	Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)			Line of business for: accepted non-proportional reinsurance				Total
	Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty	Marine, aviation, transport	Property	
	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0200
Premiums written								
Gross - Direct Business	R0110	17	8 960	854				262 066
Gross - Proportional reinsurance accepted	R0120	0	0	0				0
Gross - Non-proportional reinsurance accepted	R0130				0	0	0	0
Reinsurers' share	R0140	0	180	232	0	0	0	59 410
Net	R0200	17	8 780	622	0	0	0	202 656
Premiums earned								
Gross - Direct Business	R0210	18	8 676	782				243 913
Gross - Proportional reinsurance accepted	R0220	0	0	0				0
Gross - Non-proportional reinsurance accepted	R0230				0	0	0	0
Reinsurers' share	R0240	0	193	237	0	0	0	56 677
Net	R0300	18	8 483	545	0	0	0	187 236
Claims incurred								
Gross - Direct Business	R0310		3 733	166				159 190
Gross - Proportional reinsurance accepted	R0320	0	0	0				0
Gross - Non-proportional reinsurance accepted	R0330				0	0	0	0
Reinsurers' share	R0340	0	114	-286	0	0	0	33 224
Net	R0400		3 618	452	0	0	0	125 966
Changes in other technical provisions								
Gross - Direct Business	R0410	0	0	0				0
Gross - Proportional reinsurance accepted	R0420	0	0	0				0
Gross - Non- proportional reinsurance accepted	R0430				0	0	0	0
Reinsurers' share	R0440	0	0	0	0	0	0	0
Net	R0500	0	0	0	0	0	0	0
Expenses incurred	R0550	1	3 521	130				53 658
Other expenses	R1200							294
Total expenses	R1300							53 952

Annex (in thousand EUR)

S.05.01.02

Premiums, claims and expenses by line of business

	Line of Business for: life insurance obligations						Life reinsurance obligations		Total
	Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Health reinsurance	Life-reinsurance	
	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0300
Premiums written									
Gross	R1410								
Reinsurers' share	R1420								
Net	R1500								
Premiums earned									
Gross	R1510								
Reinsurers' share	R1520								
Net	R1600								
Claims incurred									
Gross	R1610								
Reinsurers' share	R1620								
Net	R1700								
Changes in other technical provisions									
Gross	R1710								
Reinsurers' share	R1720								
Net	R1800								
Expenses incurred	R1900								
Other expenses	R2500								
Total expenses	R2600								

Annex (in thousand EUR)

S.05.02.01

Premiums, claims and expenses by country

	Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations						Total Top 5 and home country
		C0010	C0020	C0030	C0040	C0050	C0060	C0070
R0010			EE	LT				
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
Premiums written								
Gross - Direct Business	R0110	90 735	30 617	140 715				262 066
Gross - Proportional reinsurance accepted	R0120	0	0	0				0
Gross - Non-proportional reinsurance accepted	R0130	0	0	0				0
Reinsurers' share	R0140	18 654	5 457	35 300				59 410
Net	R0200	72 081	25 160	105 415				202 656
Premiums earned								
Gross - Direct Business	R0210	85 464	29 419	129 030				243 913
Gross - Proportional reinsurance accepted	R0220	0	0	0				0
Gross - Non-proportional reinsurance accepted	R0230	0	0	0				0
Reinsurers' share	R0240	17 811	5 152	33 715				56 677
Net	R0300	67 653	24 267	95 315				187 236
Claims incurred								
Gross - Direct Business	R0310	56 848	19 281	83 062				159 190
Gross - Proportional reinsurance accepted	R0320	0	0	0				0
Gross - Non-proportional reinsurance accepted	R0330	0	0	0				0
Reinsurers' share	R0340	9 486	2 107	21 632				33 224
Net	R0400	47 362	17 174	61 431				125 966
Changes in other technical provisions								
Gross - Direct Business	R0410	0	0	0				0
Gross - Proportional reinsurance accepted	R0420	0	0	0				0
Gross - Non- proportional reinsurance accepted	R0430	0	0	0				0
Reinsurers'share	R0440	0	0	0				0
Net	R0500	0	0	0				0
Expenses incurred	R0550	18 343	7 271	28 044				53 658
Other expenses	R1200							294
Total expenses	R1300							53 952

Annex (in thousand EUR)

S.05.02.01

Premiums, claims and expenses by country

	Home Country	Top 5 countries (by amount of gross premiums written) - life obligations					Total Top 5 and home country
	C0150	C0160	C0170	C0180	C0190	C0200	C0210
R1400							
	C0220	C0230	C0240	C0250	C0260	C0270	C0280
Premiums written							
Gross	R1410						
Reinsurers' share	R1420						
Net	R1500						
Premiums earned							
Gross	R1510						
Reinsurers' share	R1520						
Net	R1600						
Claims incurred							
Gross	R1610						
Reinsurers' share	R1620						
Net	R1700						
Changes in other technical provisions							
Gross	R1710						
Reinsurers' share	R1720						
Net	R1800						
Expenses incurred	R1900						
Other expenses	R2500						
Total expenses	R2600						

Annex (in thousand EUR)
S.12.01.02
Life and Health SLT Technical Provisions

		Index-linked and unit-linked insurance			Other life insurance			Annuities stemming from non-life insurance contracts and relating to insurance obligation other than health insurance obligations	Accepted reinsurance	Total (Life other than health insurance, incl. Unit-Linked)	
		Insurance with profit participation	Contracts without options and guarantees	Contracts with options or guarantees	Contracts without options and guarantees	Contracts with options or guarantees					
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0150
Technical provisions calculated as a whole	R0010										
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	R0020										
Technical provisions calculated as a sum of BE and RM											
Best Estimate											
Gross Best Estimate	R0030								53 322		53 322
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0080								25 192		25 192
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	R0090								28 130		28 130
Risk Margin	R0100								2 105		2 105
Amount of the transitional on Technical Provisions											
Technical Provisions calculated as a whole	R0110										
Best estimate	R0120										
Risk margin	R0130										
Technical provisions - total	R0200								55 427		55 427

Annex (in thousand EUR)
S.12.01.02
Life and Health SLT Technical Provisions

Health insurance (direct business)		Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Health reinsurance (reinsurance accepted)	Total (Health similar to life insurance)
Contracts without options and guarantees	Contracts with options or guarantees			

		C0160	C0170	C0180	C0190	C0200	C0210
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						
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						
Risk Margin	R0100						
Amount of the transitional on Technical Provisions							
Technical Provisions calculated as a whole	R0110						
Best estimate	R0120						
Risk margin	R0130						
Technical provisions - total	R0200						

Annex (in thousand EUR)
S.17.01.02
Non-life Technical Provisions

		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	7 062	1 490	0	18 274	10 677	-55	9 750	1 623	5 044
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140	0	-89	0	-1 837	-28	117	934	-155	-1 026
Net Best Estimate of Premium Provisions	R0150	7 062	1 579	0	20 111	10 705	-172	8 816	1 777	6 070
Claims provisions										
Gross	R0160	2 544	1 162	0	40 581	9 471	3 438	10 427	7 758	4 738
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240	0	480	0	19 154	2	2 014	3 190	190	2 606
Net Best Estimate of Claims Provisions	R0250	2 544	682	0	21 427	9 469	1 424	7 237	7 568	2 132
Total Best estimate - gross	R0260	9 606	2 652	0	58 855	20 148	3 383	20 176	9 380	9 783
Total Best estimate - net	R0270	9 606	2 261	0	41 538	20 174	1 252	16 052	9 345	8 203
Risk margin	R0280	192	51	0	1 613	713	107	545	570	161
Amount of the transitional on Technical Provisions										
Technical Provisions calculated as a whole	R0290									
Best estimate	R0300									
Risk margin	R0310									

Annex (in thousand EUR)
S.17.01.02
Non-life Technical Provisions

		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	9 798	2 703	0	60 468	20 861	3 490	20 721	9 950	9 943
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330	0	391	0	17 317	-26	2 131	4 124	36	1 580
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0340	9 798	2 312	0	43 151	20 887	1 360	16 597	9 915	8 363

Annex (in thousand EUR)
S.17.01.02
Non-life Technical Provisions

		Direct business and accepted proportional reinsurance			Accepted non-proportional reinsurance			Total Non-Life obligation	
		Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance		Non-proportional property reinsurance
		C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
Technical provisions calculated as a whole	R0010								
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	R0050								
Technical provisions calculated as a sum of BE and RM									
Best estimate									
Premium provisions									
Gross	R0060		1 067	56	0	0	0	0	54 987
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140	0	-7	-23	0	0	0	0	-2 114
Net Best Estimate of Premium Provisions	R0150		1 074	79	0	0	0	0	57 101
Claims provisions									
Gross	R0160	1	1 199	491	0	0	0	0	81 810
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240	0	5	11	0	0	0	0	27 653
Net Best Estimate of Claims Provisions	R0250	1	1 194	479	0	0	0	0	54 158
Total Best estimate - gross	R0260	2	2 266	546	0	0	0	0	136 798
Total Best estimate - net	R0270	2	2 268	558	0	0	0	0	111 259
Risk margin	R0280		90	36	0	0	0	0	4 078
Amount of the transitional on Technical Provisions									
Technical Provisions calculated as a whole	R0290								
Best estimate	R0300								
Risk margin	R0310								

Annex (in thousand EUR)
S.17.01.02
Non-life Technical Provisions

	Direct business and accepted proportional reinsurance			Accepted non-proportional reinsurance				Total Non-Life obligation
	Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	
	C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
Technical provisions - total								
Technical provisions - total	R0320	2	2 356	583	0	0	0	140 875
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330	0	-2	-12	0	0	0	25 539
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0340	2	2 358	594	0	0	0	115 337

Annex (in thousand EUR)

S.19.01.21

Non-life Insurance Claims Information

Total Non-Life Business

Accident year / Underwriting year	2020	Accident year
--------------------------------------	-------------	---------------

Gross Claims Paid (non-cumulative)

(absolute amount)

Year	Development year											In Current year	Sum of years (cumulative)		
	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											70	R0100	70	
N-9	R0160	40 958	12 126	1 411	689	979	329	200	59	28	14		R0160	14	56 793
N-8	R0170	45 135	14 718	1 868	954	749	396	359	1 548	374			R0170	374	66 101
N-7	R0180	51 889	14 771	1 786	1 178	1 841	393	107	442				R0180	442	72 407
N-6	R0190	58 050	16 479	4 943	1 689	897	430	639					R0190	639	83 127
N-5	R0200	59 094	28 230	2 607	1 291	751	223						R0200	223	92 195
N-4	R0210	80 354	37 237	4 451	2 810	786							R0210	786	125 638
N-3	R0220	94 510	28 575	2 555	1 031								R0220	1 031	126 671
N-2	R0230	92 870	22 479	2 134									R0230	2 134	117 483
N-1	R0240	100 678	31 879										R0240	31 879	132 558
N	R0250	124 181											R0250	124 181	124 181
Total	R0260												R0260	161 772	997 223

Annex (in thousand EUR)

S.19.01.21

Non-life Insurance Claims Information

Gross undiscounted Best Estimate Claims Provisions

(absolute amount)

Year	Development year											Year end (discounted data)	
	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										335	R0100	326
N-9	R0160	20 883	4 827	2 442	1 984	1 506	1 208	975	772	1 843	593	R0160	583
N-8	R0170	27 907	7 033	4 797	6 863	6 836	6 524	4 426	3 223	1 435		R0170	1 405
N-7	R0180	26 646	4 768	4 971	3 750	2 237	1 346	1 413	683			R0180	667
N-6	R0190	23 465	10 922	6 394	4 874	2 428	2 039	1 232				R0190	1 206
N-5	R0200	39 307	12 347	7 021	5 080	2 874	1 574					R0200	1 540
N-4	R0210	53 804	14 874	8 053	4 224	2 432						R0210	2 378
N-3	R0220	49 603	11 635	4 862	3 092							R0220	3 026
N-2	R0230	45 779	8 331	4 639								R0230	4 545
N-1	R0240	56 514	10 935									R0240	10 709
N	R0250	56 482										R0250	55 424
	Total											R0260	81 810

Annex (in thousand EUR)

S.22.01.21

Impact of long term guarantees and transitional measures

		Amount with Long Term Guarantee measures and transitionals	Impact of transitional on technical provisions	Impact of transitional on interest rate	Impact of volatility adjustment set to zero	Impact of matching adjustment set to zero
		C0010	C0030	C0050	C0070	C0090
Technical provisions	R0010					
Basic own funds	R0020					
Eligible own funds to meet Solvency Capital Requirement	R0050					
Solvency Capital Requirement	R0090					
Eligible own funds to meet Minimum Capital Requirement	R0100					
Minimum Capital Requirement	R0110					

Annex (in thousand EUR)
S.23.01.01
Own funds

		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	51 609	51 609			
Share premium account related to ordinary share capital	R0030					
initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040					
Subordinated mutual member accounts	R0050					
Surplus funds	R0070					
Preference shares	R0090					
Share premium account related to preference shares	R0110					
Reconciliation reserve	R0130	-3 442	-3 442			
Subordinated liabilities	R0140	22 000			22 000	
An amount equal to the value of net deferred tax assets	R0160	861				861
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	71 029	48 167		22 000	861
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300					
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310					
Unpaid and uncalled preference shares callable on demand	R0320					
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330					
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340					
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350					
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360					
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370					
Other ancillary own funds	R0390					
Total ancillary own funds	R0400					

Annex (in thousand EUR)

S.23.01.01

Own funds

		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	71 029	48 167		22 000	861
Total available own funds to meet the MCR	R0510	70 167	48 167		22 000	
Total eligible own funds to meet the SCR	R0540	71 029	48 167	0	22 000	861
Total eligible own funds to meet the MCR	R0550	53 472	48 167	0	5 305	
SCR	R0580	58 946				
MCR	R0600	26 526				
Ratio of Eligible own funds to SCR	R0620	120.50%				
Ratio of Eligible own funds to MCR	R0640	201.59%				

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	53 680
Own shares (held directly and indirectly)	R0710	
Foreseeable dividends, distributions and charges	R0720	4 652
Other basic own fund items	R0730	52 471
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	
Reconciliation reserve	R0760	-3 442
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	R0770	
Expected profits included in future premiums (EPIFP) - Non- life business	R0780	3 955
Total Expected profits included in future premiums (EPIFP)	R0790	3 955

Annex (in thousand EUR)

S.25.01.21

Solvency Capital Requirement - for undertakings on Standard Formula

		Gross solvency capital requirement		
		C0110	USP C0090	Simplifications C0120
Market risk	R0010	21 343		
Counterparty default risk	R0020	4 498		
Life underwriting risk	R0030	2 113		
Health underwriting risk	R0040	6 170		
Non-life underwriting risk	R0050	40 790		
Diversification	R0060	-20 486		
Intangible asset risk	R0070	0		
Basic Solvency Capital Requirement	R0100	54 428		

Calculation of Solvency Capital Requirement

C0100

Operational risk	R0130	7 317
Loss-absorbing capacity of technical provisions	R0140	0
Loss-absorbing capacity of deferred taxes	R0150	-2 799
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	58 946
Capital add-on already set	R0210	0
Solvency capital requirement	R0220	58 946
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	R0400	0
Total amount of Notional Solvency Capital Requirement for remaining part	R0410	0
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420	0
Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	R0430	0
Diversification effects due to RFF nSCR aggregation for article 304	R0440	0

Yes/No

C0109

Approach based on average tax rate	R0590	Yes
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LAC DT

C0130

Calculation of loss absorbing capacity of deferred taxes		
LAC DT	R0640	-2 799
LAC DT justified by reversion of deferred tax liabilities	R0650	0
LAC DT justified by reference to probable future taxable economic profit	R0660	-2 799
LAC DT justified by carry back, current year	R0670	0
LAC DT justified by carry back, future years	R0680	0
Maximum LAC DT	R0690	-2 799

Annex (in thousand EUR)

S.25.02.21

Solvency Capital Requirement - for undertakings using the standard formula and partial internal model

Unique number of component	Components description	Calculation of the Solvency Capital Requirement	Amount modelled	USP	Simplifications
C0010	C0020	C0030	C0070	C0090	C0120
1	Market risk				
2	Counterparty default risk				
3	Life underwriting risk				
4	Health underwriting risk				
5	Non-life underwriting risk				
6	Intangible asset risk				
7	Operational risk				
8	LAC Technical Provisions (negative amount)				
9	LAC Deferred Taxes (negative amount)				

Calculation of Solvency Capital Requirement

C0100

Total undiversified components	R0110	
Diversification	R0060	
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	
Solvency capital requirement excluding capital add-on	R0200	
Capital add-ons already set	R0210	
Solvency capital requirement	R0220	
Other information on SCR		
Amount/estimate of the overall loss-absorbing capacity of technical provisions	R0300	
Amount/estimate of the overall loss-absorbing capacity of deferred taxes	R0310	
Capital requirement for duration-based equity risk sub-module	R0400	
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	
Total amount of Notional Solvency Capital Requirements for ring fenced funds (other than those related to business operated in accordance with Art. 4 of Directive 2003/41/EC (transitional))	R0420	
Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	R0430	
Diversification effects due to RFF nSCR aggregation for article 304	R0440	

Yes/No

C0109

Approach based on average tax rate	R0590	
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LAC DT

Calculation of loss absorbing capacity of deferred taxes

C0130

LAC DT	R0640	
LAC DT justified by reversion of deferred tax liabilities	R0650	
LAC DT justified by reference to probable future taxable economic profit	R0660	
LAC DT justified by carry back, current year	R0670	
LAC DT justified by carry back, future years	R0680	
Maximum LAC DT	R0690	

Annex (in thousand EUR)

S.28.01.01

Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

Linear formula component for non-life insurance and reinsurance obligations

		C0010
MCR _{NL} Result	R0010	26 382

Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
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	C0020	C0030
Medical expense insurance and proportional reinsurance	R0020	9 606
Income protection insurance and proportional reinsurance	R0030	2 261
Workers' compensation insurance and proportional reinsurance	R0040	0
Motor vehicle liability insurance and proportional reinsurance	R0050	41 538
Other motor insurance and proportional reinsurance	R0060	20 174
Marine, aviation and transport insurance and proportional reinsurance	R0070	1 252
Fire and other damage to property insurance and proportional reinsurance	R0080	16 052
General liability insurance and proportional reinsurance	R0090	9 345
Credit and suretyship insurance and proportional reinsurance	R0100	8 203
Legal expenses insurance and proportional reinsurance	R0110	2
Assistance and proportional reinsurance	R0120	2 268
Miscellaneous financial loss insurance and proportional reinsurance	R0130	558
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

Annex (in thousand EUR)

S.28.01.01

Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

Linear formula component for life insurance and reinsurance obligations

C0040		
MCR _L Result	R0200	592

Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
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	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	28 130
Total capital at risk for all life (re)insurance obligations	R0250	2 113

Overall MCR calculation

C0070		
Linear MCR	R0300	26 974
SCR	R0310	58 946
MCR cap	R0320	26 526
MCR floor	R0330	14 737
Combined MCR	R0340	26 526
Absolute floor of the MCR	R0350	4 000
C0070		
Minimum Capital Requirement	R0400	26 526

Annex (in thousand EUR)

S.28.02.01

Minimum capital Requirement - Both life and non-life insurance activity

Non-life activities	Life activities
MCR _(NL,NL) Result	MCR _(NL,L) Result

Non-life activities	Life activities
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	C0010	C0020
Linear formula component for non-life insurance and reinsurance obligations	R0010	

Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months	Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
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	C0030	C0040	C0050	C0060
Medical expense insurance and proportional reinsurance	R0020			
Income protection insurance and proportional reinsurance	R0030			
Workers' compensation insurance and proportional reinsurance	R0040			
Motor vehicle liability insurance and proportional reinsurance	R0050			
Other motor insurance and proportional reinsurance	R0060			
Marine, aviation and transport insurance and proportional reinsurance	R0070			
Fire and other damage to property insurance and proportional reinsurance	R0080			
General liability insurance and proportional reinsurance	R0090			
Credit and suretyship insurance and proportional reinsurance	R0100			
Legal expenses insurance and proportional reinsurance	R0110			
Assistance and proportional reinsurance	R0120			
Miscellaneous financial loss insurance and proportional reinsurance	R0130			
Non-proportional health reinsurance	R0140			
Non-proportional casualty reinsurance	R0150			
Non-proportional marine, aviation and transport reinsurance	R0160			
Non-proportional property reinsurance	R0170			

Annex (in thousand EUR)

S.28.02.01

Minimum capital Requirement - Both life and non-life insurance activity

Non-life activities	Life activities
MCR _(L,NL) Result	MCR _(L,L) Result
C0070	C0080

Non-life activities	Life activities
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Linear formula component for life insurance and reinsurance obligations	R0200		
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Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk	Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
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	C0090	C0100	C0110	C0120
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			
Total capital at risk for all life (re)insurance obligations	R0250			

Annex (in thousand EUR)

S.28.02.01

Minimum capital Requirement - Both life and non-life insurance activity

Overall MCR calculation

		C0130
Linear MCR	R0300	
SCR	R0310	
MCR cap	R0320	
MCR floor	R0330	
Combined MCR	R0340	
Absolute floor of the MCR	R0350	

		C0130
Minimum Capital Requirement	R0400	

Notional non-life and life MCR calculation

	Non-life activities	Life activities
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		C0140	C0150
Notional linear MCR	R0500		
Notional SCR excluding add-on (annual or latest calculation)	R0510		
Notional MCR cap	R0520		
Notional MCR floor	R0530		
Notional Combined MCR	R0540		
Absolute floor of the notional MCR	R0550		
Notional MCR	R0560		