BTA Baltic Insurance Company AAS
SOLVENCY AND FINANCIAL CONDITION REPORT
FOR YEAR 2023

April 2, 2024

CONTENT

SUMMARY

About the report

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

The outline and content of the report has been created 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 has been approved by decision of the Company's Management Board No MB-02-03-03-2024-050 of 2nd April 2024.

Summary of the report

The company offers its customers all types of non-life insurance services and the amount of its gross written insurance premiums in the Baltic countries reached EUR 293 million in 2023, showing a 12% increase compared to 2022 (EUR 262 million). The company's 2023 net profit reached EUR 11.5 million.

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

In 2023, the minimum capital requirement and the solvency capital requirement were fully met. The ratio of eligible own funds to the solvency capital requirement as of 31.12.2023 is 125.91%, and the ratio of eligible own funds to the minimum capital requirement is 214.95%.

The BTA management system is appropriate to the size and level of complexity of its business. The remuneration system complies with legal requirements and business and risk management strategies. Persons who manage the company, as well as provide the key functions, have professional qualifications, knowledge and experience to perform the relevant 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 essential processes and risks. Outsourcing providers and the quality of their services are carefully monitored.

Good corporate governance enables the Company to create sustainable value for its shareholders, customers, employees and other stakeholders. The company's risk management system supports the implementation of the Company's strategy and helps protect capital, liquidity, income and reputation.

The most significant changes in 2023

During the reporting year the Company faced high inflation of material and labor costs, economic recession and weak consumer demand in the Baltics, extreme weather events and strong demand for more sustainable ways of doing business.

At the end of 2023, the board of directors of the company was significantly changed by BTA. Wolfgang Kurt Wilhelm Stockmeyer resigned as BTA Board Chairman and former Deputy Chairman of the Board Oskars Hartmanis was elected to this position. At the same time, a new board member – Gediminas Radavicius – joined the BTA Board, while the other members of the Management Board – Evija Matveja and Tadeus Podvorski – were re-elected to the position of board members for a new term of the Management Board until the end of 2026. Also, at the end of 2023, the BTA Supervisory board, joining the former chairman of the BTA board Wolfgang Kurt Wilhelm Stockmeyer, was elected in a new composition for a new 3-year term.

Events after the end date of the reporting period

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 name: "BTA Baltic Insurance Company", AAS

Financial supervisory authorities of the company:

- The Bank of Latvia
  Address: K.Valdemara iela 2, Riga, LV-1050
  E-mail: info@bank.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 Hirsa 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 29,000 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 28 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	31.12.2022		31.12.2023	
	Number of shares	Number of shares	Number of shares	Shareholding
Vienna Insurance Group AG Wiener Versicherung Gruppe (hereafter - VIG)	516 094	516 094	516 094	100 %

More detailed information on VIG and group structure is available on the VIG web page: https://group.vig/en/vig-inside/group/markets/.

Main lines of business and 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 wide range of non-life insurance products to legal entities and individuals – 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.

By gross premiums written, the main business activities are MTPL (30%), CASCO (23%) and property insurance (17%). Geographically, the largest volume of gross written premiums is accounted for Lithuania - 57%, followed by Latvia with 33% and Estonia - 10%. There have been no significant changes in business lines and their geography during 2023.

Despite working in high inflation environment, the Company managed to achieve its financial goals. The total profit of the Company before taxes reached EUR 11.5 million.

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 293 million, showing a 12% increase compared to the gross written premiums of 2022. 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*	
	2022	2023	2023/2022	2022	2023
Motor vehicle liability insurance (MTPL)	75 501	86 831	115%	2 183	-6 041
Other motor insurance (CASCO)	62 124	67 199	108%	7	5 264
Property insurance	43 320	48 421	112%	-1 334	-981
Medical expense (Health) insurance	37 806	42 137	111%	-3 732	3 243
General liability insurance	13 471	15 946	118%	4 174	4 534
Credit and suretyship insurance	10 010	11 692	117%	4 136	2 735
Assistance	8 960	8 775	98%	1 343	2 336
Income protection (accident) insurance	6 678	8 013	120%	304	1 072
Other Total	4 196	4 411	105%	531	185
Total	**262 066**	**293 425**	**112%**	**7 612**	**12 348**

*- without other expenses (EUR 294.4 thousand - 2022, EUR 1 160 thousand - 2023)

Significant price increase was the main underwriting challenge and, accordingly, a factor that influenced the development of premiums in the reporting year and contributed to the significant increase in the volume of premiums: CASCO insurance premiums grew by 8% to EUR 67.1 million, while motor third party liability insurance (MTPL) volumes increased by 15% in 2023 compared to the previous year and reached EUR 86.8 million (after mandatory fees). However, despite the increase in premiums, MTPL generated a negative result. In 2023, the Company showed a 12% growth rate and a premium amount of €48.4 million in property insurance types, but still generated a negative result. As a positive aspect of the underwriting result, mention should be made of the significant improvement in the result of health insurance and CASCO in relation to 2022. Detailed information is available in appendix S.05.01 and S.05.02.

Effect of risk mitigation techniques on the underwriting outcome

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 carries out careful monitoring of products in order to take timely actions to improve results and adjust the level of risk in accordance with the strategy and annual plan in response to negative trends.

The Company reinsures part of the risk portfolio in order to increase underwriting capacity, 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 acquires 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 constantly 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 the Company's investments during the reporting year has significantly increased – from 287.9 million euros to 335.7 million euros (+15%).

The company takes a conservative approach to its investment policy, basically investing in low-risk assets, thus anticipating low expected credit losses. Since 70% of the Company's total investment portfolio consists of bonds, the decisions of the European Central Bank and notifications of changes in the depositary rate at the central bank also have a close impact on the Company's investment strategy and outcome.

During 2023, the Company continued the strategy started in 2022 – 94% of all total investments were made in various bonds, of which more than 90% were invested in sovereign debt papers. If at the beginning of the year the Company continued the strategy started in 2022 by purchasing only short-term securities, then in the second half of the year, when the Company’s Solvency II indicators improved, and the market, as well as the Company, predicted a possible fall in interest rates, the Company began to invest in longer-term securities in order to extend the Company’s asset portfolio and use the opportunity to invest at the then level of return for a longer term. At the end of 2023, the Company chose to sell part of its lowest-yielding bond portfolio and realized losses to instead purchase longer-term securities with higher yields, thereby lengthening the portfolio and yield of assets. Due to the short-term investment strategy of 2022 and 2023, the Company’s asset portfolio is more than a year shorter than their liabilities portfolio, therefore, also in 2024, the Company intends to invest in long-term securities in order to equate to asset duration liabilities. The company does not consider the current situation in which assets are shorter than liabilities to be problematic because, as a result of day-to-day operations, operating costs are usually covered by operating income.

A.3.1 table. Investment structure, thousand EUR

Asset position	code	2022	2023	Changes in 2023	In 2022, % of total assets	In 2023, % of total assets
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	**263 329**	**301 413**	**38 084**	**79.68%**	**79.28%**
Property (other than for own use)	R0080	1 482	1 119	-363	0.45%	0.29%
Holdings in related undertakings, including participations	R0090	27 052	27 250	198	8.19%	7.17%
Equities (all listed)	R0100	673	952	279	0.20%	0.25%
Bonds	R0130	196 773	237 180	40 407	59.54%	62.38%
Government Bonds	*R0140*	*144 934*	*189 022*	44 088	43.86%	49.72%
Corporate Bonds	*R0150*	*51 840*	*48 158*	-3 682	15.69%	12.67%
Collective Investments Undertakings	R0180	37 349	34 912	-2 437	11.30%	9.18%
Loans and mortgages	**R0230**	**14 519**	**15 253**	**734**	**4.39%**	**4.01%**
Cash and cash equivalents	**R0410**	**12 894**	**19 083**	**6 189**	**3.90%**	**5.02%**
Total investments		**290 742**	**335 749**	**45 007**	**87.98%**	**88.31%**
Total assets	**R0500**	**330 468**	**380 191**	**49 723**	**100.00%**	**100.00%**

Investment performance in 2023 was EUR 4.71 million (EUR 3.09 million in 2022), the main reason for the increase in income is the increase in interest rates compared to 2022, which allowed the company to reinvest short-term investments in 2022 with higher returns.

When revaluing investment assets in accordance with the principles of Solvency II, the eligible own funds increased by EUR 9.9 million during 2023. The main reason for the recovery of equity was the fall in interest rates at the end of 2023, as well as the shortening of the portfolio duration during the year.

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

Asset class	Income		Expected credit losses		Realised profits/losses		Revaluation through the profit and loss account		Unrealized profit / loss	
Gads	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**
Government bonds	850	2 161	-8	-38	-	-1 938	-	-	-11 970	-4 813
Corporate bonds	891	1 024	3	24	7	-93	-131	-94	-8 603	-5 843
Cach and deposits	0	147	-	-	-	-	-	-	-	-
Mortgage and other loans	360	367	-17	-10	-	-	-	-	-	-
Investments in affiliated companies, including participations	166	208	-	-	-	-	1 767	197	-	-
Properties owned	135	131	-	-	-	-	-	-	-	-
Undertakings for collective investment	664	631	-	-	-186	-16	-3 171	-357	-	-
Equity securities	23	39	-	-	-2	-	-59	-11.2	-	-
Total	**3 091**	**4 712**	**-23**	**-25**	**-181**	**-2 048**	**-1 594**	**-265**	**-20 574**	**-10 656**

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 2023, subsidiaries and associates are booked in the financial statements using the cost method. Based on the management's impairment analysis as at 31 December 2023, 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 nature, scale and complexity of its operations, which is based on a transparent organizational structure with clearly defined distribution of duties, rights and responsibilities, as well as a well-designed information management system.

The company is managed by the Shareholders’ meeting, the Supervisory Board and the Management Board in accordance with the provisions of the articles of association of the Company, external regulatory enactments and internal regulatory documents. In order to effectively and professionally manage and supervise the Company, it is ensured that both the Supervisory Board and the Management

Board together have sufficient experience and knowledge of all relevant types of activities and risks of the Company, as well as each individual member of the Management Board has the necessary qualifications, knowledge, skills and professional experience to perform the tasks assigned to it.

At the end of 2023, the board of directors of the company was significantly changed by BTA. Wolfgang Kurt Wilhelm Stockmeyer resigned as BTA Board Chairman and former Deputy Chairman of the Board Oskars Hartmanis was elected to this position. At the same time, a new board member – Gediminas Radavicius – joined the BTA Board, while the other members of the Management Board – Evija Matveja and Tadeus Podvorski – were re-elected to the position of board members for a new term of the Management Board until the end of 2026. Also, at the end of 2023, the BTA Supervisory board, joining the former chairman of the BTA board Wolfgang Kurt Wilhelm Stockmeyer, was elected in a new composition for a new 3-year term.

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;
- Jan Bogutyn – Member of the Supervisory Board;
- Wolfgang Kurt Wilhelm Stockmeyer took up his duties as a member of the Supervisory Board from 18.01.2024.

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 Kurt Wilhelm Stockmeyer – Chairman of the Management Board (until 31.12.2023);

- Oskars Hartmanis – Chairman of the Management Board (from 18.01.2024), Deputy Chairman of the Management Board (until 17.01.2024);
- Evija Matveja – Member of the Management Board;
- Tadeuš Podvorski – Member of the Management Board ;
- Gediminas Radavičius started performing the duties of a member of the Management Board from 18.01.2024.

Country level governance of business

In Latvia: local administrative executive body 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 Management Board member supervising operations of the Branch. Additionally in 2023, for internal decision-making and operational assurance in Estonia, the local administrative executive body Estonian Management Team was 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 administrative executive body Lithuanian Management Team was established (local Executive Board).

Committees established by the Supervisory Board

Audit Committee is operating in accordance with the requirements of the Financial Instrument Market Law and the by-laws of the BTA Audit Committee. 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.

Personnel Committee is established in accordance with the BTA's Articles of Association and Supervisory Board bylaws, and its mission is to address personnel issues relevant to board members, including succession planning.

Committee on Urgent Matters is established in accordance with the BTA's Articles of Association and Supervisory Board bylaws, and its mission it to deal with issues that, due to their particular urgency, cannot be postponed until the next Supervisory Board meeting.

Committees established by the Management Board

Investment committee 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 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 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

As mentioned above, the decision on the changes in the composition of the Management Board and Supervisory Board was made in the end of the reporting period. Amendments came into force in 18 of January, 2024.

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.

	2022	2023
Vienna Insurance Group AG Wiener Versicherung Gruppe	-2 120	-3 618
VIG RE zajišťovna a.s.	-1 535	-2 249

(Detailed information about transactions is available at the Company's annual report for 2023)

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

	2022	2023
Vienna Insurance Group AG Wiener Versicherung Gruppe	**-1528**	**-2 028**
Interest expense for subordinated liabilities	-855	-1 263
Other expense	-673	-765
Compensa Towarzystwo Ubezpieczeń Spolka Akcyjna Vienna Insurance Group (Claims handling costs)	**-128**	**-331**
KKB Real Estate SIA (Interest income from a loan)	**172**	**168**
DONAU Versicherung AG Vienna Insurance Group	**-68**	**-97**
Global Assistance Baltic SIA	**-827**	**-254**
Claim handling costs	-101	-43
Other expenses	-834	-224
Other income	108	13
VIG FUND, a.s.	**97**	**118**
Interest income from loan	3	3
Dividend income from investment in shares	94	115
Ģertrūdes 121 SIA	**101**	**89**
Interest income from loan	29	28
Dividend income from investment in shares	53	40
Other income	19	21
NNC Real Estate Sp. Z O.O (Interest income from a loan)	**105**	**104**
Compania de Asigurari "Donaris Vienna Insurance Group" S.A., Chisinau (Claims handling costs)	-	**-331**

(Indicated only transactions, where the net amount is EUR 50 thousand and above. Detailed information is available at the Company's annual report for 2023)

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

	2022	2023
Receivables	**41 571**	**42 490**
Vienna Insurance Group AG Wiener Versicherung Gruppe	1 261	1 284
VIG RE zajišťovna a.s.	88	2 255
VIG FUND, a.s.	5 021	5 017
Atrium Tower Sp. z o.o.	1 350	1 350
KKB Real Estate SIA	6 589	6 420
Urban Space SIA	481	636
Global Assistance SIA	100	100
Alauksta 13/15 SIA	654	647
Artilērijas 35 SIA	691	681
Ģertrūdes 121 SIA	2 290	2 262
Hymel Sp.z.o.o.	4 396	4 289
LiveOn SIA	19 900	20 939
LiveOn Paevalille OÜ	23	30
LiveOn Stirnu SIA	13	19
LiveOn Terbatas SIA	23	60
LiveOn Linkmenu UAB	40	40
Payables	**71 409**	**84 309**
Vienna Insurance Group AG Wiener Versicherung Gruppe	70 798	83 719
VIG RE zajišťovna a.s.	429	471
Global Assistance SIA	182	119

Detailed information on transactions with related parties is available at the Company's annual report for 2023.

Assets due from VIG FUND, a.s., Atrium Tower Sp. Z.o.o., KKB Real Estate SIA, Alauksta 13/15 SIA, Artilērijas 35 SIA, Ģertrūdes 121 SIA, Hymel Sp.z.o.o., LiveOn SIA, LiveOn Paevalille OÜ, LiveOn Stirnu SIA, LiveOn Terbatas SIA, LiveOn Linkmenu UAB includes loans issued to these related parties. Payables due to Vienna Insurance Group AG Wiener Versicherung Gruppe include subordinated loans. Detailed information is available at the Company's annual report for 2023.

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 performs 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 2023, the Company outsources only some information technology maintenance services, and asset management in limited amount, all outsourcing agreements are coordinated with the Bank of Latvia.

The outsourcing services providers are mainly the Baltic an Austria based companies. 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		
	31.12.2022	**31.12.2023**	**Changes in 2023**
Non-life underwriting risk	40 790	45 256	+4 466
Market risk	21 343	21 330	-13
Counterparty default risk	4 498	5 392	+894
Health underwriting risk	6 170	7 608	+1 438
Life underwriting risk	2 113	3 288	+1 175
Diversification	-20 486	-23 350	-2 864
Basic solvency capital requirement	**54 428**	**59 524**	**+5 096**
Operational risk	7 317	8 341	+1 024
Loss absorption capacity of deferred taxes	-2 799	-2 781	+18
Solvency capital requirement	**58 946**	**65 085**	**+6 139**

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 4.5 MM). The solvency capital requirement as a whole has increased by EUR 6 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 4.5 million for the risk of underwriting non-life insurance in 2023 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 2023 amounts to EUR 21.3 million (end of 2022: 21.3 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		
	31.12.2022	31.12.2023	Changes in 2023
Market risk	**21 343**	**21 330**	**-13**
Interest rate risk	7 445	7 517	72
Equity risk	7 650	8 100	450
Property risk	7 632	8 233	601
Spread risk	6 240	5 344	-896
Market Risk Concentration	1 406	1 920	514
Currency risk	2 143	1 483	-660
Diversification	-11 172	-11 268	-96

Concentration risk in the amount of EUR 1.9 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		
	31.12.2022	31.12.2023	Changes in 2023
Market risk	**281 450**	**325 457**	**44 007**
Interest rate risk	220 347	261 142	40 795
Spread risk	83 695	80 474	-3 221
Property risk	30 527	32 933	2 406
Equity risk	30 003	30 791	787

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		
	31.12.2022	31.12.2023	Changes in 2023
Credit risk	**4 498**	**5 392**	**894**
Type 1 exposures (cash in credit institutions, reinsurers' liabilities)	4 039	4 823	784
Type 2 exposures (brokers, policyholders, other debtors, etc.)	590	729	139
Diversification within counterparty default risk module	-131	-161	-30

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

#	Counterparty group/Name of single name exposure	31.12.2023 Exposure*
1	Wiener Städtische Wechselseitiger Versicherungsverein - Vermögensverwaltung - Vienna Insurance Group	36 335
2	Swedbank AB	8 507
3	HDI Haftpflichtverband der Deutschen Industrie Versicherungsverein auf Gegenseitigkeit	7 878
4	Skandinaviska Enskilda Banken AB	5 786
5	Swiss Re AG	3 305
6	Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft in München	2 945
7	SCOR SE	2 135
8	RHINE REINSURANCE CO LTD/BERMU	1 978
9	SOCIETY OF LLOYD'S	1 963
10	BLACKSTONE GROUP INC/THE	1 759

*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 2023 by Solvency II assessment principles was EUR 5.195 million (31.12.2022 – EUR 3.955 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 8.3 million as at 31.12.2023 (31.12.2022: EUR 7.3 million).

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

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

In order to ascertain that standard formula is appropriate, Company carries out Internal control systems annual assessment, to identify and measure operational risk assessment, (by identifying all operational risks and their controls, assessing frequency and severity of risks, in accordance with the procedure of the Internal Control System), thus identifying the Company's operational risk level and the necessary control activities to reduce it. The required capital to cover potential operational risks thus established is EUR 1.69 million, which slightly decreased comparing with the assessment in 2022 (EUR 2.01 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). 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 2023 is EUR 409.1 million (31.12.2022 – EUR 365.1 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.

  * - Unearned premium reserves represent the proportion of premiums written which relate to the period of risk subsequent to the reporting period. Reserves are calculated for each insurance policy under the 365 – day Pro Rata Temporis method based on the period in force for a particular policy.

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 2023 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. In order to provide a reasonable understanding of the characteristics of existing risks and their trends, the Company uses a period of at least two years in the health insurance business line and a period of at least nine years in other business lines in the calculation of IBNR reserves. 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. The IFRS premium provision is calculated using the premium allocation approach PAA according to IFRS 17, which uses the daily portion of unearned premiums, unamortized customer acquisition expenses and net receivables. The IFRS premium reserve may also include a loss component for loss-making contracts. The best estimate of the premium margin is calculated using the unearned premium margin, but is multiplied by the loss ratio, the expense ratio, the regression in the relationship and the termination ratio. The calculation of solvency II takes into account future premiums receivable for contracts that are valid and have not yet become due.
	Best estimate of premium provisions is calculated as a present value of prospective future payables and receivables. IFRS reserve is not discounted.
	Best estimate of provisions affects considerably receivables effective contract premiums, which have not yet matured.
Claim provisions	The RBNS and IBNR reserves are discounted at different discount rates. The IFRS curve includes a market liquidity premium.
	The Solvency II claims reserve also includes cash flow for possible future regressions.

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.

In 2023 the Company concluded an agreement for provision of ancillary own funds with its shareholder in the amount of EUR 2.0 million. The ancillary own funds provided to the Company are a form of guarantee by the Company's shareholder and are classified as Tier 2 Solvency capital. The ancillary own funds were approved as eligible own funds in May 2023 by the Bank of Latvia, the Company's supervisory authority.

The composition of own funds for solvency purposes is indicated in Table E.1. The structure of the Company's own funds is simple – 70% is the highest quality level – Tier 1. The Company's own funds consist primarily of its equity and reconciliation reserve arising from the excess of the total assets over the total value of liabilities calculated for solvency purposes and reduced by foreseeable dividends for next 12 months.

Table E.1. Own funds structure, in thousand EUR

Position	31.12.2022	31.12.2023			
		Total	Tiers		
			I	II	III
Ordinary share capital	51 609	51 609	51 609	-	-
Reconciliation reserve	-3 442	5 489	5 489	-	-
Subordinated liabilities	22 000	22 000		22 000	
An amount equal to the net deferred tax asset value	861	850			850
Total eligible own funds after deductions	**71 029**	**79 948**	**57 098**	**22 000**	**850**
Ancillary own funds, total	**-**	2 000	-	2 000	-
Total available own funds to meet the SCR	71 029	81 948	57 098	24 000	850
Total available own funds to meet the MCR	70 167	79 098	57 098	24 000	
Total eligible own funds to meet the SCR	**71 029**	**81 948**	**57 098**	**24 000**	**850**
Total eligible own funds to meet the MCR	**53 472**	**62 956**	**57 098**	**5 858**	

The purpose of the Company's capital management is to ensure the Company's sustainable operations and further development, its ability to fully comply with all Company's obligations arising from concluded insurance contracts and to allow dividends to be paid to the shareholders of the Company.

When developing capital management policies and capital management plans, the Company's management uses the methods for calculating the Solvency Capital Requirement in order to determine the capital requirements of the Company, taking into account the Company's existing financial situation, liabilities and future development plans. The management of the company evaluates the level of capitalization desired and determines the measures that are necessary to achieve it in the future taking into account the Company's risk profile and market conditions. Such measures may include limiting and reducing the risks taken, additional capital attraction, and adjusting the Company's development strategy.

Capital management policies and capital management plans are developed by the Management Board of the Company together with the Finance Department, the actuarial function and risk management function and approved by the Supervisory Board of the Company. The capital management process is provided in Image E.1.1.

Image E.1.1. Capital management process.

Capital adequacy assessment	Capital planning	Capital management measures
– Regulatory capitalization – Internal capital requirements – Economic capital	– Amount and quality of capital – Amount and structure of risk – Capital allocation – Strategic targets	– Underwriting targets and limitations – Insurance portfolio management – Management of products and pricing – Investment limits – Dividends – Additional capital attraction – Liability management

E.2 Solvency capital requirement and minimum capital requirement

The Company is fully compliant with minimum capital and solvency capital requirements. The Company's eligible own funds to meet solvency capital requirement are EUR 81.95 million, while the solvency capital requirement is EUR 65.08 million, solvency ratio is 120.5%. The solvency ratio at the end of the reporting period comparing with the end of 2022 has increased by 5 percentage points.

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

Position	31.12.2022	31.12.2023			
		Total	Tiers		
			I	II	III
Total eligible own funds to meet the SCR	71 029	81 948	57 098	24 000	850
Total eligible own funds to meet the MCR	53 472	62 956	57 098	5 858	
Solvency capital requirement (SCR)	58 946	65 085	-	-	-
Minimum capital requirement (MCR)	26 526	29 288	-	-	-
Ratio of eligible own funds to SCR (%)	**120.50%**	**125.91%**			
Ratio of eligible own funds to MCR (%)	**201.59%**	**214.95%**			

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 2023.

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 currently 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 31.12.2023, solvency ratio is 125.91% and the minimum capital solvency ratio is 214.95%.

E.6 Other information

There is no other relevant information to disclose.

Annex I
S.02.01.02
Balance sheet

Assets		Solvency II value
		C0010
Intangible assets	R0030	0
Deferred tax assets	R0040	850
Pension benefit surplus	R0050	0
Property, plant & equipment held for own use	R0060	8 192
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	303 526
Property (other than for own use)	R0080	1 119
Holdings in related undertakings, including participations	R0090	27 250
Equities	R0100	952
Equities - listed	R0110	952
Equities - unlisted	R0120	0
Bonds	R0130	237 193
Government Bonds	R0140	189 022
Corporate Bonds	R0150	48 171
Structured notes	R0160	0
Collateralised securities	R0170	0
Collective Investments Undertakings	R0180	34 912
Derivatives	R0190	0
Deposits other than cash equivalents	R0200	2 100
Other investments	R0210	0
Assets held for index-linked and unit-linked contracts	R0220	0
Loans and mortgages	R0230	13 739
Loans on policies	R0240	0
Loans and mortgages to individuals	R0250	0
Other loans and mortgages	R0260	13 739
Reinsurance recoverables from:	R0270	59 157
Non-life and health similar to non-life	R0280	31 305
Non-life excluding health	R0290	30 898
Health similar to non-life	R0300	407
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	27 852
Health similar to life	R0320	0
Life excluding health and index-linked and unit-linked	R0330	27 852
Life index-linked and unit-linked	R0340	0
Deposits to cedants	R0350	0
Insurance and intermediaries receivables	R0360	3 144
Reinsurance receivables	R0370	1 995
Receivables (trade, not insurance)	R0380	457
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	16 983
Any other assets, not elsewhere shown	R0420	1 015
Total assets	R0500	409 059

Annex I
S.02.01.02
Balance sheet

Liabilities		Solvency II value C0010
Technical provisions – non-life	R0510	154 273
Technical provisions – non-life (excluding health)	R0520	144 105
TP calculated as a whole	R0530	0
Best Estimate	R0540	139 379
Risk margin	R0550	4 726
Technical provisions - health (similar to non-life)	R0560	10 168
TP calculated as a whole	R0570	0
Best Estimate	R0580	9 955
Risk margin	R0590	213
Technical provisions - life (excluding index-linked and unit-linked)	R0600	62 672
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	62 672
TP calculated as a whole	R0660	0
Best Estimate	R0670	60 227
Risk margin	R0680	2 445
Technical provisions – index-linked and unit-linked	R0690	0
TP calculated as a whole	R0700	0
Best Estimate	R0710	0
Risk margin	R0720	0
Contingent liabilities	R0740	0
Provisions other than technical provisions	R0750	0
Pension benefit obligations	R0760	0
Deposits from reinsurers	R0770	41 261
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	29 613
Insurance & intermediaries payables	R0820	19 335
Reinsurance payables	R0830	9 556
Payables (trade, not insurance)	R0840	6 613
Subordinated liabilities	R0850	22 523
Subordinated liabilities not in BOF	R0860	523
Subordinated liabilities in BOF	R0870	22 000
Any other liabilities, not elsewhere shown	R0880	0
Total liabilities	R0900	345 846
Excess of assets over liabilities	R1000	63 212

Annex I
S.04.05.21
Premiums, claims and expenses by country

Home country: Non-life insurance and reinsurance obligations

		Home country: Non-life insurance and reinsurance obligations	Top 5 countries (by amount of gross premiums written): Non-life insurance and reinsurance obligations				
	R0010		LT	EE			
		C0010	C0020	C0020	C0020	C0020	C0020
Premiums written (gross)							
Gross Written Premium (direct)	R0020	95 844	168 589	28 993			
Gross Written Premium (proportional reinsurance)	R0021	0	0	0			
Gross Written Premium (non-proportional reinsurance)	R0022	0	0	0			
Premiums earned (gross)							
Gross Earned Premium (direct)	R0030	93 098	155 598	29 345			
Gross Earned Premium (proportional reinsurance)	R0031	0	0	0			
Gross Earned Premium (non-proportional reinsurance)	R0032	0	0	0			
Claims incurred (gross)							
Claims incurred (direct)	R0040	64 763	101 803	21 652			
Claims incurred (proportional reinsurance)	R0041	0	0	0			
Claims incurred (non-proportional reinsurance)	R0042	0	0	0			
Expenses incurred (gross)							
Gross Expenses Incurred (direct)	R0050	23 218	42 778	8 848			
Gross Expenses Incurred (proportional reinsurance)	R0051	0	0	0			
Gross Expenses Incurred (non-proportional reinsurance	R0052	0	0	0			

`

Home country: Life insurance and reinsurance obligations

		Home country	Top 5 countries: life and health SLT				
	R1010						
		C0030	C0040	C0040	C0040	C0040	C0040
Gross Written Premium	R1020	0					
Gross Earned Premium	R1030	0					
Claims incurred	R1040	0					
Gross Expenses Incurred	R1050	0					

Annex I
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	42 137	8 013	0	86 831	67 199	3 267	48 421	15 946	11 692
Gross - Proportional reinsurance accepted	R0120	0	0	0	0	0	0	0	0	0
Gross - Non-proportional reinsurance accepted	R0130									
Reinsurers' share	R0140	0	4 027	0	44 133	131	819	9 747	2 044	3 845
Net	R0200	42 137	3 986	0	42 698	67 068	2 449	38 674	13 902	7 847
Premiums earned										
Gross - Direct Business	R0210	39 899	7 555	0	83 119	64 122	3 365	45 574	14 631	10 266
Gross - Proportional reinsurance accepted	R0220	0	0	0	0	0	0	0	0	0
Gross - Non-proportional reinsurance accepted	R0230									
Reinsurers' share	R0240	0	3 797	0	42 325	131	1 215	10 404	2 196	4 114
Net	R0300	39 899	3 758	0	40 793	63 991	2 150	35 170	12 435	6 152
Claims incurred										
Gross - Direct Business	R0310	29 861	3 896	0	65 899	42 294	1 549	34 046	3 929	2 330
Gross - Proportional reinsurance accepted	R0320	0	0	0	0	0	0	0	0	0
Gross - Non-proportional reinsurance accepted	R0330									
Reinsurers' share	R0340	0	1 825	0	31 580	871	107	10 235	691	465
Net	R0400	29 861	2 070	0	34 319	41 423	1 442	23 811	3 238	1 865
Expenses incurred	R0550	6 794	616	0	12 515	17 304	758	12 340	4 663	1 552
Balance - other technical expenses/income	R1210									
Total expenses	R1300									

Annex I
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	42	8 775	1 102					293 425
Gross - Proportional reinsurance accepted	R0120	0	0	0					0
Gross - Non-proportional reinsurance accepted	R0130				0	0	0	0	0
Reinsurers' share	R0140	12	73	382	0	0	0	0	65 212
Net	R0200	30	8 702	721	0	0	0	0	228 213
Premiums earned									
Gross - Direct Business	R0210	25	8 484	1 002					278 041
Gross - Proportional reinsurance accepted	R0220	0	0	0					0
Gross - Non-proportional reinsurance accepted	R0230				0	0	0	0	0
Reinsurers' share	R0240	4	75	340	0	0	0	0	64 601
Net	R0300	21	8 409	662	0	0	0	0	213 441
Claims incurred									
Gross - Direct Business	R0310	1	2 829	1 584					188 218
Gross - Proportional reinsurance accepted	R0320	0	0	0					0
Gross - Non-proportional reinsurance accepted	R0330				0	0	0	0	0
Reinsurers' share	R0340	0	23	1 298	0	0	0	0	47 096
Net	R0400	1	2 806	285	0	0	0	0	141 122
Expenses incurred	R0550	2	3 267	159	0	0	0	0	59 971
Balance - other technical expenses/income	R1210								1 160
Total expenses	R1300								61 131

Annex I
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									
Expenses incurred	R1900									
Other expenses	R2500									
Total expenses	R2600									
Expenses incurred	R2700									

Annex I
S.12.01.02
Life and Health SLT Technical Provisions

		Insurance with profit participation	Index-linked and unit-linked insurance			Other life insurance			Annuities stemming from non-life insurance contracts and relating to insurance obligation other than health insurance obligations	Accepted reinsurance	Total (Life other than health insurance, incl. Unit-Linked)
				Contracts without options and guarantees	Contracts with options or guarantees		Contracts without options and guarantees	Contracts with options or guarantees			
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0150
Technical provisions calculated as a whole	R0010										
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	R0020										
Technical provisions calculated as a sum of BE and RM											
Best Estimate											
Gross Best Estimate	R0030								60 227		60 227
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0080								27 852		27 852
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	R0090								32 374		32 374
Risk Margin	R0100								2 445		2 445
Technical provisions - total	R0200								62 672		62 672

Annex I
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						
Technical provisions - total	R0200						

Annex I
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	5 018	1 650	0	16 696	9 848	-116	10 237	985	5 470
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140	0	-74	0	-1 597	-54	-94	639	-236	-1 252
Net Best Estimate of Premium Provisions	R0150	5 018	1 725	0	18 294	9 903	-22	9 597	1 221	6 722
Claims provisions										
Gross	R0160	2 188	1 098	0	50 476	8 213	2 530	14 360	10 695	7 089
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240	0	481	0	24 216	212	884	2 508	846	3 570
Net Best Estimate of Claims Provisions	R0250	2 188	617	0	26 261	8 001	1 645	11 853	9 849	3 518
Total Best estimate - gross	R0260	7 206	2 748	0	67 173	18 061	2 413	24 597	11 681	12 559
Total Best estimate - net	R0270	7 206	2 342	0	44 554	17 904	1 623	21 450	11 070	10 241
Risk margin	R0280	166	47	0	1 996	608	125	901	749	267
Amount of the transitional on Technical Provisions										
Technical provisions - total	R0320	7 373	2 795	0	69 169	18 669	2 538	25 498	12 429	12 827
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330	0	407	0	22 618	157	790	3 147	610	2 318
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0340	7 373	2 388	0	46 550	18 512	1 748	22 351	11 819	10 508

Annex I
S.17.01.02
Non-life Technical Provisions

		Direct business and accepted proportional reinsurance			Accepted non-proportional reinsurance				
		Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	Total Non-Life obligation
		C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
Technical provisions calculated as a whole	R0010								
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	R0050								
Technical provisions calculated as a sum of BE and RM									
Best estimate									
Premium provisions									
Gross	R0060	-8	565	9	0	0	0	0	50 356
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140	0	-7	-24	0	0	0	0	-2 700
Net Best Estimate of Premium Provisions	R0150	-8	572	33	0	0	0	0	53 056
Claims provisions									
Gross	R0160	2	654	1 673	0	0	0	0	98 977
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240	0	0	1 288	0	0	0	0	34 005
Net Best Estimate of Claims Provisions	R0250	2	654	385	0	0	0	0	64 972
Total Best estimate - gross	R0260	-6	1 219	1 682	0	0	0	0	149 334
Total Best estimate - net	R0270	-6	1 226	418	0	0	0	0	118 029
Risk margin	R0280		50	29	0	0	0	0	4 939
Amount of the transitional on Technical Provisions									
Technical provisions - total	R0320	-5	1 269	1 711	0	0	0	0	154 273
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330	0	-7	1 263	0	0	0	0	31 305
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0340	-5	1 276	448	0	0	0	0	122 968

Annex I
S.19.01.21
Non-life Insurance Claims Information

Total Non-Life Business

Accident year / Underwriting year	Z0020	Accident year

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

		Development year													In Current year	Sum of years (cumulative)
	Year	0	1	2	3	4	5	6	7	8	9	10 & +				
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110			C0170	C0180
Prior	R0100											103		R0100	103	103
N-9	R0160	45 071	14 710	1 868	994	713	396	359	1 548	374	66			R0160	66	66 099
N-8	R0170	51 737	14 772	4 554	1 147	2 055	393	107	442	75				R0170	75	75 281
N-7	R0180	59 017	17 618	2 245	1 667	680	430	639	249					R0180	249	82 546
N-6	R0190	61 270	32 747	2 577	1 289	751	223	35						R0190	35	98 891
N-5	R0200	78 076	33 630	4 489	2 858	786	370							R0200	370	120 209
N-4	R0210	94 061	26 356	2 475	1 031	733								R0210	733	124 657
N-3	R0220	92 672	22 656	2 134	918									R0220	918	118 379
N-2	R0230	101 839	31 879	3 173										R0230	3 173	136 892
N-1	R0240	124 181	37 010											R0240	37 010	161 191
N	R0250	123 106												R0250	123 106	123 106
													Total	R0260	165 838	1 107 353

Annex I
S.19.01.21
Non-life Insurance Claims Information

Gross undiscounted Best Estimate Claims Provisions
(absolute amount)

		Development year													Year end (discounted data)
	Year	0	1	2	3	4	5	6	7	8	9	10 & +			
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300			C0360
Prior	R0100											928		R0100	915
N-9	R0160	27 555	6 928	4 821	6 618	6 576	6 239	4 256	3 225	1 435	548			R0160	533
N-8	R0170	26 696	8 933	5 717	4 257	2 347	1 476	1 406	683	250				R0170	254
N-7	R0180	26 189	9 756	6 714	4 991	2 303	1 907	1 232	338					R0180	338
N-6	R0190	38 216	10 508	5 966	4 421	2 864	1 574	836						R0190	848
N-5	R0200	55 327	14 229	8 256	4 408	2 432	2 821							R0200	2 515
N-4	R0210	53 146	11 832	5 310	3 092	2 834								R0210	2 605
N-3	R0220	44 906	7 758	4 639	3 314									R0220	3 076
N-2	R0230	54 065	10 935	6 362										R0230	6 170
N-1	R0240	56 482	17 682											R0240	17 183
N	R0250	66 684												R0250	64 540
													Total	R0260	98 977

Annex I
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 I
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	5 489	5 489			
Subordinated liabilities	R0140	22 000			22 000	
An amount equal to the value of net deferred tax assets	R0160	850				850
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	79 948	57 098		22 000	850
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	2 000			2 000	
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	2 000			2 000	

Annex I
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	81 948	57 098		24 000	850
Total available own funds to meet the MCR	R0510	79 098	57 098		22 000	
Total eligible own funds to meet the SCR	R0540	81 948	57 098	0	24 000	850
Total eligible own funds to meet the MCR	R0550	62 956	57 098	0	5 858	
SCR	R0580	65 085				
MCR	R0600	29 288				
Ratio of Eligible own funds to SCR	R0620	125,91%				
Ratio of Eligible own funds to MCR	R0640	214,95%				

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	63 212
Own shares (held directly and indirectly)	R0710	
Foreseeable dividends, distributions and charges	R0720	5 264
Other basic own fund items	R0730	52 459
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	
Reconciliation reserve	R0760	5 489
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	R0770	
Expected profits included in future premiums (EPIFP) - Non- life business	R0780	5 195
Total Expected profits included in future premiums (EPIFP)	R0790	5 195

Annex I
S.25.01.21
Solvency Capital Requirement - for undertakings on Standard Formula

		Gross solvency capital requirement	Simplifications
		C0110	C0120
Market risk	R0010	21 330	
Counterparty default risk	R0020	5 392	
Life underwriting risk	R0030	3 288	
Health underwriting risk	R0040	7 608	
Non-life underwriting risk	R0050	45 256	
Diversification	R0060	-23 350	
Intangible asset risk	R0070	0	
Basic Solvency Capital Requirement	R0100	59 524	

		USP
		C0090
Life underwriting risk	R0030	
Health underwriting risk	R0040	
Non-life underwriting risk	R0050	

Calculation of Solvency Capital Requirement		C0100
Operational risk	R0130	8 341
Loss-absorbing capacity of technical provisions	R0140	0
Loss-absorbing capacity of deferred taxes	R0150	-2 781
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	65 085
Capital add-on already set	R0210	0
of which, capital add-ons already set - Article 37 (1) Type a	R0211	0
of which, capital add-ons already set - Article 37 (1) Type b	R0212	0
of which, capital add-ons already set - Article 37 (1) Type c	R0213	0
of which, capital add-ons already set - Article 37 (1) Type d	R0214	0
Solvency capital requirement	R0220	65 085
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

Calculation of loss absorbing capacity of deferred taxes		LAC DT
		C0130
LAC DT	R0640	-2 781
LAC DT justified by reversion of deferred tax liabilities	R0650	0
LAC DT justified by reference to probable future taxable economic profit	R0660	-2 781
LAC DT justified by carry back, current year	R0670	0
LAC DT justified by carry back, future years	R0680	0
Maximum LAC DT	R0690	-2 781

Annex I
S.25.05.21
Solvency Capital Requirement - for undertakings using an internal model (partial or full)
Solvency Capital Requirement information

		Solvency Capital Requirement	Amount modelled	USP	Simplifications
		C0010	C0070	C0090	C0120
Risk type					
Total diversification	R0020				
Total diversified risk before tax	R0030				
Total diversified risk after tax	R0040				
Total market & credit risk	R0070				
Market & Credit risk - diversified	R0080				
Credit event risk not covered in market & credit risk	R0190				
Credit event risk not covered in market & credit risk - diversified	R0200				
Total Business risk	R0270				
Total Business risk - diversified	R0280				
Total Net Non-life underwriting risk	R0310				
Total Net Non-life underwriting risk - diversified	R0320				
Total Life & Health underwriting risk	R0400				
Total Life & Health underwriting risk - diversified	R0410				
Total Operational risk	R0480				
Total Operational risk - diversified	R0490				
Other risk	R0500				

Calculation of Solvency Capital Requirement		C0100
Total undiversified components	R0110	
Diversification	R0060	
Adjustment due to RFF/MAP nSCR aggregation	R0120	
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	
Solvency capital requirement, excluding capital add-ons	R0200	
Capital add-ons already set	R0210	
of which, Capital add-ons already set - Article 37 (1) Type a	R0211	
of which, Capital add-ons already set - Article 37 (1) Type b	R0212	
of which, Capital add-ons already set - Article 37 (1) Type c	R0213	
of which, Capital add-ons already set - Article 37 (1) Type d	R0214	
Solvency capital requirement	R0220	
Other information on SCR		
Amount/estimate of the overall loss-absorbing capacity of technical provisions	R0300	
Amount/estimate of the loss absorbing capacity for 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	R0420	
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	R0430	
Diversification effects due to RFF nSCR aggregation for article 304	R0440	
Method used to calculate the adjustment due to RFF nSCR aggregation	R0450	
Net future discretionary benefits	R0460	

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

		LAC DT
Calculation of loss absorbing capacity of deferred taxes		C0130
Amount/estimate of LAC DT	R0640	
Amount/estimate of LAC DT justified by reversion of deferred tax liabilities	R0650	
Amount/estimate of LAC DT justified by reference to probable future taxable economic profit	R0660	
Amount/estimate of LAC DT justified by carry back, current year	R0670	
Amount/estimate of LAC DT justified by carry back, future years	R0680	
Amount/estimate of Maximum LAC DT	R0690	

Annex I
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	29 361

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
Medical expense insurance and proportional reinsurance	R0020	7 206	42 137
Income protection insurance and proportional reinsurance	R0030	2 342	3 986
Workers' compensation insurance and proportional reinsurance	R0040	0	0
Motor vehicle liability insurance and proportional reinsurance	R0050	44 554	42 698
Other motor insurance and proportional reinsurance	R0060	17 904	67 068
Marine, aviation and transport insurance and proportional reinsurance	R0070	1 623	2 449
Fire and other damage to property insurance and proportional reinsurance	R0080	21 450	38 674
General liability insurance and proportional reinsurance	R0090	11 070	13 902
Credit and suretyship insurance and proportional reinsurance	R0100	10 241	7 847
Legal expenses insurance and proportional reinsurance	R0110	0	30
Assistance and proportional reinsurance	R0120	1 226	8 702
Miscellaneous financial loss insurance and proportional reinsurance	R0130	418	721
Non-proportional health reinsurance	R0140	0	0
Non-proportional casualty reinsurance	R0150	0	0
Non-proportional marine, aviation and transport reinsurance	R0160	0	0
Non-proportional property reinsurance	R0170	0	0

Annex I
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	682

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
		C0050	C0060
Obligations with profit participation - guaranteed benefits	R0210		
Obligations with profit participation - future discretionary benefits	R0220		
Index-linked and unit-linked insurance obligations	R0230		
Other life (re)insurance and health (re)insurance obligations	R0240	32 374	
Total capital at risk for all life (re)insurance obligations	R0250		3 288

Overall MCR calculation

		C0070
Linear MCR	R0300	30 043
SCR	R0310	65 085
MCR cap	R0320	29 288
MCR floor	R0330	16 271
Combined MCR	R0340	29 288
Absolute floor of the MCR	R0350	4 000

		C0070
Minimum Capital Requirement	R0400	29 288

Annex I
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
		C0010	C0020
Linear formula component for non-life insurance and reinsurance obligations	R0010		

		Non-life activities		Life activities	
		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
		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 I

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
Linear formula component for life insurance and reinsurance obligations	R0200		

		Non-life activities		Life activities	
		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
		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 I
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
		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		