“BTA Baltic Insurance Company” AAS

Solvency and financial condition report for year 2024

1 April 2025

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SUMMARY

About the report

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

The outline and content of the report has been established in accordance with the Law on Insurance and Reinsurance of the Republic of Latvia, as well as the requirements of Delegated Regulation (EU) 2015/35 of the European Commission supplementing Directive 2009/138/EC of the European Parliament and of the Supervisory Board on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II) and Regulations of the Bank of Latvia Publication requirements for a report on the solvency and financial position of an insurance or reinsurance undertaking.

The report is approved by Decision No. DEC-B-2025/083 of the Company's Management Board on April 2, 2025.

A. Business activities and performance

The company was registered on October 28, 2014 in Riga, Latvia and has two foreign branches – in Estonia and Lithuania.

The sole shareholder of the company is Vienna Insurance Group AG Wiener Versicherung Gruppe (VIG). Headquartered in Vienna, VIG is the leading insurance group in all Central and Eastern Europe. More than 50 insurance companies and pension funds in 30 countries form a group with 200-year traditions, strong brands and close customer relationships.

BTA offers its customers non-life insurance services. The amount of the company's gross written insurance premiums (after mandatory deductions) in 2024 reached EUR 323 million, showing a 10% increase compared to 2023. According to the gross amount of premiums written, the most important business directions in 2024 were motor vehicle liability insurance (MTPL) - 27%, other motor insurance (CASCO) - 22%, Fire and other damage to property insurance - 18% and medical expense (health) insurance - 16%. Geographically, Lithuania accounts for the largest share of gross written premiums – 59%, followed by Latvia with 31% and Estonia – 9%. There have been no significant changes in business lines and their geography during 2024.

The result of underwriting risks in 2024 was positive (EUR 6.8 million), however compared to 2023 it has decreased due to fierce competition in the insurance market and the increase in reported claims and other expenses. In MTPL, which is the largest business line, the amount of gross written premiums (EUR 87.6 million) remained similar to 2023 (+1%), while the underwriting result also remained negative (- EUR 6.5 million). CASCO gross written premiums increased by 7%, reaching EUR 72 million and ensuring a positive underwriting result (EUR 4.2 million). As a positive aspect of the risk underwriting result, it is worth mentioning the growth in property insurance in 2024 - the Company showed a 21% increase in gross written premiums, reaching EUR 58 million in the amount of premiums, being able to generate a positive result despite the challenging third quarter of 2024 for the Company, when storm "Christy" caused very significant damage in the Baltics, generating more than 2000 claims in property insurance, for which a total of more than EUR 7 million were paid in indemnities.

The positive outcome of underwriting insurance risks was ensured by the Company's risk mitigation strategy, which is based on risk diversification and strong reinsurance programmes. The Company works with stable partners whose ratings of Standard & Poor's, Moody, Reuters, A.M. Best and Fitch are no worse than A-.

As the volume of business grows, the Company's investment volume has also increased during the reporting year – from EUR 334.2 million to EUR 378.1 million (+13.1%). During 2024, the Company continued the strategy started in 2022 – 93% of all total investments made during the year were in government bonds, 97% of them - in government bonds of the Baltic States. Capital gains and losses recognised directly in equity amounted to EUR 6.34 million in 2024 (EUR 2.24 million in 2023). The main reason for the increase was the replacement of lower yield assets with higher-yielding assets. The investments made in 2023 as well as throughout 2024 allowed the Company to increase the average return on the portfolio. The Company does not have any investments in securitisation during the reporting period. There were no significant changes in the investment strategy in 2024.

During the reporting year, the Company did not incur any other significant income or expenses from activities that are not related to insurance activities or placement of investments. Investments in subsidiaries and associates are accounted for in the economic balance sheet using the cost method; no impairment was identified as of December 31, 2024.

B. SYSTEM OF GOVERNANCE

In 2024, significant changes took place in the Company's governance system. The composition of the Management Board changed and expanded - Oskars Hartmanis (from 18.01.2024) stepped into the duties of the Chairman, two new members joined the Management Board – Gediminas Radavičius (from 18.01.2024) and Agnese Vilcāne (from 01.06.2024). Evija Matveja and Tadeuš Podvorski – continued to serve as members of the Management Board. On 18.01.2024, Wolfgang Stockmeyer took up the duties of a member of the Supervisory Board of the Company, while Jan Bogutyn left the position of a member of the Supervisory Board as of 12.04.2024. These changes were followed by a transformation of the BTA organisational structure, focusing on setting responsibilities at the Baltic level. The purpose of such changes was to optimize the BTA activities at the Baltic level and to strengthen the Company's position in the Baltic non-life insurance market.

In order to ensure that the persons who effectively supervise and manage the Company, as well as the performers of key functions and persons who take significant decisions on behalf of the Company, have an impeccable reputation and the necessary qualifications, the Company has developed a Fit and Proper Policy, which determines the necessary requirements that the persons concerned must meet, as well as the procedures by which such persons are evaluated. In addition, once a year, those responsible for the key functions shall conduct a self-assessment of their function with regard to the fit and proper requirements and the effectiveness and quality of the performance of the functions. If gaps or insufficient resources are identified, recommendations for improvement are added. Self-assessment is submitted to the Management Board and Supervisory Board of the Company.

The Risk Management System of the Company is designed to ensure the continuous and effective identification, assessment, management and monitoring of risks by integrating them into decision-making. It covers underwriting risks, market risk, credit risk or counterparty default risk, operational risk, liquidity, reputational and strategic risks. Sustainability risks (ESG) are not assigned to a separate risk category, but ESG aspects are addressed within the other risk categories. In each area, governance principles and responsibilities are clearly defined. Own risk and solvency assessment (ORSA) is regularly carried out, including sensitivity analysis, stress tests and scenario analysis. Risk management is closely linked to the Company's operational and capital planning. No significant changes have been made to the risk management system during the reporting period.

The Company pays great attention to ensuring the operation of an effective internal control system that documents the essential processes, division of control and responsibilities in order to guarantee the quality of services for customers and ensure compliance of the operation with regulatory requirements. The internal control system (ICS) is evaluated at least once a year, at the level of each department, making sure that all relevant risks and the controls put in place for them have been documented and assessed. In cases where new risks are identified for which there are no adequate controls, but which are necessary, the relevant controls shall be introduced. The company adopts a risk-based approach and prefers automated controls.

To prevent conflicts of interest, the separation of functions is provided. The internal control functions or key functions are independent, with free access to information and the necessary support from the Management Board and the Supervisory Board.

The risk management function is provided by the Baltic Risk Management Department, the holder of the function – the director of the department. The Risk Management Function (RPF) operates independently of the Company's business processes. Within the framework of the RPF, reports are provided to the Management Board and the Supervisory Board on risk exposure, as well as consultations on risk management issues are provided. The RPF performs risk inventory (risk identification and assessment) and the monitoring of the overall risk profile in close cooperation with the actuarial function and ensures the assessment of the internal control system. Every quarter, the RPF conducts a Risk Bearing Capacity analysis and, at least once a year, ensures that the ORSA process is carried out and prepares an ORSA report.

The compliance function is implemented by the Baltic Legal and Compliance Department in accordance with the Compliance Policy, annually developing a compliance plan and assessing compliance risks.

An Internal Audit Department is established in the Company, which is independent and does not participate in operational activities. Based on the risks, a five-year strategic as well as annual audit plan is developed, which is approved by the Supervisory Board. The director of the department assesses the adequacy of resources for the implementation of the plan and reports to the Supervisory Board if they are insufficient. Quarterly reports are provided to the Management Board, Supervisory Board and Audit Committee on the audits performed, their results and progress in the implementation of the recommendations.

The actuarial function is performed by the Chief Actuary, who is responsible for coordinating the calculation of the technical provisions, the calculations for Solvency II and for ORSA as well as for ensuring the appropriate methodology, assumptions and assessment of the IT systems. The Chief Actuary assess the quality of the data, compares the best estimate with the actual results, and conducts sensitivity analysis to improve the reliability of the calculations, as well as provides opinion on underwriting and reinsurance by analysing the adequacy of premiums, portfolio structure, the impact of inflation and the suitability of reinsurance operations. At least once a year, a report is prepared for management with a summary of the work done, identified deficiencies and recommendations for their elimination.

The Company evaluates the attractiveness of outsourcing on the basis of economic considerations and compares the possibilities of internal resources and costs with the offers of outsourcing services and the associated risks. Precise service quality requirements are established, and regular monitoring is ensured. As of the end of 2024, outsourcing is linked only to certain IT maintenance services, with the approval of the Bank of Latvia. The service providers are from Latvia and Austria. On June 30, 2024, the cooperation with the Estonian asset manager AS Kawe Kapital, which was entrusted with the management of a small amount of the investment portfolio, was terminated.

The company's management system is adapted to the risks inherent in its business activities, considering their nature, scale and complexity.

C. RISK PROFILE

During the reporting period, the Company's risk profile has not changed significantly, it is dominated by non-life insurance underwriting risk and market risk. They are followed by operational risk and the risk of health insurance underwriting. The risk of underwriting life insurance is related to annuities arising from non-life insurance activities (MTPL).

With the increase in the volume of business, the solvency capital requirement is EUR 71.6 million, compared to the end of 2023 it has increased by EUR 6.5 million, of which the risk of underwriting non-life insurance has increased by EUR 5.8 million.

Non-life insurance underwriting risk management includes setting objectives, identifying, assessing, planning and regularly reviewing risk mitigation measures. The risk of premiums and reserves is managed by analysing the market, customer loss data and market prices, as well as conducting continuous monitoring. Risk management includes regular updating of product terms and conditions, revision of tariffication, day-to-day monitoring, reserve adequacy analysis and risk assessment. Monitoring is conducted at both products and sales channels levels with pricing policy and strategy being adjusted in line with the results of the analysis. The risk mitigation strategy is based on diversification and the choice of an optimal reinsurance programme. The cumulation of risk is also controlled, especially in property insurance (within a radius of 200 m), and maximum self-retention amounts are set.

The Company defines market risk as the possibility of financial losses caused by fluctuations in market prices. According to the standard formula, market risk includes interest rates, equity, property, spread, concentration and currency risks. At the end of 2024, the market risk amounted to EUR 23.6 million (EUR 21.3 million in 2023). Risks are managed in accordance with the Investment and Risk Strategy. Investment decisions are made by the Investment Committee, evaluating their impact on the risks, the duration of the portfolio and liabilities, and the currency adjustment. 82% of the portfolio is listed on the stock exchange, which provides liquidity. Unquoted assets are regularly assessed by means of solvency and economic security tests. Derivatives are not used. The concentration risk is limited to investment limits based on the credit ratings of the partners. At the end of 2024, the risk of concentration is 0 (at the end of 2023 - EUR 1.9 million). The company is very sensitive to the increase in interest rates – an increase in interest rates by 1 percentage point reduces the solvency ratio by 15.4 percentage points. In response to the increase in rates in 2022, capital was increased and subordinated loan was acquired. Currently, a sharp increase in interest rates is not expected.

The Company manages credit risk by following certain strategies, including limiting cash balances in specific banks and determining criteria for selecting reinsurers. By the end of 2024, counterparty risk has decreased by EUR 1.4 million, mainly due to the reduction of first type exposures. The largest partners have remained the same as at the end of 2023, but the total exposure has decreased by EUR 1.48 million, including in the case of AB Swedbank by EUR 4.19 million. The company is sensitive to credit rating downgrades – a general drop in credit quality would reduce the solvency ratio by one notch of 4 percentage points, however, such a simultaneous rating downgrade for all partners is considered unlikely

The Company considers the liquidity risk to be low, as most investments are liquid and have a high credit rating. Strategically, a minimum amount of money is provided which is sufficient for the fulfilment of obligations, and assets and liabilities are compared in quarters. Investments are diversified over time, ensuring a smooth cash flow. The cash flow and its forecast are regularly analysed by the Investment Committee. The Company also follows market trends and adjusts liquidity to seasonal risks. The expected return on future premiums at the end of 2024 amounts to EUR 7.043 million.

The Company uses standard formula to calculate operational risk, according to which the solvency capital requirement calculated at the end of 2024 is EUR 9.2 million (EUR 8.3 million in 2023), reflecting the growth of the business. In addition, an annual operational risk assessment is carried out, in which risks and controls are identified and assessed. The value at risk calculated for operational risk is EUR 2.11 million. Operational risks are classified into 12 categories, the most significant of which are the risks of human error, processes and organization, external crime, business disruption and compliance. The largest number of identified risks are concentrated in the categories of human error risk, processes and organization risk and compliance risk. Various control strategies are applied to reduce risk – preventive, corrective, and detective. No significant risks have been identified without effective controls. The company provides training of employees and develops internal regulatory documents for essential processes. There have been no significant changes during the year.

The Company has also assessed strategic, reputational and sustainability risks, all of which are classified as low-level risks. Given the effective system of corporate governance and internal control, these risks are considered to be well controlled. Other significant risks have not been identified.

The company conducts a sensitivity analysis to determine the parameters with the greatest impact on the solvency ratio and identifies risks that may jeopardize sales and profit targets. Key risks are included in stress tests and scenario analyses, including reverse tests, to identify conditions that could lower the solvency ratio below 100%. The likelihood of such a scenario is assessed as extremely low. The results are summarised in an ORSA report, which is prepared at least once a year. An ad-hoc ORSA is carried out if the risk profile changes significantly, e.g. if the solvency ratio falls below 125%, the deviation from the planned profile exceeds 20% or the ratio decreases by 30% compared to the planned one or a company acquired with assets of more than 30% of the Company's balance sheet assets

D. VALUATION FOR SOLVENCY PURPOSES

As of December 31, 2024, the company's assets reached EUR 516.2 million, growing by 26.2% over the year. The majority (68%) is made up of investments, mainly in bonds (82%), which grew by EUR 49.2 million. The amount recoverable from reinsurance accounts is 18.9% of assets and have increasing by EUR 38.3 million.

There are the following differences in the valuation of assets for solvency purposes from financial statements:

- properties valued at market value (not residual value);
- loans – by accounting or theoretical value, depending on the method;
- intangible assets and deferred acquisition costs are not included;
- Reinsurance recoveries are be based on the present value of future cash flows, including risk adjustments.

Technical provisions (best estimate and risk margin) are calculated in accordance with the requirements of Regulation 2015/35, the rules of the Bank of Latvia and the guidelines of the VIG Group. IBNR reserves are calculated for the entire portfolio, except for MTPL, where the InterRisk portfolio is valued separately. Mainly the method of chain coefficients (chain ladder) is used, differentiated by type of insurance and country. For Health insurance an analysis of late claims submission is performed. In the absence of data, the IBNR is determined as the largest of the following values: 5% of the premiums of the last 12 months, initial reserve or calculation by the chain method.

The best estimates are the set of the best estimates of claims and premiums. Differences from IFRS technical provisions arise mainly due to discounting – risk-free rates set by EIOPA (in accordance with Regulation 2015/35) are used. Estimates of premiums are based on cash flow forecasts, including claims, premiums, and related costs. Current indicators of losses, administrative and other relations are considered. Estimates of indemnities in life insurance: RBNS – calculated for each contract based on mortality, inflation, indexation, and rate term structure; IBNR – based on the chain coefficient method (Chain Ladder).

The risk margin is calculated in a simplified way, using the ratio between the best estimate for the following year and the existing one, taking into account reinsurance, the performance model, and the stability of the risk profile.

Segmentation is carried out according to the main risk factor. If only one risk is material in the contract, liabilities are not split. Reserves are calculated by homogeneous risk groups, ensuring statistical reliability and consistency with reinsurance amounts to be recovered.

Data quality and control are ensured by internal regulations, documented methodologies, and quarterly adequacy checks.

Health and life insurance is assessed by the impact of biometric risks by applying the principles of life insurance. The allocation applied to Solvency II requirements is reviewed at least annually to reflect the main risks.

The Company assesses the level of uncertainty of technical provisions through stress tests, sensitivity tests and reverse stress tests, as well as regular checks on the adequacy of reserves. IBNR reserves are also tested by stochastic methods (e.g. Bootstrapping, Monte Carlo) to determine the level of assurance in the context of both IFRS and Solvency II.

Technical assessment: no volatility and compliance adjustments are used; the transitional deduction does not apply (Article 308 of Directive 2009/138/EC); the risk-free interest rates set by EIOPA are used, in accordance with Regulation 2015/35.

E. CAPITAL MANAGEMENT

The company implements a capital management policy that determines the minimum requirements, planning process and action in case of deterioration of the financial situation. The purpose of capital management is to ensure sustainable operation, the ability to meet commitments and develop.

A medium-term (3-year) capital management plan is being developed with the aim of ensuring the level of capital required for business development and to continuously ensure the solvency ratio higher than 125%. If necessary, the Management Board shall submit a capital strengthening plan to the Supervisory Board.

The company's capital structure is mainly based on Tier 1 eligible capital (EUR 72,6 million), as well as subordinated loans (EUR 22 million) and additional equity (EUR 2 million). In total, the company's capital used to meet the solvency capital requirements at the end of 2024 amounted to EUR 97.2 million (increasing compared to the end of 2023 by EUR 15.2 million).

For the calculation of solvency requirements and the minimum capital requirement, a standard formula is used, without special or individual parameters. Simplified calculations have been applied to catastrophe risk assessment, especially in the case of man-made events. The Company does not use the maturity-based equity risk sub-module, as well as internal models – only the standard formula is used.

As of December 31, 2024, Solvency capital ratio: 135.67%, Minimum capital ratio: 245.29%. No discrepancies with either the minimum capital or the solvency capital requirements were found during the reporting period.

Other information

In the period between the last day of the reporting period and the date of signing this report, no further events occurred that would need led to adjustments to this report or which would have to be explained in this report. The Company does not see any risks that could jeopardise its continued existence.

A. BUSINESS AND RESULTS

A.1 Business

Company name: AAS "BTA Baltic Insurance Company"

The financial supervisory authorities of the Company:

- Latvijas Banka
  Address: K.Valdemara street 2, Riga, LV-1050
  E-mail: info@bank.lv

- The Bank of Lithuania
  Address: Gedimino pr. 6, Vilnius, LT-01103
  Postal address: Totorių g. 4, Vilnius, LT-01121
  E-mail: info@lb.lt

- Estonian Financial Supervision AuthorityAddress: Sakala 4, 15030 Tallinn, EstoniaE-mail: info@fi.ee

- Vienna Insurance Group AG Supervisory authority:
  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 Hirša iela1, Riga, Latvia, LV-1045
License No. 55E-mail: kpmg@kpmg.lv

Shareholder: The sole shareholder of the company is Vienna Insurance Group AG Wiener Versicherung Gruppe (VIG). Headquartered in Vienna, VIG is the leading insurance group in all of Central and Eastern Europe. More than 50 insurance companies and pension funds in 30 countries form a group with 200-year traditions, strong brands and close customer relationships. Approximately 30,000 VIG employees take care of the daily needs of approximately 32 million customers. The structure is very diverse and decentralized. VIG relies on local brands as part of its multi-brand strategy. VIG has received an A+ rating from the internationally recognized rating agency Standard & Poor's with a stable outlook. The Vienna Insurance Group is listed on the Vienna, Prague and Budapest stock exchanges. Wiener Städtische Versicherungsverein – a stable main shareholder with a long-term focus – owns around 70% of VIG shares. The remaining shares are in free circulation. More detailed information about the VIG and the group structure can be found in the short video available here: about the VIG.

Table A.1.1. The structure of the shareholders of the company.

Shareholders	31.12.2023		31.12.2024	
	Number of shares	Distribution of shares	Number of shares	Distribution of shares
Vienna Insurance Group AG Wiener Versicherung Gruppe (hereinafter referred to as the VIG)	516 094	100 %	516 094	100 %

Main business lines and geographical areas of the company

The company is registered on October 28, 2014 in Riga, Latvia. The company's head office is located in Riga, Sporta iela 11, Republic of Latvia.

The company has two foreign branches – in Estonia (head office address: Lõõtsa 2B, 11415, Tallinn) and in Lithuania (head office 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 it has all types of non-life insurance licenses:

- land transport insurance (CASCO);
- civil liability insurance of owners of land vehicles (incl. compulsory civil liability insurance of owners of road vehicles – MTPL);
- health insurance;
- property insurance against fire and natural forces;
- property insurance against other damages;
- general liability insurance (GTPL);
- miscellaneous financial loss insurance;
- goods in transit insurance;
- accident insurance;
- assistance (travel) insurance;
- railway rolling stock insurance;
- marine insurance;
- liability for ships insurance;
- aviation insurance;
- aircraft liability insurance;
- suretyship insurance;
- credit insurance;
- legal expenses insurance.

According to the volume of gross written premiums, the most important business directions by gross written premiums in 2024 are MTPL - 27%, CASCO - 22%, property insurance - 18% and medical expenses (health) insurance - 16%.

Geographically, the largest share of gross written premiums is formed in Lithuania – 59%, followed by Latvia with 31% and Estonia – 9%. Lithuania has experienced the fastest growth during the reporting period, with a slight increase in its share in total business activities (from 57% - in 2023).

There have been no significant changes in business lines and their geography during 2024.

A.2 Underwriting performance

In 2024, the Baltic economy started to recover compared to 2023, but the recovery was slow and uneven. Customer demand gradually improved, however, issues such as price sensitivity continued to affect the potential of this recovery.

In total, the amount of the Company's gross written insurance premiums (after contributions of mandatory deductions) in the Baltic States reached EUR 323 million, showing an increase of 10% compared to 2023. In terms of countries, the largest growth was ensured by the Lithuanian branch, where the growth of gross written premiums was 13.5%, in Latvia the growth was 6%, in Estonia 5.5%. In terms of products, the sharpest growth (+24%) was recorded in health insurance, which was mainly ensured by business growth in Lithuania. The second largest percentage increase (+21%) is formed from property insurance.

In general, the company's performance in 2024 corresponded to the development of the Baltic insurance market, while successfully maintaining its position in the market in the main insurance lines. It strengthened its position as the third largest property and casualty insurer in both Latvia and Lithuania, which owns a 16% market share in each market. In the highly competitive Estonian insurance market, the company ranked eighth with a market share of 5%.

The third quarter was challenging for the Company, when storm "Christy" caused very significant damage in the Baltics - mainly in several territories in Latvia and Lithuania. In both Latvia and Lithuania, more than two thousand claims were submitted in the first months after the storm, most of which were property insurance cases. In all three Baltic States, more than EUR 7 million were paid in compensation.

In assessing the significance of the situation, a new risk was introduced into the property insurance policy – torrential rain. This risk will ensure that the client's property is protected from the effects of flooding, even if the flooding is caused by short-term intense rain. Already more than 700 customers have purchased additional rainfall risk by making premium payments in the amount of EUR 17,000.

In Latvia, the development of premiums during the reporting year was influenced by the Company's risk underwriting activities, especially CASCO, Property Insurance and Health Insurance. In Health insurance, which in 2024 was still the largest line of business, the amount of premiums increased by 9%, reaching EUR 28.8 million. In CASCO insurance premiums increased by 3% compared to 2023 and reached EUR 20.4 million, while MTPL insurance slightly decreased (by 2%), with premiums reaching EUR 13.8 million (after mandatory fees), mainly due to lower prices in 2024 compared to the previous year. Property insurance, which was still the second largest line of business in Latvia, grew by 16% in gross written premiums to EUR 24.6 million.

In Lithuania, MTPL insurance, which is the largest business line, in 2024 experienced a slight increase in gross written premiums by 1%, reaching EUR 65.6 million (after mandatory fees), despite the softening of the market. CASCO insurance, the second largest business sector, experienced a 10% increase with premiums of EUR 41.9 million, which was determined by a slight increase in prices. The branch also continued to grow in property insurance, which is the third largest line of business, growing by 27% and reaching a gross written premium of EUR 27.1 million. Personal risk insurance, including health, accident and assistance insurance, shows a strong increase of 39%, with gross premiums written reaching EUR 35.0 million in 2024.

In Estonia, business development in both lines of motor insurance were affected by the constant decline in market tariffs. Nevertheless, in the branch, MTPL's gross written premiums increased by 3% in 2024 to EUR 8.1 million (after mandatory fees). CASCO insurance increased by 7% compared to the previous year, premiums amounted to EUR 9.0 million. The company continued to focus on increasing the amount of premiums in property insurance in Estonia, resulting in an increase of 12%, reaching EUR 8.0 million. However, personal risk insurance, including health, accident and assistance insurance, decreased by 21% in 2024, falling to EUR 2.3 million. The decrease was mainly determined by health insurance, which, compared to 2023, decreased by 53% to EUR 0.3 million.

Table A.2.1. Gross written premium and risk underwriting result of the company, thsd. EUR.

Product type	Gross premiums written			Risk underwriting result*	
	2023	2024	2023/2022	2023	2024
Motor vehicle owner's civil liability insurance (MTPL)	86 831	87 570	+1%	-6 041	-6 587
Other motor insurance (CASCO)	67 199	71 977	+7%	5 264	4 201
Property insurance	48 421	58 390	+21%	-981	751
Medical expenses insurance (Health insurance)	42 137	52 134	+24%	3 243	4 625
General civil liability insurance	15 946	18 150	+14%	4 534	-888
Credit and guarantee insurance	11 692	12 337	+6%	2 735	2 785
Assistance insurance (Travel insurance)	8 775	9 256	+5%	2 336	794
Income protection insurance (Accident insurance)	8 013	9 236	+15%	1 072	1 285
Other	4 411	4 384	-1%	185	-141
Together	**293 425**	**323 435**	**+10%**	**12 348**	**6 825**

*- without other income / expenses (-1 160 thousand EUR - in 2023, +130 thousand EUR - 2024)

As can be seen from the table, in motor vehicle liability insurance (MTPL), which is the largest business line, the amount of gross premiums written remained similar to 2023 (+1%), while the result remained negative (EUR - 6.5 million).

CASCO gross premiums written increased by 7%, reaching EUR 72 million and ensuring a positive underwriting result (EUR 4.2 million). A positive aspect of the result from underwriting risks is the growth in property insurance types in 2024 - the Company showed a 21% increase in gross written premiums and was able to achieve a positive result with a premium volume of EUR 58 million

In general, the result of underwriting risks is positive (6.8 million EUR), although compared to 2023 it has decreased due to fierce competition in the insurance market and the increase in reported claims and other expenses.

During the reporting year, the company has been working on achieving excellence in the insurance technique and building a solid foundation for profitable and sustainable business development in the coming years.

Impact of risk mitigation techniques on the outcome of the signature

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 to take timely actions to improve results and adjust the level of risk in accordance with the strategy and annual plan in response to adverse 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 on a favourable level, in line with regulatory requirements and internal limits. 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.

The ceded reinsurance contains a credit risk and the recoverable reinsurance is shown net of 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 undertakings shall settle their liabilities within a period of up to 30 days. Reinsurance contracts also provide for cases where, if the claim exceeds a certain amount, the reinsurance benefit must be paid immediately. During the reporting period, there have been no cases where the reinsurance undertaking would default on its obligations to the Company.

A.3 Investment performance

When investing in fixed-income securities, real estate, investment funds, share capital of other companies and loans, the Company examines the impact of a particular investment on its solvency.

During the reporting year, the volume of investments of the Company increased significantly – from EUR 334.2 million to EUR 378.1 million (+13.1%).

The company takes a conservative approach to investment strategy, mainly investing in low-risk assets, thus anticipating low expected credit losses. As 76% of the Company's total investment portfolio consists of bonds, the decisions of the European Central Bank and changes to the deposit rate at the central bank also have a strong influence on the Company's investment strategy and results.

During 2024, the Company continued the strategy started in 2022 – 93% of all total investments made during the year were in government bonds, of which 97% were invested in government bonds of the Baltic States. Investments were made in medium or long-term bonds in order to reduce the duration gap between assets and liabilities. As a result, the Company's asset portfolio was 0.5 years shorter than its liabilities at the end of 2024 (at the end of 2023, this gap was 1.9 years). At the end of 2024, the Company chose to sell part of its short-term bond portfolio with the lowest yield and realize losses in order to purchase longer-term securities with higher yields and thus extend the duration and average yield of the assets. In 2025, the Company will need to invest in short-term bonds to create adequate cash flow for 2026 and 2027, as the Company has committed to invest in short-term bonds at the end of 2024 to repay the obligations from the reinsurance deposits. Surplus cash, which the Company will not need to invest in short-term bonds to cover the cash flow for reinsurance deposit repayment, the Company plans to invest in long-term euro zone government or corporate bonds in order not to shorten the duration of total assets compared to the end of 2024.

Table A.3.1. The company's investment structure, thsd. EUR

Asset items	Line code	2023	2024	Changes in 2024	2023, % of assets	2024, % of assets
Investments (excluding assets held in index-linked and unit-linked contracts)	**R0070**	**303 526**	**351 151**	**15.7%**	**74.2%**	**68.0%**
Property (except for own use)	R0080	1 119	1 000	-10.7%	0.3%	0.2%
Investments in affiliated companies, including participations	R0090	27 250	27 277	0.1%	6.7%	5.3%
Equity securities (all listed on the stock exchange)	R0100	952	0	-100.00%	0.2%	0.0%
Bonds	R0130	237 193	288 562	21.7%	58.0%	55.9%
Government bonds	*R0140*	*189 022*	*238 258*	26.0%	46.2%	46.2%
Company bonds	*R0150*	*48 171*	*50 304*	4.4%	11.8%	9.7%
Collective investment undertakings	R0180	34 912	34 312	-1.7%	8.5%	6.6%
Loans and mortgages	**R0230**	**13 739**	**12 807**	**-6.8%**	**3.4%**	**2.5%**
Cash and cash equivalents	**R0410**	**16 983**	**14 156**	**-16.6%**	**4.2%**	**2.7%**
Total investments		**334 248**	**378 114**	**13.1%**	**81.7%**	**73.2%**
Assets together	**R0500**	**409 059**	**516 210**	**26.2%**	**100.00%**	**100.00%**

Investment income in 2024 amounted to EUR 6.34 million (EUR 2.24 million in 2023). The main reason for the increase in income is the elevation in interest rates compared to 2023. The investments made in 2023 as well as throughout 2024 allowed the Company to increase the average return on the portfolio, thus bond income is the main reason for a higher return on the portfolio.

Table A.3.2. Investment income and losses directly recognised in capital, thsd. EUR.

Asset class	Regular income		Expected credit losses		Realized accumulated profit/loss		Revaluation through profit and loss account		Overall result	
Year	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**
Bonds	3 288	6 438	-15	-9	-1 992	-1 995	376	513	1 657	4 948
Equity securities	40	44	-	-	-	-38	-11	-	29	-6
Mortgage and other loans	367	372	-10	1	-	-	-	-	356	374
Cash and deposits	148	294	-	-	-	-	-	-	148	294
Alternative investments	-	12	-	-	-	-	10	92	10	104
Real estate	739	1 113	-	-	-56	136	-640	-636	42	613
Together	**4 581**	**8 273**	**-25**	**-8**	**-2 049**	**-1 897**	**-266**	**-30**	**2 241**	**6 339**

The Company does not have any investments in securitisation during the reporting period.

A.4 Performance of other activities

During the reporting year, the Company did not incur any other significant income or expenses from activities that are not related to insurance activities or placement of investments.

The Company's annual report provides detailed information on the Company's investments in the capital of other companies. In the economic balance sheet, subsidiaries and associated companies are accounted for using the cost method. Based on management's impairment analysis as at December 31, 2024, no impairment has been identified.

A.5 Other information

All relevant information about the company's business and results is reflected in sections A.1-A.4.

B. SYSTEM OF GOVERNANCE

B.1 General information on the system of governance

The company has established a management system appropriate to the nature, scope and complexity of the activity, which is based on a transparent organizational structure with clearly defined responsibilities, rights and division of responsibilities, as well as a well-thought-out system for the exchange of information.

The company is managed by the general meeting of shareholders, the Supervisory Board and the Management Board in compliance with the provisions of the articles of association, 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 and risks of the Company's activities, 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.

In 2024, significant changes took place in the Management Board of BTA - Oskars Hartmanis started to perform the duties of the Chairperson of the Management Board (from 18.01.2024), as well as two new members of the Management Board joined – Gediminas Radavičius (from 18.01.2024) and Agnese Vilcāne (from 01.06.2024). The other members of the Management Board – Evija Matveja and Tadeuš Podvorski – continued to serve as members of the Management Board. Changes also took place in the BTA Supervisory Board in 2024 – as of 18.01.2024, Wolfgang Stockmeyer started the duties of a member of the Supervisory Board, while Jan Bogutyn left the position of a member of the Supervisory Board as of 12.04.2024.

Changes in the Company's structural units at the Baltic level in 2024 were made in order to strengthen the Company's position in the Baltic non-life insurance market, to increase its competitiveness in dynamic market conditions, to promote fast and transparent decision-making and cooperation between the Company's structural units throughout the Baltics, as well as to optimize and improve the Company's activities at the Baltic level in general.

Supervisory Board

The Supervisory Board is the supervisory body of the company which represents the interests of shareholders in the intervals between meetings of shareholders and supervises the activities of the Management Board within the framework specified in the articles of association. The Supervisory Board determines the strategy for the development and operation of the company and approves the budget and policy for implementing the operational strategy, including determination of risks the Company may assume and the acceptable level of risk, and monitors how the Company's Management Board establishes an effective risk management system that ensures the permanent management of existing and potential risks, the management of risk groups and the supervision of their interaction with each other. The Supervisory Board decides on all significant transactions not included in the Company's business plan.

At the end of the reporting period, the Supervisory Board consists of four members of the Supervisory Board elected by the general meeting of shareholders. Meetings of the Supervisory Board are held at least four times a year and at least three members of the Supervisory Board are required to obtain a quorum.

Members of the Supervisory Board of the Company and the position held by them during the reporting period:

- Harald Riener – Chairperson of the Supervisory Board;
- Gabor Lehel – Deputy Chairperson of the Supervisory Board;
- Franz Fuchs – Deputy Chairperson of the Supervisory Board;
- Wolfgang Kurt Wilhelm Stockmeyer - Member of the Supervisory Board (from 18.01.2024);
- Jan Bogutyn – Member of the Supervisory Board (until 11.04.2024).

Management Board

During the reporting period, the Management Board consists of five members of the Management Board elected by the Supervisory Board. Each Management Board member, in accordance with his or her competence within the organisational structure, has defined the areas of activity under supervision. The Company ensures that decisions that significantly affect the strategy, operation and management of the Company's activities, or that have a significant impact on the Company's finances, employees or policyholders and insured persons, are not taken alone.

The Management Board of the Company is responsible for the establishment, management and improvement of the management system, as well as for the effective functioning of the risk management system.

Members of the Management Board of the Company and their position during the reporting period:

- Oskars Hartmanis – Chairperson of the Management Board from 18.01.2024, Deputy Chairperson of the Management Board until 17.01.2024. Areas of responsibility: tasks of the Chairperson of the Management Board (Management Board, Supervisory Board, strategy, Internal Audit); activities in Latvia, including sale of insurance products; coordination of the sale of insurance products in the Baltics; customer experience (Voice of Customers); human resources; information technology.
- Agnese Vilcāne – Member of the Management Board from 01.06.2024. Areas of responsibility: finance (control, accounting, subsidiaries); actuaries; asset management; reinsurance; risk management.
- Evija Matveja – Member of the Management Board. Areas of responsibility: insurance claims; innovation, processes, quality government; sustainability (ESG); project management.
- Tadeuš Podvorski – Member of the Management Board. Areas of responsibility: Lithuanian branch; Estonian branch; legal support and compliance; coordination of administrative support in the Baltics.
- Gediminas Radavičius - Member of the Management Board from 18.01.2024. Areas of responsibility: underwriting of insurance risks; pricing and analysis; business information and data management.

Corporate governance at national level

In Latvia: For internal decision-making regarding business activities in Latvia, the Latvian Management Team has been established.

Composition of the Latvian Management Team:

- Chairperson of the Management Board as Chairperson of the Latvian management team;
- Member of the Management Board, CFO, with responsibility for financial (control, accounting, subsidiaries), actuarial, asset management and reinsurance functions;
- Board member with responsibility for insurance claims, innovation, artificial intelligence development, CO3, marketing, ESG and project management functions;
- Director of the LV Underwriting Department;

- Director of the Baltic Customer Experience (VoC) Department;
- Director of the LV Insurance Claims Department;
- Director of the Baltic Legal and Compliance Department;
- Director of the LV Sales Processes and Support Department.

In Estonia: the branch director represents the branch in cooperation with third parties. The director of the Estonian branch is accountable to the member of the Management Board who supervises the work of the branch. In addition, in 2023, a local government executive body – the Estonian Management Team – has been established for internal decision-making and operational assurance in Estonia.

The composition of the Estonian management team:
- Director of the Estonian branch as Chairperson of the Estonian management team;
- Director of the EE Claims Department;
- Director of the EE Underwriting Department.

In Lithuania: the Branch Director represents the branch in cooperation with third parties. The Director is also a member of the Management Board of the Company. In addition, a local government executive body has been established in Lithuania – the Lithuanian management team, which consists of:
- Director of the Lithuanian branch;
- Deputy Director of the Lithuanian branch, responsible for sales processes;
- Member of the Management Board responsible for the development of insurance products and underwriting risks.

Committees set up by the Supervisory Board

The Audit Committee operates in accordance with the requirements of the Financial Instrument Market Law and the by-laws of the Audit Committee of the BTA. The main task of the Committee is to supervise the process of preparing the annual report with the aim of increasing the reliability of the information provided in the financial statement, as well as to evaluate and propose candidates for sworn auditors for approval by the Supervisory Board of the Company.
Composition of the Committee:
- Chairperson of the Audit (Audit) Committee: Franz Fuchs;
- Members of the Audit (Audit) Committee: Harald Riener, Kazimierz Pawel Bisek.

The Personnel Committee is established in accordance with the statutes of the BTA and the bylaws of the Supervisory Board and its task is to address personnel issues pertaining to board members, including succession planning.
Composition of the Committee:
- Chairperson of the Staff Committee: Harald Riener;
- Members of the Staff Committee: Gabor Lehel, Franz Fuchs.

The Committee for Urgent Matters is established in accordance with the statutes of the BTA and the by-laws of the Supervisory Board and its task is to consider issues which, due to their special urgency, cannot be postponed until the next meeting of the Supervisory Board.
Composition of the Committee:
- Chairperson of the Emergency Committee: Harald Riener;
- Members of the Emergency Committee: Gabor Lehel, Franz Fuchs.

Committees set up by the Management Board

The Investment Committee Baltic approves investment decisions, reviews investment performance, as well as regularly reports to the company's Management Board on investment results and investment strategy results.
Composition of the Committee:
- Chairperson of the Management Board, the Chairperson of the Committee;
- Member of the Management Board, CFO;
- Chief Actuary of the Baltic Actuarial Department;
- Investment Manager, Investment Office.

Tariff committees are collegial bodies created to execute the company's risk underwriting strategy. The main task of the committees is to monitor the profitability of mass products and to verify and approve proposals for tariff changes.

Three committees have been established for the company – in Latvia, Lithuania and Estonia.
Composition of the Committee in Latvia:
- Member of the Management Board with responsibility for the functions of underwriting, pricing and analysis of insurance risks and business information and data management as Chairperson of the Tariff Committee;
- Director of the LV Risk Underwriting Department;
- Director of the Baltic Business Analytics Department;
- Product Manager, LV Risk Underwriting Department.

Composition of the Committee in Lithuania:
- Member of the Management Board with responsibility for the functions of underwriting, pricing and analysis of insurance risks and business information and data management as Chairperson of the Tariff Committee;
- Director of the LT Underwriting Department;
- Product Manager, LT Underwriting Department.

Composition of the Committee in Estonia:
- Member of the Management Board with responsibility for the functions of underwriting, pricing and analysis of insurance risks and business information and data management as Chairperson of the Tariff Committee;
- Director of the EE Underwriting Department;
- Director of the Baltic Business Analytics Department;
- Product Manager of the EE Underwriting Department (in the form of maritime, aviation, their transport and guarantee insurance, also the Product Manager of the relevant type of insurance of the LV Underwriting Department).

The Project Portfolio Steering Committee is a collegial body responsible for project selection, prioritization, project monitoring, providing guidance to Project teams aimed at achieving the strategic goals of the Projects. A project is defined as a temporary action (with a start/end date) to create a unique product, service, or result (a set volume) with a specific budget.
Composition of the Committee: all members of the Management Board, of whom the Chairperson of the Management Board is the Chairperson of the Project Portfolio Steering Committee.

The BI Harmonization Committee Baltic is a collegial body that coordinates the development, implementation and continuous improvement of BI strategies, standards and practices of BI (Business Intelligence) – the insurance system IRIS, and is responsible for the selection, prioritisation and monitoring of BI-related projects.
Composition of the Committee:

- all members of the Management Board;
- Director of the Baltic Business Intelligence Department;
- Director of the Estonian branch;
- Deputy Director of the Lithuanian branch responsible for sales;
- System Architect, Baltic Information Technology Department;
- Project Manager, Baltic Business Intelligence Department.

The Baltic Sustainability Development (ESG) Committee is a collegial body that manages the development, implementation and maintenance of the Company's sustainability strategy and sustainability program.
Composition of the Committee:

- Member of the Management Board of which the Sustainability (ESG) function has been transferred, the Chairperson of the Baltic Sustainability Development (ESG) Committee;
- Member of the Management Board, CFO;
- Investment Analyst of the Investment Office;
- Director of the Baltic Legal and Compliance Department;
- Director of the Baltic Risk Management Department;
- Director of the Baltic Administrative and Environmental Management Department;
- Director of the LV Risk Underwriting Department;
- Director of the Baltic Customer Experience (VoC) Department;
- Director of the Baltic HR and L&D Department;
- Director of the Baltic Marketing and Communication Department.

The Baltic Sales Committee is a collegial body that coordinates the Company's activities in the field of insurance brokers, customers, new and existing transactions at the Baltic level, as well as shares best practices related to the provision of services to Baltic and local insurance brokers, insurance agents, corporate clients.
Composition of the Committee:

- The Chairperson of the Management Board;
- Deputy Director of the Lithuanian branch as Chairperson of the Baltic Sales Committee;
- Director of the Estonian branch;
- Director of the LV Corporate Client Department;
- Director of the LT Department of Corporate Clients and Strategic Brokers;
- Director of the EE Corporate Client Department.

Key Functions

The company designates responsible employees (heads of departments) for the key functions – risk management, compliance, actuarial, and internal audit – who regularly review and assess the performance of the functions under their supervision, the procedures for information exchange and decision-making, and inform the Management Board about necessary improvements or changes.

In order to ensure stable and reliable operation and supervision of the management system, as well as compliance with its activities, the Company has developed internal regulatory documents, which include the main principles and procedures to be followed by the Company's employees.

Each Key function is free from influences that may jeopardise the ability of the Key function to perform its duties objectively, fairly and independently. The person responsible for the Key function does not perform operational activities under his control.

Each Key function is accountable to the Management Board and the Supervisory Board.

A person performing the key function:

- Is able to contact any staff member on their own initiative and have the necessary powers, resources and knowledge, as well as unrestricted access to all relevant information necessary for the performance of their duties;
- immediately reports to the Management Board and/or the Supervisory Board any serious problem within its area of responsibility.

Twice a year, during the annual development discussions, an assessment of the adequacy of resources is carried out for each Key function, taking into account the recommendations of the person responsible for the Key function and the assessment of the responsible board member.

Risk management function.

In the organisational structure of the Company, the risk management function is directly subordinate to the Management Board of the Company.

The risk management function works independently of the Company's business processes.

The management of the risk management function in the Company is implemented by the Director of the Baltic Risk Management Department, whose duties include implementing and maintaining a continuous, systematic and timely responsive risk management system.

Within the framework of the risk management function, the following tasks are performed:

- reports are provided to the Management Board and the Supervisory Board on risk exposure, as well as the Management Board of the Company and structural units are consulted on risk management issues, thus helping the Management Board of the Company to effectively implement the risk management system;
- ensuring risk inventory (risk identification and assessment) and internal control system assessment processes;
- coordination of the risk and solvency own assessment (ORSA) process and preparation of the report;
- monitoring of the overall risk profile in close cooperation with the actuarial function;
- Ensuring a quarterly Risk Bearing Capacity process.

Compliance function.

In the organizational structure of the Company, the Compliance function is directly subordinate to the Management Board of the Company.

The Compliance function operates independently of the Company's business processes, as well as ensures that other tasks assigned to them do not prevent the correct, honest and objective performance of the Compliance function.

The Compliance function in the Company is performed by the Director of the Baltic Legal and Compliance Department, whose responsibilities in the field of legal support and compliance are mutually separated, and who ensures, within the framework of the compliance function:

- the fact that the Company is aware of and fulfils the requirements of external regulatory documents;
- the organisation and control of the process of identifying and assessing compliance risks;
- monitoring of the compliance risk profile and the introduction of risk mitigation measures where existing controls are assessed as insufficient.

The compliance function may report the results of the compliance check and other considerations including making suggestions, directly to the BTA Supervisory Board and the Management Board, as well as:

- a quarterly Compliance Report is prepared for the Management Board, which shall include information on: compliance risk events that occurred during the reporting period; active communications with supervisory authorities; Compliance checks and their results; Execution of the compliance plan;
- prepares and submits annually to the BTA Management Board an annual Compliance Report, including information on the following topics: the results of the annual Compliance Risk Analysis; the Conformity Checks carried out and their results; Compliance risks with events; execution of the compliance plan; the expected changes in the applicable laws and regulations and their impact on business; training of the company's employees in the field of compliance.
- prepare and submit annually to the Management Board an annual compliance risk analysis report.

Actuarial function.

In the organizational structure of the Company, the Actuarial function is directly subordinate to the Management Board of the Company.

The actuarial function in the Company is ensured by the Chief actuary. For more detailed information, see section B.6.

Internal audit function: the internal audit function is ensured by the director of the Internal Audit Department. For more detailed information, see B.5.

Changes in the management system during the reporting period

As mentioned above, at the end of the reporting period, a decision was made on changes in the composition of the Management Board and Supervisory Board. The changes took effect on January 18, 2024.

During 2024, significant changes were made to the company's organizational structure, focusing on the management of the Baltic level, as well as new structural units were created, such as the Baltic Customer Experience (VoC) Department, the Baltic Process and Project Management Department. The implemented changes create additional added value in terms of more efficient use of Baltic knowledge and experience, as well as created additional capacity for improving customer experience for focused activities, as well as continuous process improvement.

Remuneration policy

The remuneration policy of the Company is based on the basic principles of internal justice, remuneration corresponding to the labour market, equal access and promotion of employee actions aimed at achieving the long-term objectives of the Company's activities.

The ratio of the basic salary and variable remuneration in the total remuneration of employees is designed in such a way that employees are motivated to achieve the targets set, respect the long-term interests of the Company and improve their professional qualifications in order to demonstrate a higher level of work performance. The remuneration system balances the remuneration elements so that the basic salary represents a sufficiently large proportion of the total remuneration and employees are not overly dependent on the variable part of the remuneration.

Short-term employee benefits, including wages and salaries and social security payments, bonuses and holiday allowances, are included in net operating expenses in accordance with the accrual principle at the time the service is provided. The Company pays contributions to the State Social Insurance Fund for each employee during the entire period of employment in accordance with the statutory provisions.

The Company has no obligation to pay further contributions in connection with the services rendered by employees who have left the Company..

The company does not define individual and collective performance criteria on which the right to share option agreements, shares or variable components of remuneration depend.

There are no supplementary pension or early retirement schemes for members of the administrative, management or supervisory body and other performers of the Key functions.

Significant transactions with related persons

Transactions with related persons (persons having significant influence on the company and members of the administrative, management or supervisory body) are carried out in accordance with the generally accepted principles of the Company's activities and market prices.

Table B.1.1. Net amount for transactions with related parties – reinsurance, thsd. EUR.

	2023	2024
Vienna Insurance Group AG Wiener Versicherung Gruppe	-3 617	-5 958
VIG RE zajišt'ovna a.s.	2 173	12 470
Compensa Vienna Insurance Group ADB (Lithuania)	175	839
Other related persons	0	45

During 2023 and 2024, the Company had transactions with the following related persons:

- Atrium Tower Sp. Z o.o.;
- Union Biztosító Zrt.;
- Compensa Vienna Insurance Group ADB (Lithuania);
- Compensa Towarzystwo Ubezpieczeń Spolka Akcyjna Vienna Insurance Group;
- Donaris Vienna Insurance Group S.A., Chisinau;
- DONAU Versicherung AG, Vienna Insurance Group;
- Global Assistance Baltic SIA;
- KKB Real Estate SIA;
- Kooperativa pojišt'ovna, a.s. (SK);
- Kooperativa pojišt'ovna, a.s. (CZ);
- LiveOn SIA;
- LiveOn Linkmenu UAB;
- LiveOn Paevalille OU;
- LiveOn Stirnu Ltd.;
- LiveOn Terbatas Ltd.;
- Alauksta 13/15 SIA;
- Artillery 35 Ltd.;
- Gertrudes 121 Ltd.;
- NNC Real Estate Sp. Z O.O.;
- Bulstrad Public Ltd. Comp.;
- Urban Space SIA;
- VIG FUND, a.s.;
- Vienna Insurance Group AG Vienna Insurance Group;

- Members of the Management Board.

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

	2023	2024
Interest income from loans	367	372
Other income	208	159
Income from insurance premiums	4	23
Other expenditure	-935	-1 530
Interest payments on subordinated loans	-1 263	-1 265
Claims handling costs	-538	-535
Management portfolio fee for subordinated loans	-73	-54
Claims paid	-17	-8
Total	**-2 143**	**-2 770**

Table B.1.3. Balance sheet balances for affiliated companies, thsd EUR.

	31.12.2023	31.12.2024
Assets		
Vienna Insurance Group AG Wiener Versicherung Gruppe (Assets (liabilities) of reinsurance contracts)	*-1 284*	*-6 053*
VIG RE zajišt'ovna a.s. (Assets of reinsurance contracts)	*2 255*	*13 570*
Compensa Vienna Insurance Group ADB (Lithuania) (Reinsurance contract assets)	*195*	*826*
Other related parties (Reinsurance contract assets)	-	*45*
Total assets	**1 166**	**8 388**
Loans and receivables		
VIG FUND, a.s.	5 017	5 056
Atrium Tower Sp. Z o.o.	1 350	1 350
KKB Real Estate SIA	6 420	6 246
Urban Space SIA, see Note 16	506	506
Global Assistance SIA	100	100
Alauksta 13/15 SIA	646	637
Artilērijas 35 Ltd.	681	672
Gertrudes 121 Ltd.	2 260	2 229
Hymel Sp.z.o.o.	4 289	4 180
LiveOn Ltd.	19 203	18 203
LiveOn Paevalille OÜ	30	30
LiveOn Stirnu Ltd.	19	19
LiveOn Terbatas Ltd.	60	60
LiveOn Linkmenu UAB	40	40
	40 621	**39 328**
Liabilities		
Vienna Insurance Group AG Wiener Versicherung Gruppe	84 242	81 495
Obligations under reinsurance contracts	*61 719*	*58 972*
Subordinated loan	*22 523*	*22 523*
VIG RE zajišt'ovna a.s.	471	480
Obligations under reinsurance contracts	*471*	*412*
Other provisions	-	*68*
Global Assistance SIA	119	125
Total liabilities	**84 832**	**82 100**

Assets due from VIG FUND, a.s., Atrium Tower Sp. Z.o.o., KKB Real Estate SIA, Alauksta 13/15 SIA, Artilērijas 35 SIA, Gertrudes 121 SIA, Hymel Sp.z.o.o., LiveOn SIA, LiveOn Paevalille OÜ, LiveOn Stirnu SIA, LiveOn Terbatas SIA, LiveOn Linkmenu UAB include loans issued to these related persons. Debts to creditors amounting to EUR 22 million due to Vienna Insurance Group AG Wiener Versicherung Grupp include subordinated loans. Detailed information is available in the Company's Annual Report 2024.

B.2 Fit and Proper requirements

The Company has developed Fit and Proper Policy that determines the necessary qualifications for essential positions (including the Supervisory Board members, Management Board members, Key function holders) and the procedures by which they must be assessed. In particular, it establishes the necessary procedures to assess whether a person is fit and proper – has the necessary professional skills, knowledge and experience, and has an impeccable reputation.

When determining the requirements for professional qualifications, competences and suitability for the position, only those requirements that are necessary for the performance of the duties of a particular position are taken into account.

For members of the Management Board, the following minimum criteria shall be met:

- higher education in the fields of finance, economics, management or law, or in another field requiring special knowledge in order to perform the duties assigned to them in a qualitative manner;
- at least 5 years of professional experience in management positions in financial institutions in areas that the Management Board member is responsible for supervising;
- impeccable reputation and excellent results of work in previous positions;
- the professional qualifications, knowledge and experience of the members of the Supervisory Board and the Management Board are evaluated when assessing their suitability and qualifications.

For persons in charge of the Key functions, the following minimum criteria are met:

- they are sufficiently competent in the field for which it is responsible and is able to ensure that the Company is managed in such a way that it is able to provide insurance on a permanent basis, professionally, qualitatively and in accordance with the requirements of the regulatory enactments;
- they have the necessary education and at least three years' professional experience in the relevant field;
- they have an impeccable reputation;
- they have not been deprived of the right to conduct a commercial activity.

The fit and proper of persons for the position held is determined upon commencement of employment or when taking up office, in the event of re-election, in the event of changes in areas of responsibility and in cases where circumstances have been identified that raise concerns about the person's future suitability and ability to perform their duties.

In addition, a regular assessment of the suitability of the above-mentioned persons is carried out, whereby the information required to determine the suitability and competence of each of the above-mentioned persons is updated and evaluated annually, and the person responsible for the Key function shall carries out an annual self-assessment of the effectiveness of the function with regard to the requirements for professional suitability and the effectiveness and quality of the performance of the function, and shall prepare recommendations for the improvement of the Key functions under his or her responsibility and, if deficiencies are identified, recommendations for a plan to remedy them. The self-assessment carried out shall be submitted to the Management Board and the Supervisory Board.

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

The Company's risk management system covers strategies, processes and reporting procedures that ensure the continuous and effective identification, assessment and management of the risks to which the Company is or could potentially be exposed. It also includes risk monitoring and the use of relevant information in decision-making processes.

The Risk Management System includes:

- the management of underwriting risks;
- market risk management;

- the management of credit risk, i.e. counterparty default risk;
- operational risk management, which also includes compliance risk, information security and business continuity risk management;
- as well as the management of risks not covered by the Solvency Capital Requirement, such as liquidity risk, strategic risk and reputational risk.

Sustainability risks (ESG – environmental, social and governance factors) are not defined as a separate risk category in the Company's risk management system but are integrated into all the above-mentioned risk categories.

The principles of risk management and the responsible departments and persons are clearly defined for each of the above-mentioned areas.

Underwriting departments in Latvia, Lithuania and Estonia ensure the management of insurance underwriting risks – regularly analyse the results of underwriting risks, prepare reports to the Management Board, take the necessary actions to improve underwriting and adjust the risk level in accordance with the strategy and annual plan.

The Baltic Actuarial Department ensures the formation and analysis of technical provisions, calculations of the Solvency Capital Requirement and their evaluation, as well as ensures ORSA calculations, assessments according to the standard formula, monitoring and compliance with the standard formula, as well as the submission of regular Solvency II reports to the supervisory authorities.

The Baltic Reinsurance Department manages reinsurance risk (including counterparty default risk related to reinsurance activities).

The Baltic Planning and Control Department manages market risk, counterparty default risk and liquidity risk in relation to investment activities.

The Baltic Risk Management Department provides a risk management function, including coordinating the ORSA process and preparing ORSA reports, as well as performing operational risk management.

The Company annually ensures the performance of the ORSA. The results of the assessment are used in strategic and operational planning, in the process of drawing up a budget, and in cases where significant changes in the Company’s activities are planned. The need to carry out extraordinary ORSA is assessed.

The company regularly monitors the risk profile. The full calculation of the required solvency capital shall be carried out on a quarterly basis, as are stress tests and regular sensitivity tests. If the actual indicators deviate significantly from the initial ORSA forecasts, the need for an ad-hoc ORSA is evaluated.

The Company performs ORSA once a calendar year, determining and evaluating the potential impact of various extraordinary but possible adverse events or changes in market conditions on the Company's ability to meet its obligations under the insurance contracts in full and to ensure the stability of its financial activities.

The Management Board of the Company approves the test factors and scenarios for the performance of ORSA by identifying the material risks that may affect the size of the Company's solvency capital, the stability of its financial activities and its ability to fully meet its obligations and the corresponding risk factors.

In the ORSA process, the actuarial function performs approved sensitivity tests (to determine the impact of adverse changes in an individual risk factor) and scenario tests (to determine the effects of adverse changes of several risk factors at the same time).

The risk management function performs ORSA in cooperation with the actuarial function, and submits the results to the Management Board of the Company for approval. The Supervisory Board of Company is also informed about the results of the ORSA.

Based on the prepared assessment, the Management Board of the Company decides on the measures to be taken in the event of the occurrence of the events or changes in market conditions mentioned in the assessment with specific conditions, measures and further actions.

In addition to the annual performance of the ORSA, the Management Board of the Company decides on the performance of the ad-hoc ORSA in cases where circumstances arise that could have a significant impact on the solvency of the Company.

The Company has determined its solvency needs based on a comprehensive risk profile analysis, which includes key risks such as insurance, market, credit, operational and liquidity risks. This analysis is carried out using both the standard formula and internal evaluation processes to ensure that the solvency capital requirements correspond to the Company's actual level of risk and business model.

The Company's capital management activities are closely integrated with the risk management system. Adequate capitalization is ensured by regularly assessing risks and their impact on capital requirements, as well as stress tests and sensitivity analyses. These processes ensure that the capital strategy supports the sustainable functioning of the Company while remaining compliant with the Solvency II framework.

In addition, the company's risk management system promotes informed and well-thought-out decision-making processes that contribute to the efficient allocation of capital and risk mitigation. It ensures that solvency requirements and capital management activities are coherent and continuously adapted to respond to changing market and operating conditions.

B.4 Internal control system

In order to ensure effective operation of the internal control system, the Company shall document the essential processes and controls, as well as roles, duties and responsibilities that ensure the compliance of the quality of the services provided by the Company with the specified standards and requirements of regulatory enactments.

At least once a year, the Company shall carry out an assessment of the Internal Control System (ICS), which is intended to reduce operational risks and ensure the achievement of the objectives of the BTA. The Company's management and heads of departments are involved in the ICS assessment process, with each of them identifying all operational risks, evaluating their controls and assessing the residual risk.

In order to prevent potential conflicts of interest, the Company ensures that an employee does not have full control over the implementation of a function, in accordance with the policy to avoid conflicts of interest.

The Company adopts a risk-based approach when implementing control measures. In addition, where, possible, priority is given to the implementation of automated controls – through the use of technology, the development of control activities and effective management of the rights of users of information systems.

The internal control functions shall be independent of the activities of the Company under their control. Any person exercising internal control functions in the Company must:

- have the right to communicate freely with employees on their own initiative, and to have unrestricted access to the information required to ensure internal control;

- the Management Board shall provide the necessary authority, information, support, impartiality and independence;
- have the appropriate qualifications, competence and experience to carry out the relevant internal controls, as well as provide the necessary training.

For the implementation of the compliance function, the Company has developed a compliance policy, which specifies the obligations, powers and reporting obligations of the compliance function. Each year, the Company develops an action plan for ensuring compliance, which takes into account the Company's exposure to compliance risk. Within the framework of the annual operational risk and internal control system assessment process, the compliance function shall assess the compliance risk, determining whether the non-compliance measures adopted by the Company are sufficient.

B.5 Internal audit function

The Internal Audit Department has been established in the company, which in its activities carefully complies with the requirements specified in the Internal Audit Policy and Methodology. The internal audit in not involved in the operational activities over which it exercises control. The internal auditor does not have the right to determine the Company's accounting and control procedures and to give orders to other employees of the Company.

Internal audit planning is carried out on the basis of a risk-based approach, i.e. performing a regular risk assessment for all audited functions and processes. A strategic plan for a five-year period and an annual audit plan are drawn up, which is approved by the Supervisory Board of the Company. Considering the prepared strategic and annual audit plan, the Director of the Internal Audit Department assesses the sufficiency of resources for the implementation of the annual plan. If a significant shortage of resources is identified, then the Director of the Internal Audit Department informs the Supervisory Board about it. The Supervisory Board decides on the involvement of additional resources or changes to the plan.

The Director of the Internal Audit Department submits regular quarterly reports to the Management Board, the Supervisory Board and the Audit Committee of the Company on the audit activities – the audits performed, their results and the monitoring of progress in implementing the recommendations included in the audit reports.

B.6 Actuarial function

The actuarial function in the Company is provided by the chief actuary, who coordinates the calculation of technical provisions, including the development of methodologies and procedures, as well as is responsible for the calculations and reporting of Solvency II and the calculations of the ORSA.

The chief actuary shall coordinate and assess whether the methodologies and assumptions used for the calculation of technical provisions are appropriate for the specific business directions and manner of conduct of business of the company, taking into account the available data, as well as whether the information technology systems used for the calculation of technical provisions adequately support the calculation procedures and assess the adequacy and quality of the data used for the calculation of technical provisions.

By comparing best estimates with experience, the actuarial function reviews the quality of previous best estimates and uses the lessons learned from this assessment to improve the quality of current estimates. The comparison of the best estimates with experience shall include comparisons between the values found and the assumptions underlying the calculation of the best estimate to draw conclusions on the relevance, accuracy and completeness of the data and assumptions used, as well as on the methodologies used to calculate them.

The actuarial function prepares a report containing a reasoned analysis of the reliability and adequacy of the calculation of technical provisions and of the sources and the degree of uncertainty in the estimate of technical provisions. The analysis shall also be supported by a sensitivity analysis, which includes a test of the sensitivity of technical provisions to each of the main risks underlying the liabilities covered by the technical provisions. The actuarial function clearly indicates and explains any concerns it may have regarding the adequacy of technical provisions.

The opinion of the actuary function on underwriting of risk shall include conclusions on:

- the adequacy of the premiums earned to cover future claims and expenses;
- the impact of inflation, legal risk, changes in the composition of the company's portfolio and systems that adjust premiums paid by policyholders up or down depending on their claims history or similar systems implemented in specific homogeneous risk groups;
- the increasing tendency of the insurance contract portfolio to attract or retain insured persons with a higher risk profile (negative selection).

Regarding general reinsurance operations, the opinion expressed by the actuarial function includes an analysis of the Company's risk profile and underwriting guidelines, including:

- reinsurance service providers, taking into account their creditworthiness;
- the expected coverage under the stress scenarios for the underwriting stance;
- the calculation of amounts to be recovered from reinsurance contracts.

The actuary function prepares a written report to be submitted to the Management Board, Supervisory Board and Supervisory authority at least once a year. The report documents all the tasks performed by the actuarial function and their results, clearly indicate any shortcomings and make recommendations on how those shortcomings should be remedied.

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 amount of the required outsourcing and detailed quality requirements, the fulfilment of which is regularly monitored during the term of the contract in order to timely detect and respond to any negative trends in the provision of the service.

The Company determines the scope of the required outsourced service and detailed quality requirements, compliance to which is constantly monitored during performance to identify and respond to any negative trends in service provision immediately.

At the end of 2024, the Company delegates only certain information technology maintenance services coordinated with the Latvijas Banka.

Outsourced service providers are Latvian and Austrian companies. Starting from 2019, a small part of the asset management was transferred to the Estonian company (AS Kawe Kapital), but the cooperation was terminated on 30 June 2024.

B.8 Other information

The Company's management system is appropriate to the types, scope and complexity of risks inherent in the Company's business activities. There is no other relevant information.

C. RISK PROFILE

Table C.1. Capital requirement determined by the standard formula by risk type, in thousand EUR.

Risk category	Solvency capital requirement		
	31.12.2023	**31.12.2024**	**Changes in 2024**
Risk of underwriting non-life insurance	45 256	51 105	+5 849
Market risk	21 330	23 610	+2 280
Credit risk (counterparty default risk)	5 392	3 988	-1 404
The risk of underwriting health insurance	7 608	9 087	+1 478
The risk of underwriting life insurance	3 288	3 176	-111
Diversification	-23 350	-25 273	-1 923
Basic Solvency Capital Requirement	**59 524**	**65 693**	**+6 169**
Operational risk	8 341	9 190	+848
Ability to cover deferred tax losses	-2 781	-3 250	-469
Solvency capital requirement	**65 085**	**71 632**	**+6 548**

The risk profile has not changed significantly during the reporting period. In accordance to the specifics of the operations, 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 arising from the non-life insurance business. The Solvency Capital Requirement is calculated using the Standard formula. At the end of the reporting year, it has increased by EUR 6.5 million, reaching EUR 71.6 million.

C.1 Underwriting risk

When carrying out insurance activities, the Company is subject to the risk of underwriting insurance, which consists of three components: the risk arising from non-life insurance underwriting obligations; the risk arising from the obligation to underwrite health insurance; the risk arising from life insurance underwriting obligations (the risk is formed only from annuities arising from the non-life insurance business –MTPL).

During the reporting period due to business growth the risk of underwriting non-life insurance has increased by EUR 5.8 million towards the end of 2023, reaching EUR 51.1 million and the risk of underwriting health insurance has increased by EUR 1.5 million towards the end of 2023, reaching EUR 9.1 million.

The risk of underwriting life insurance remained at EUR 3.2 million.

Underwriting risk management involves setting goals, identifying, evaluating, and prioritizing key risks. Risk reviews take place at least once a year, including planning activities to mitigate key risks, especially those that may jeopardise the achievement of objectives or risk limits.

In order to mitigate insurance underwriting risk, the Company's underwriting risk strategy is based on risk diversification and the selection of an optimal reinsurance programme that ensures the maintenance of a balanced risk portfolio based on large-scale equal risk portfolios held over number of years. The following business lines have the highest concentrations in the insurance portfolio by the amount of net earned premiums: Insurance of other motor vehicles (CASCO) EUR 68.9 million (28.8%), insurance of medical expenses EUR 47.3 million (19.8%), insurance of civil liability of the owner of motor vehicles (MTPL) – EUR 42.8 million (17.9%), insurance of property against fire and other types of losses – EUR 42.3 million (17.7%).

Control of risk cumulation is ensured at the Baltic level in accordance with the requirements of Solvency II and VIG Group - control of gross and net insured amounts accumulated in property insurance segments within a radius of 200 meters, maximum net retention amounts are set.

The Company uses reinsurance to mitigate losses that could arise in the event of a concentration of insurance risk and to stabilize the Company's performance by mitigating the impact of large claims events. When performing reinsurance, the Company's share of the risk is determined both for a separate object and for a single event, in which losses may be incurred simultaneously for several objects.

Sensitivity tests are carried out within the ORSA and the most significant risks are included in the scenario analysis, for which future management plans are prepared accordingly. The table below shows the result of the sensitivity calculation for a 1 percentage point increase in the loss ratio (due to claims frequency/severity or cost increases) and a EUR 1 million increase in net earned premium, respectively reflecting the potential impact of faster-than-expected business growth.

Table C.1.1. Sensitivity tests, thsd. EUR.

Test	Changes to the Solvency Capital Requirement (SCR)	Changes in eligible own funds (EOF)	Changes in the solvency ratio (SR)
Ultimate loss ratio + 1 p.p.	35	-2 556	-3.6 p.p.
2025 net earned premium (NEP) +1 million EUR	+94	-5*	-0.2 p.p.

**- excluding the positive impact from the profit from insurance activity*

If the loss ratio increases by 1 percentage point, the ratio of eligible own funds to the Solvency Capital Requirement shall decrease by 3.6 percentage points. The increase in net earned premiums by EUR 1 million reduces the solvency ratio by 0.2 percentage points. Such an impact indicates the need to carefully monitor the development of the business in accordance with the plans, in particular, the development of the ultimate loss ratio.

When planning its activities, the company determines the desired distribution of the insurance portfolio between business lines and regularly checks compliance with the planned volumes, both at the time of underwriting and in the preparation of regular reports. In order to ensure the fulfilment of strategic goals based on the results of the analysis, the Company decides on changes in pricing policy, methodology, priority segments (customer, product, geographical).

C.2 Market risk

The market risk in the Company is defined as the risk of financial losses or the risk of negative changes in the financial position of the Company, which may arise from fluctuations in the market prices of assets, liabilities and financial instruments. According to the standard formula, market risk is divided into several components and includes interest rate risk, equity risk, property risk, spread risk, market risk concentration risk and foreign exchange risk.

C.2.1.Table Solvency capital requirement for market risk, thsd EUR

Type of risk	Solvency capital requirement		
	31.12.2023	31.12.2024	Changes in 2024g.
Market risk	**21 330**	**23 610**	**2 280**
Interest rate risk	7 517	11 242	3 725
Equity risk	8 100	8 045	-55
Property risk	8 233	8 254	21
Spread risk	5 344	6 233	889
Market risk concentration risk	1 920	-	-1 920
Foreign exchange risk	1 483	1 773	290
Diversification	-11 268	-11 937	-669

The level of market risk as of the end of 2024 according to the standard formula is EUR 23.6 million (EUR 21.3 million at the end of 2023).

Table C.2.2. Distribution of assets according to their sensitivity to market risk, thsd. EUR.

Type of risk	The value of assets sensitive to the specific risk		
	31.12.2023	31.12.2024	Changes in 2024
Market risk	**325 457**	**373 348**	**47 891**
Interest rate risk	261 142	309 721	48 579
Spread risk	80 474	81 170	696
Property risk	32 933	33 016	83
Equity risk	30 791	30 551	-240

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

Investment decisions are made in monthly meetings of the Investment Committee. All investment decisions are made considering their impact on market risks. Before making investments, the Company evaluates the impact of the investment on the duration of the portfolio by comparing the duration of the Company's assets with the existing liabilities on a quarterly basis, selecting investments of the corresponding duration in the following quarter to reduce the existing gap. Also, once a quarter, the Company compares liabilities in foreign currencies to existing assets, carrying out the necessary investment activities to reduce the prevailing gap.

The Company consolidates all investments in one custodian bank so that in crisis situations it is able to quickly realize the managed assets if needed. 82% of the Company's investment portfolio is listed on various stock exchanges, thus the Company believes that it would be able to quickly realize most of its portfolio at market value if necessary. The Company regularly evaluates investments that are not listed on stock exchanges, following the relevant market and performing analysis and monitoring of the solvency of the investment. Before making investments, the Company carefully evaluates the safety of the investment, performing appropriate economic security checks on the company's leading employees and the total available information about the company in which the Company invests.

The company does not invest in derivatives.

In order to regulate the concentration of risk in financial instruments, the Company has set investment limits per counterparty and for the group of financial instruments as a whole, thus controlling the concentration risk and the required solvency capital by limiting itself to 10% of the total amount of emission and choosing the appropriate concentration risk in a particular company, depending on the credit rating assigned by one of three major credit rating agencies. Whilst following the undertaken concentration limits, the Company also diversifies its portfolio at the same time.

The Investment Committee closely monitors the investment performance and, within the limits set by the Investment and Risk Strategy and in accordance with the principles of prudence, takes decisions on new investments or the sale of assets.

In 2023, concentration risk in the amount of EUR 1.9 million was formed from 2 asset groups – Polish government bonds in Polish zlotys (PLN) and investments in state-owned companies in Latvia - Altum, Airbaltic, Latvenergo. At the end of 2024, assets in the Company's portfolio have not exceeded the ratio to the total amount of assets to create concentration risk.

Table C.2.3. Interest rate sensitivity test, thsd EUR.

Test	Changes to the Solvency Capital Requirement (SCR)	Changes in eligible own funds (EOF)	Changes in the solvency ratio (SR)
Interest rate increase by +1 p.p.	+ 1 117	-9 849	-15.4 p.p

The company is very sensitive to the increase in interest rates - if interest rates are increased by 1 percentage point, the ratio of eligible own funds to the Solvency Capital Requirement decreases by 15.4 percentage points. The Company faced the impact of a sharp increase in interest rates in 2022, when the further management plan was implemented - the share capital was increased by EUR 10 million and an additional subordinated loan in the amount of EUR 15 million was raised.

C.3 Credit risk (counterparty default risk)

Credit risk (counterparty default risk) reflects losses or adverse changes in the value of assets and financial instruments, that may occur over the upcoming twelve months as a result of unforeseen failure or deterioration in the creditworthiness of counterparties or insurance company debtors. 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.

Credit risk in relation to cash balances in credit institutions is managed and controlled in accordance with the principles of investment and limits for cash balances in certain banks set out in the Company's Investment and Risk Strategy. The requirements and limits for reinsurance undertakings are set out in the Reinsurance Policy and approved Reinsurance Programmes.

As for the second type exposures, the risk is controlled by determining and observing the criteria for the selection of counterparties, carrying out effective debt collection and, in the case of insurance receivables, termination of the insurance policy where it is permitted by the regulatory framework.

C.3.1. Table., Counterparty risk allocation, thsd EUR.

Type of risk	Solvency capital requirement		
	31.12.2023	**31.12.2024**	**Changes in 2023**
Counterparty risk	**5 392**	**3 988**	**-1 404**
First type exposures (cash in credit institutions, liabilities of reinsurers)	4 823	3 407	-1 416
Exposures of the second type (brokers, policyholders, other debtors, etc.)	729	735	6
Diversification effect	-161	-161	-30

Counterparty risk decreased by EUR 1.4 million compared to the end of the previous year. The cash balance in banks provides a sufficient level of liquidity to ensure the timely fulfilment of liabilities to customers and partners (Section C). Changes in the reinsurance share of catastrophic risks and the insurance portfolio are also influencing factors.

Table C.3.2. Significant risk concentrations in relation to counterparty default risk, thsd. EUR

#	Counterparty	Loss Given Default	Probability of default	S&P rating	Loss Given Default
		2024			2023
1	VIG Holding Company	41 178	0.0500%	A	36 335
2	HDI GLOBAL SPECIALTY SE	5 982	0.0100%	AA	7 878
3	AB SEB Bankas	5 552	0.5000%	BBB	5 786
4	AB Swedbank	4 314	0.5000%	BBB	8 507
		57 026			**58 506**

* Potential losses in the event of default are calculated according to the Solvency II principles.

Compared to the situation at the end of 2023, the largest exposures are made up of the same partners, as can be seen in Table C.3.2, at the same time the amount of these exposures has decreased by EUR 1.48 million, but as a positive aspect, changes in the exposures from the point of view of the rating determined by the partners – especially AB Swedbank, which has a BBB rating and the exposure has been reduced by EUR 4.19 million.

Table C.3.3. Sensitivity test for changes in credit ratings, thsd. EUR

Test	Changes to the Solvency Capital Requirement (SCR)	Changes in eligible own funds (EOF)	Changes in the solvency ratio (SR)
1 credit quality step (level drop)	+2 147	-560	-4.0 p.p.

The company's sensitivity to a decrease in the credit rating of cooperation partners is significant - a decrease in the overall credit quality assessment by one step, the solvency capital ratio is reduced by 4 percentage points. Taking into account the criteria and quality of the selection of cooperation partners – reinsurers and credit institutions, the risk of a one-level decrease in the credit rating of all partners at the same time is exceedingly doubtful.

C.4 Liquidity risk

Liquidity risk is the risk that the Company does not have access to funds for the fulfilment of obligations without additional expenses or time deviations. This risk includes a mismatch in the maturity structure of assets and liabilities.

According to the Company's Investment and Risk Strategy, most financial investments have an active market with a high credit rating and can be realized in a short time and with minimal expenses or no additional losses. The Company's Investment and Risk Strategy also determines a minimum amount of funds to ensure the anticipated and possible fulfilment of obligations. Due to the above considerations, the liquidity risk in the Company is assessed as low. The Company carries out a quarterly comparison of assets and liabilities, making appropriate investments later in order to reduce the resulting difference. The Company also regularly monitors the financial markets.

Most of the assets are held by the Company with the aim of not speculating, therefore, in order to ensure the possibility for the Company to invest in any period, investment terms are diversified by years and months, ensuring regular cash flow in the Company. The Company analyses cash flow trends in specific months and on the business days of the respective month, planning and maintaining a specific amount of money in current accounts depending on the corresponding day of the month. The Company reviews the cash flow analysis, as well as the future forecast, which is based on historical data and known near-liabilities, at the monthly meetings of the Investment Committee, after which the size of the investment in a given month is selected. Investments have a specific structure and deadline in an annual approved Investment and Risk Strategy.

The company actively follows the trends of insured cases and ensures cash flow in accordance with the needs of the local market, such as, for example, the requirements of crop insurance in the spring months or the increasingly common natural disasters in the summer months.

The total amount of the Company's expected profit included in future insurance premiums as of 31 December 2024 according to the Solvency II assessment principles is EUR 7.043 million (31.12.2023 – EUR 5.195 million).

C.5 Operational risk

To cover operational risk, the capital requirement is calculated using a standard formula. According to the standard formula, the Solvency II capital calculated to cover operational risk as of 31.12.2024 is EUR 9.2 million (EUR 8.3 million on 31.12.2023). The increase in operational risk according to the standard formula reflects the growth of the business.

The company regularly conducts assessments of operational risk and the internal control system, during which it also calculates the value at risk (VaR) for operational risk.

When conducting the annual operational risk assessment, operational risks are classified into 12 categories:

- Risk of business disruption;
- Risk of concentration of knowledge;
- Insufficient human resources;
- Equipment and infrastructure risk;
- IT software and security risk;
- Model and data quality risk;
- IT development risk;
- Project risk;
- Compliance risk;
- Risk of external crime;
- Process and organization risk;
- Human error.

The VaR determined within internal control system assessment process amounted to EUR 2.11 million in 2024, which slightly increased comparing to the previous year (EUR 1.69 million). SCR according to the Standard Formula for operational risk exceeds it by more than four times.

Following the annual assessment of all risks, the most significant categories of operational risk have been identified as process and organisational risk, business disruption risk, external crime risk, human error risk and operational compliance risk. When analysing the number of risks identified at the category level, the largest number of risks are concentrated in categories such as the risk of human error, process and organisational risk, and operational compliance risk. There have been no significant changes during the year. In order to reduce operational risk, the Company chooses various control strategies – both preventive, e.g. determining the levels of access rights/authorisation, and corrective (oriented towards timely prevention of an operational risk event and prevention of possible recurrences), and identifying – those oriented towards the detection of cases of operational risk that have occurred. The assessment process has not identified significant risks without effective controls. The company develops internal regulatory documents for essential processes, provides training for employees.

No material changes in operational risk management took place during the reporting year.

C.6 Other material risks

When identifying and assessing risks, the Company has also identified and assessed strategic risk (low level of risk), reputational risk (low level of risk), sustainability risk (low level of risk). The Company believes that, taking into account the corporate governance system and the internal control system, these risks are well controlled. Other significant risks, in addition to the above, have not been identified.

C.7 Other information

For the purposes of stress tests and scenario analysis, the Company conducts a sensitivity analysis to determine the parameters whose fluctuations most strongly affect the solvency ratio. In addition, the Company identifies risks that may interfere with the achievement of turnover and profit plans. By 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 combining the above parameters. In addition, the Company has also conducted reverse tests to determine the set of circumstances, risks that reduce the Company's solvency ratio below 100%, the occurrence of such a scenario is assessed very unlikely.

The results of the above processes are summarised in the own risk and solvency assessment report (ORSA). The frequency of the standard ORSA is once a year. If there are significant changes in the risk profile during the year, the Company performs extraordinary ORSA. The Management Board shall propose an ad-hoc ORSA if:

- monitoring of the quarterly risk bearing capacity limits shows signs of reduction of the minimum solvency ratio below the threshold of 125% and the total estimated impact is more than 20% for the solvency ratio.

- monitoring of the quarterly risk bearing capacity indicates a reduction in the solvency ratio compared to the planned solvency ratio of 30%.
- the Company acquires a new business, and the total assets of the new company exceeds 30% of the assets of the Company's economic balance.

D. VALUATION FOR SOLVENCY PURPOSES

D.1 Assets

The total amount of the company's assets as of 31 December 2024 is EUR 516.2 million, compared to the end of the previous period, the assets have increased by 26.2% (as of 31 December 2023 – EUR 409.1 million). 68% of assets consist of investments, of which 82% are investments in bonds, which increased by EUR 49.2 million or 21.7% during the year. 18.9% of assets make up amounts recoverable from reinsurance contracts, which have increased by EUR 38.3 million.

When evaluating assets for solvency purposes (in accordance with the requirements of Regulation 2015/35) and comparing the result with financial statements, the following differences are formed:

- in property positions (Fixed assets for own use, property), since for solvency purposes they are reflected in fair market value and in financial statements in residual value (after depreciation);
- loans are measured on the basis of book value if the pricing method is the amortised cost method (observable input data: cost price; redemption price, actual profit) or on the basis of theoretical value if the pricing method is a present value method in which there are known cash flows (observable input data: yield curves depending on the issuer, sector and rating);
- for solvency purposes, intangible assets and deferred acquisition costs are not included in the balance sheet;
- amounts recoverable from reinsurance contracts: the financial statements include the exact amount of reserves for deferred claims and unearned premiums and, for solvency purposes, the present value of future projected cash flow, which includes an adjustment for counterparties' defaults. Reserves for unearned premiums shall be the proportion of premiums entered in the accounts relating to the period of risk after the reporting period. Reserves are calculated for each insurance policy according to the 365-day Pro Rata Temporis method, based on the period valid for a particular policy.

D.2 Technical provisions assessment

The best estimates and the risk margin are calculated in accordance with Regulation 2015/35 and in accordance with the rules issued by Latvijas Banka and the guidelines of the VIG Group, respectively as of 31 December 2023. the total amount can be seen in the Company's balance sheet, in the attached template S.02.01.02, and in the template S.12.01.02. and template S.17.01.02 shows the relevant information by type of insurance: life, health and non-life insurance.

Table D.2.1. Gross technical reserves of the company, thsd EUR.

Business line	Reserves as of 31.12.2024		Risk margins	Total technical provisions
	Best estimate premium reserves	Best estimate of claim reserves		
Medical expenses insurance	5 610	2 411	171	8 192
Income protection insurance	1 732	1 112	44	2 889
Workers' compensation insurance	-	-	-	-
Motor vehicle owner's liability insurance	19 292	56 284	2 065	77 641
Other motor insurance	11 584	10 268	726	22 578
Insurance in the field of shipping, aviation and transport	47	8 385	196	8 629
Property insurance against fire and other types of damage	13 842	21 576	1 114	36 532
General civil liability insurance	869	17 138	903	18 910
Credit and guarantee insurance	10 832	8 523	286	19 641
Legal expenses insurance	40	2	140	42
Help	549	871	62	1 482
Miscellaneous financial losses	411	1 375	19	1 805
Lifetime annuity arising from non-life insurance contracts	0	68 533	2 614	71 147
Together	**64 809**	**196 479**	**8 200**	**269 489**

IBNR reserves are calculated for the entire portfolio of the Company, except for MTPL, where the portfolio of InterRisk Vienna Insurance Group AAS, formed after the merger in 2019, is calculated separately and later counted together with the rest of the Company's portfolio.

When calculating the IBNR reserve for the following licenses, the chain ladder method is used (the classification of contracts (by type of insurance and country-by-country is used to calculate IBNR):

- Accident insurance;
- Health insurance;
- Land transport (except rail transport) insurance (CASCO);
- Property insurance against other risks;
- General civil liability insurance;
- Guarantee insurance;
- Assistance insurance;
- Civil liability insurance for owners of land vehicles (MTPL).

In order to calculate the IBNR reserve for the type of health insurance of Latvia and Estonia, the Company performs a timely analysis of claims not reported for each month during the last two years before the end of the relevant reporting period. Based on this analysis, the reserve for IBNR is determined.

In cases where insufficient statistical data are available, e.g. lack of historical data, the IBNR reserve is calculated as the maximum amount of the percentage (5%) of premiums written in the relevant type of insurance during the last 12 months, or at least of the initial reserve, or using the triangular method in the following types of insurance:

- Rail transport insurance;
- Aircraft insurance;
- Ship insurance;
- Property insurance against other risks
- Aircraft owners' civil liability insurance;
- Shipowners' civil liability insurance;
- Credit insurance;
- Insurance against various financial losses;
- Legal expenses insurance;
- Assistance insurance.

For the calculation of the risk margin, the Company uses a simplified method, i.e. estimates approximately, using the ratio between the best estimate in a given future year and the best estimate on the date of assessment. This method takes into account the maturity and run-off pattern of net liabilities (subject to amounts recoverable from reinsurance contracts). Consequently, account shall be taken of the way in which the best net estimate of technical provisions has been calculated.

This method takes into account the liability minus reinsurance, maturity and write-off model. Consequently, considerations have been given as to how the best estimate of technical provisions less reinsurance has been calculated. It is also considered whether assumptions about the risk profile of an enterprise can be considered to be constant over time. This includes:

- underwriting risk - an assessment of whether the sub-risks of underwriting risk are constant;
- counterparty default risk - an assessment of whether the credit quality of the counterparty or a special purpose vehicle is constant;
- market risk - an assessment of whether market risk is constant;
- operational risk - an assessment of whether the share of a counterparty or a special purpose vehicle is fixed;
- an adjustment to consider whether the loss-absorbing capacity of technical provisions relative to the net best estimate is unchanged.

If any or all of these assumptions are not confirmed, the actuarial function shall assess the significance of the deviation from those assumptions. If the effect of the deviation in comparison with the total margin of risk is not significant, then the method is used. Otherwise, the actuarial function adjusts the formula accordingly or uses a more complex method.

The company has not established any special purpose vehicle.

Table D.2.2. Technical provisions of the company's reinsurance, thsd. EUR.

SII Business Line	Best estimate as at 31.12.2024		Total technical provisions
	Best estimate premium reserves	Best estimate claim reserves	
Medical expenses insurance	-	-	-
Income protection insurance	2 111	487	2 598
Workers' compensation insurance	-	-	-
Motor vehicle owner's liability insurance	14 235	27 204	41 439
Other motor insurance	-29	36	7
Insurance in the field of shipping, aviation and transport	-132	5 628	5 496
Property insurance against fire and other types of damage	1 467	5 889	7 356
General civil liability insurance	-301	4 420	4 119
Credit and guarantee insurance	-649	4 497	3 848
Legal expenses insurance	-	-	-
Help	-8	-	-8
Miscellaneous financial losses	49	1 104	1 153
Lifetime annuity arising from non-life insurance contracts	-	31 482	31 482
Together	**16 744**	**80 746**	**97 490**

The best estimate is the sum of the best estimate of the claims and premiums. The best estimate of life and the best estimate of non-life remuneration differ with IFRS (according to International Financial Reporting Standards) technical provisions due to discounting. The best estimate of premiums is calculated as cash flow forecasts, including cash flows to the extent that they relate to existing insurance and reinsurance contracts. The main cash flow items are indemnity payments to policyholders and beneficiaries, premium payments and any additional cash flows arising from those premiums and expense payments. In order to calculate the specific cash flow, current indicators of loss, administrative, etc. relations are used.

Appendix, template S.19.01.21. Non-life claims are aggregated quantitative information on gross claims paid and the best gross estimate of the claims margin.

For the calculation of the risk margin, the Company uses a simplified method, i.e. estimates approximately, using the ratio between the best estimate in a given future year and the best estimate on the date of assessment. This method takes into account the maturity and run-off pattern of net liabilities (subject to amounts recoverable from reinsurance contracts). Consequently, account shall be taken of the way in which the best net estimate of technical provisions has been calculated.

Segmentation: the existing liabilities of contracts for each type of insurance are segmented by the main risk factor. Where the contract involves risks of different types of transactions and only one of the risks contained in the contract is material, the contractual obligations shall not be severed.

There are no material differences within the company between the bases, methodologies and assumptions used in the assessment of solvency purposes and those used in the measurement of the remuneration for the technical provisions' financial statements.

Cash flow in life insurance is calculated as the amount of cash flows of the unpaid claims related to the reported but not settled claims (RBNS) and the claims incurred but not reported (IBNR).

The best estimates of the life RBNS reserve are calculated on a country-by-country and contract-by-contract basis using mortality tables, projected inflation, indexation and an appropriate risk-free interest rate maturity structure.

The cash flow of the life IBNR reserve is formed using the chain ladder method of pension and other long-term payouts and the triangle of RBNS.

In order to ensure the reliability and comparability of the best estimates of technical provisions and calculations of the risk margin, the Company develops internal regulatory documents, describing in detail the calculation methodology and assumptions. In order to ensure a reasonable understanding of the characteristics of existing risks and their trends, in the calculation of IBNR reserves, 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 the other business lines. Data are available in the Company's data warehouses for each relevant group of homogeneous risks, which is used in the calculation of technical provisions.

Each change in the coefficients and correction of data is documented, describing the reason and the justification for the chosen method.

The accuracy, completeness and consistency of the data used, the correctness of the assumptions is assessed by checking the adequacy of technical provisions at least quarterly.

The best estimates for technical provisions shall be calculated using homogeneous risk groups. When creating a homogeneous risk group, a proportionality shall be observed between the reliability of the available data, which allows for an appropriate statistical analysis, and the homogeneity of the risk characteristics within the group.

Consistency between homogeneous risk groups used to estimate gross technical provisions and amounts recoverable from reinsurance contracts is ensured by classifying recoverable amounts according to the same principles as remuneration and linking indemnity to a specific item.

In order for homogeneous risk groups to be sufficiently stable over time, in Solvency II conditions they are formed using a breakdown by licensed insurance products by grouping them together.

Insurance and reinsurance liabilities arising from health and other non-life insurance or reinsurance contracts shall be segmented by life insurance or reinsurance business where such liabilities are subject to biometric risks (e.g. mortality, longevity, disability or morbidity) and the variables characterising those risks shall be taken into account in the assessment of such liabilities in the application of the technical principles of life assurance.

The assumptions used for the allocations of the Solvency II business lines shall be reviewed at least annually and monitored for the basis of the principal risks of the business line.

Table D.2.3. Differences in IFRS gross reserves and best estimate.

Reserve	Reasons for differences
Premium reserve	The IFRS premium margin is calculated using the premium allocation approach (PAA) in accordance with IFRS 17, which uses the daily share of unearned premiums, unamortised customer acquisition expenses and net receivables. The IFRS premium buffer may also include a loss component for loss-bearing contracts. The best estimate of the premium margin is calculated using the unearned premium margin, but it is multiplied by the loss ratio, expense ratio, regression ratio and termination ratio. The calculation of Solvency II takes into account future premiums for contracts that are in force and for which the payment date has not yet expired.
	The best estimates of premium reserves are calculated as the present value of the cash flow of possible future costs and contributions. IFRS reserve is not discounted.
	The best estimate of the reserve is strongly influenced by future premiums for contracts that are in force and have not yet matured.
Remuneration reserve	RBNS and IBNR reserve are discounted at different discount rates, the IFRS curve includes a market liquidity premium.
	The Solvency II Remuneration Margin also includes cash flow for possible future regressions.

The Company analyses the level of uncertainty related to the value of technical provisions by performing stress tests, sensitivity analyses and reverse stress tests, as well as by regularly checking the adequacy of reserves. The Company also examines the amount of the IBNR buffer using stochastic methods (Bootstrapping, Monte Carlo) and which determine the level of assurance for IFRS and Solvency II compensation reserves.

The Company do not use volatility and compliance adjustments for the calculation of technical provisions.

The transitional deduction referred to in Article 308d of Directive 2009/138/EC is not apply.

The Company uses the risk-free interest rates set by EIOPA (The European Insurance and Occupational Pensions Authority) as set out in Regulation 2015/35.

D.3 Other liabilities

There are no other commitments.

D.4 Alternative methods for valuation

Alternative valuation methods are used for tangible assets and property, as well as for loans. The frequency of the revaluation is in accordance with Regulation 2015/35.

D.5 Other information

There is no other information.

E. CAPITAL MANAGEMENT

E.1 Own funds

The purpose of the Company's capital management is to ensure the sustainable operation and further development of the Company, the ability to fulfil all the Company's obligations arising from concluded insurance contracts, as well as to ensure dividend distribution to the Company's shareholders.

The capital management policy and capital management plans are developed by the Management Board of the Company together with the Baltic Planning and Controlling Department, the actuarial function and the risk management function, and they are approved by the Supervisory Board of the Company.

The Company's Management Board evaluates the favourable level of capitalization and determines the measures 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, raising additional capital, and adjusting the Company's development strategy if required. The capital management process is attached in Figure E.1.1.

Figure E.1.1. Capital management process.

Assessment of capital adequacy	Capital planning	Capital management measures
– regulatory requirements – internal capital requirements – economic capital	– quality and amount of capital – structure and amounts of risk – allocation of capital between risks – strategic objectives	– underwriting purposes and limitations – insurance portfolio management – product development and charging – investment limits – amount of dividends – raising additional capital – liability management

Within the framework of the VIG Group, it is stipulated that the Company's solvency ratio must exceed 125% during the entire planning period. In cases where it is necessary to strengthen the capital of the Company, the Management Board of the Company shall submit a capital strengthening plan for approval to the Supervisory Board. The plan may include an offer to reduce dividend distribution ratio, an application to shareholders to increase capital or provide subordinated loan or additional own funds, and may also include changes to reinsurance programmes, investment limits or underwriting targets.

The amount of own funds to meet the Solvency Capital Requirement is calculated in accordance with Regulation 2015/35. The composition of own funds for solvency purposes is given in Table E.1. The structure of the company's own funds is simple – 70 % is the highest level of usable capital – Tier 1. The company's own funds consist of own share funds, subordinated liabilities and a reconciliation reserve, which is an excess of the total value of assets over the total value of liabilities calculated for solvency purposes and reduced by expected dividends over the next 12 months.

Table E.1. Equity and its structure, thsd. EUR

Heading name	31.12.2023	31.12.2024			
		Together	Levels		
			I	II	III
Equity	51 609	51 609	51 609	-	-
Reconciliation reserve	5 489	21 012	21 012	-	-
Subordinated liabilities	22 000	22 000		22 000	
Amount equivalent to the value of net deferred tax assets	850	560			560
Total basic equity after deductions	**79 948**	**95 181**	**72 621**	**22 000**	**560**
Total additional own funds	2 000	2 000	-	2 000	-
Total equity to be used to meet the Solvency Capital Requirement	**81 948**	**97 181**	**72 621**	**24 000**	**560**
Total own funds to be used to meet the minimum capital requirement	**62 956**	**79 068**	**72 621**	**6 447**	

Subordinated liabilities: Loans from Vienna Insurance Group AG Wiener Versicherung Gruppe:

- EUR 1.5 million (2023: EUR 1.5 million EUR), the loan was taken over in the process of the acquisition of InterRisk Vienna Insurance Group AAS. The loan repayment term is December 28, 2025, the annual interest rate is 5%.
- EUR 5.5 million was received on December 27, 2018, annual interest rate 5.5%, maturity – 10 years.
- EUR 15 million was received on June 17, 2022, annual interest rate 5.82%, maturity – 10 years.
- No changes have taken place during 2024.

Additional own funds: In 2023, the Company entered into an agreement with the shareholder on the provision of additional own funds in the amount of EUR 2.0 million. The additional equity provided to the Company is a type of guarantee for the Company's shareholder and is classified as Tier 2 Solvency Capital. In May 2023, the additional own funds were approved as eligible own funds by Latvijas Banka, which is the supervisory authority of the Company. No changes have taken place during 2024.

The reconciliation reserve is made up of retained earnings, the result of the reporting period, and changes in IFRS 9 reserves. The IFRS 9 reserve can increase or decrease based on the revaluation of assets in the investment portfolio whose fair value is reflected in other comprehensive income. For example, the IFRS 9 reserve will increase when the yield of bonds decreases, as the price of the bonds held by the Company will rise. The IFRS 9 reserve will decrease when the yield of held bonds increases. Since most of the bond portfolio is linked to the euro, the decisions made by the European Central Bank regarding depositary rates have a significant impact on the Company's IFRS 9 reserves.

During the reporting year, interest rates on the international financial and capital markets moderately declined and had a positive impact on the valuation of the financial asset market (total impact on eligible own funds: +EUR 6.34 million, increase in the value of investments: +EUR 7.4 million, technical provisions: -EUR 1.1 million). This is the driving force behind the increase in the revaluation reserve. The additional revaluation margin has increased due to the increase in retained earnings (50% of net profit) and business growth (retained earnings).

There is no material difference between the capital in the company's financial statements and the balance of the difference between assets and liabilities calculated for solvency purposes.

E.2 Solvency capital requirement and minimum capital requirement

The Company fulfils the established minimum capital and solvency capital requirements. The company's usable equity to meet the Solvency Capital Requirement is EUR 97.6 million, the required Solvency Capital is EUR 71.6 million, and the solvency ratio is 135.67%. At the end of the reporting period, the solvency ratio has increased by 10 percentage points compared to the previous period.

Table E.2. Minimum capital and solvency capital requirements, thsd. EUR.

<table>
<tr><th rowspan="3">Position name</th><th rowspan="3">31.12.2023</th><th colspan="4">31.12.2024</th></tr>
<tr><th rowspan="2">Total</th><th colspan="3">Levels</th></tr>
<tr><th>I</th><th>II</th><th>III</th></tr>
<tr><td>Total equity to be used to meet the Solvency Capital Requirement</td><td>81 948</td><td>97 621</td><td>72 621</td><td>24 000</td><td>560</td></tr>
<tr><td>Total own funds to be used to meet the minimum capital requirement</td><td>62 956</td><td>79 181</td><td>72 621</td><td>6 447</td><td></td></tr>
<tr><td>Solvency capital requirement</td><td>65 085</td><td>71 632</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td>Minimum capital requirement</td><td>29 288</td><td>32 235</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td>Ratio of eligible own funds to the Solvency Capital Requirement (%)</td><td>125.91%</td><td colspan="4">135.67%</td></tr>
<tr><td>Ratio of eligible own funds to the minimum capital requirement (%)</td><td>214.95%</td><td colspan="4">245.29%</td></tr>
</table>

For the calculation of the Solvency Capital Requirement (SCR), the Company uses a standard formula. The breakdown of SCR by type of risk is shown in Table C.1 in Section C.

Standard formula risk modules and sub-modules using simplified calculations: simplified calculations are used for man-made catastrophe risks – the Company determines the largest possible risk (separately for commercial property and private property) and assesses additional risks within a radius of 200 m around it.

The Company does not use specific individual parameters agreed with the supervisory authority for the Standard Formula in the life, non-life and health insurance underwriting risk modules.

The company does not have any specific parameters that should be used following the decision of the supervisory authority, nor the amount of the capital increase determined by the relevant supervisory authority.

The minimum capital is calculated according to the standard formula. The influencing factors are the amount of net written premiums and net technical provisions (excluding risk margin).

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 module used

There is no difference between the standard formula and internal models, since the Company does not currently use any internal model in the calculation of Solvency Capital Requirement.

E.5 Non-compliance with the minimum capital requirement and SCR

The solvency requirements are fully met – as of 31.12.2024, the solvency capital ratio is 135.67%, and the minimum capital requirement ratio is 245.29%. There were no non-compliances with the Minimum Capital Requirement and the Solvency Capital Requirement in the reporting period.

E.6 Other information

There is no other information.

Annex I (in thousand EUR)
S.02.01.02
Balance sheet

		Solvency II value
Assets		C0010
Intangible assets	R0030	0
Deferred tax assets	R0040	560
Pension benefit surplus	R0050	0
Property, plant & equipment held for own use	R0060	10 408
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	351 151
Property (other than for own use)	R0080	1 000
Holdings in related undertakings, including participations	R0090	27 277
Equities	R0100	0
Equities - listed	R0110	0
Equities - unlisted	R0120	0
Bonds	R0130	288 562
Government Bonds	R0140	238 258
Corporate Bonds	R0150	50 304
Structured notes	R0160	0
Collateralised securities	R0170	0
Collective Investments Undertakings	R0180	34 312
Derivatives	R0190	0
Deposits other than cash equivalents	R0200	0
Other investments	R0210	0
Assets held for index-linked and unit-linked contracts	R0220	0
Loans and mortgages	R0230	12 807
Loans on policies	R0240	0
Loans and mortgages to individuals	R0250	0
Other loans and mortgages	R0260	12 807
Reinsurance recoverables from:	R0270	97 490
Non-life and health similar to non-life	R0280	66 008
Non-life excluding health	R0290	63 410
Health similar to non-life	R0300	2 598
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	31 482
Health similar to life	R0320	0
Life excluding health and index-linked and unit-linked	R0330	31 482
Life index-linked and unit-linked	R0340	0
Deposits to cedants	R0350	0
Insurance and intermediaries receivables	R0360	16 388
Reinsurance receivables	R0370	12 104
Receivables (trade, not insurance)	R0380	442
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	14 156
Any other assets, not elsewhere shown	R0420	704
Total assets	R0500	516 210

Annex I (in thousand EUR)
S.02.01.02
Balance sheet

Liabilities		Solvency II value
		C0010
Technical provisions – non-life	R0510	198 342
Technical provisions – non-life (excluding health)	R0520	187 261
TP calculated as a whole	R0530	0
Best Estimate	R0540	181 890
Risk margin	R0550	5 371
Technical provisions - health (similar to non-life)	R0560	11 082
TP calculated as a whole	R0570	0
Best Estimate	R0580	10 866
Risk margin	R0590	216
Technical provisions - life (excluding index-linked and unit-linked)	R0600	71 147
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	71 147
TP calculated as a whole	R0660	0
Best Estimate	R0670	68 533
Risk margin	R0680	2 614
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	583
Pension benefit obligations	R0760	0
Deposits from reinsurers	R0770	64 989
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	27 744
Insurance & intermediaries payables	R0820	23 287
Reinsurance payables	R0830	17 952
Payables (trade, not insurance)	R0840	10 839
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	437 406
Excess of assets over liabilities	R1000	78 804

Annex I (in thousand EUR)
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	101 585	191 276	30 574			
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	98 709	177 822	29 786			
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	64 677	118 665	21 139			
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	29 121	47 121	9 682			
Gross Expenses Incurred (proportional reinsurance)	R0051	0	0	0			
Gross Expenses Incurred (non-proportional reinsurance	R0052	0	0	0			

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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 (in thousand EUR)
S.05.01.02
Premiums, claims and expenses by line of business

		Line of Business for: **non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)**								
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090
Premiums written										
Gross - Direct Business	R0110	52 134	9 236	0	87 570	71 977	3 162	58 390	18 150	12 337
Gross - Proportional reinsurance accepted	R0120									
Gross - Non-proportional reinsurance accepted	R0130									
Reinsurers' share	R0140	0	4 622	0	44 346	207	451	12 434	2 261	4 277
Net	R0200	52 134	4 614	0	43 224	71 771	2 711	45 957	15 889	8 060
Premiums earned										
Gross - Direct Business	R0210	47 346	8 629	0	86 731	69 104	3 231	53 827	16 746	10 312
Gross - Proportional reinsurance accepted	R0220									
Gross - Non-proportional reinsurance accepted	R0230									
Reinsurers' share	R0240	0	4 327	0	43 940	181	605	11 516	2 216	3 661
Net	R0300	47 346	4 302	0	42 791	68 923	2 626	42 310	14 530	6 651
Claims incurred										
Gross - Direct Business	R0310	32 383	3 822	0	61 268	42 357	6 815	38 174	12 654	2 548
Gross - Proportional reinsurance accepted	R0320									
Gross - Non-proportional reinsurance accepted	R0330									
Reinsurers' share	R0340	0	1 886	0	32 096	211	5 169	13 118	3 642	1 563
Net	R0400	32 383	1 936	0	29 172	42 146	1 646	25 056	9 012	984
Expenses incurred	R0550	10 339	1 081	0	20 207	22 576	1 124	16 503	6 406	2 882
Balance - other technical expenses/income	R1210									
Total expenses	R1300									

Annex I (in thousand EUR)
S.05.01.02
Premiums, claims and expenses by line of business

		Line of Business for: **non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)**			Line of business for: **accepted non-proportional reinsurance**				Total
		Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty	Marine, aviation, transport	Property	
		C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0200
Premiums written									
Gross - Direct Business	R0110	21	9 256	1 201					323 435
Gross - Proportional reinsurance accepted	R0120								
Gross - Non-proportional reinsurance accepted	R0130								
Reinsurers' share	R0140	6	88	426					69 117
Net	R0200	15	9 168	775					254 317
Premiums earned									
Gross - Direct Business	R0210	35	9 126	1 231					306 317
Gross - Proportional reinsurance accepted	R0220								
Gross - Non-proportional reinsurance accepted	R0230								
Reinsurers' share	R0240	11	87	428					66 972
Net	R0300	24	9 039	804					239 345
Claims incurred									
Gross - Direct Business	R0310		3 965	495					204 481
Gross - Proportional reinsurance accepted	R0320								
Gross - Non-proportional reinsurance accepted	R0330								
Reinsurers' share	R0340	1	92	106					57 885
Net	R0400		3 873	389					146 596
Expenses incurred	R0550	188	4 372	249					85 925
Balance - other technical expenses/income	R1210								-130
Total expenses	R1300								85 795

Annex I (in thousand EUR)
S.05.01.02
Premiums, claims and expenses by line of business

		Line of Business for: **life insurance obligations**						**Life reinsurance obligations**		Total
		Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Health reinsurance	Life-reinsurance	
		C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0300
Premiums written										
Gross	R1410									
Reinsurers' share	R1420									
Net	R1500									
Premiums earned										
Gross	R1510									
Reinsurers' share	R1520									
Net	R1600									
Claims incurred										
Gross	R1610									
Reinsurers' share	R1620									
Net	R1700									
Expenses incurred	R1900									
Other expenses	R2500									
Total expenses	R2600									
Expenses incurred	R2700									

Annex I (in thousand EUR)
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								68 533		68 533
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0080								31 482		31 482
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	R0090								37 051		37 051
Risk Margin	R0100								2 614		2 614
Technical provisions - total	R0200								71 147		71 147

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

		Health insurance (direct business)			Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Health reinsurance (reinsurance accepted)	**Total (Health similar to life insurance)**
			Contracts without options and guarantees	Contracts with options or guarantees			
		C0160	C0170	C0180	C0190	C0200	C0210
Technical provisions calculated as a whole	R0010						
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	R0020						
Technical provisions calculated as a sum of BE and RM							
Best Estimate							
Gross Best Estimate	R0030						
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0080						
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	R0090						
Risk Margin	R0100						
Technical provisions - total	R0200						

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

		Direct business and accepted proportional reinsurance								
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100
Technical provisions calculated as a whole	R0010									
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	R0050									
Technical provisions calculated as a sum of BE and RM										
Best estimate										
Premium provisions										
Gross	R0060	5 610	1 732	0	19 292	11 584	47	13 842	869	10 832
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140	0	2 111	0	14 235	-29	-132	1 467	-301	-649
Net Best Estimate of Premium Provisions	R0150	5 610	-379	0	5 057	11 613	179	12 375	1 170	11 481
Claims provisions										
Gross	R0160	2 411	1 112	0	56 284	10 268	8 385	21 576	17 138	8 523
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240	0	487	0	27 204	36	5 628	5 889	4 420	4 497
Net Best Estimate of Claims Provisions	R0250	2 411	625	0	29 081	10 232	2 758	15 687	12 718	4 027
Total Best estimate - gross	R0260	8 021	2 845	0	75 577	21 852	8 433	35 418	18 007	19 356
Total Best estimate - net	R0270	8 021	247	0	34 137	21 845	2 937	28 063	13 888	15 508
Risk margin	R0280	171	44	0	2 065	726	196	1 114	903	286
Amount of the transitional on Technical Provisions										
Technical provisions - total	R0320	8 192	2 889	0	77 641	22 578	8 629	36 532	18 910	19 641
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330	0	2 598	0	41 439	7	5 496	7 356	4 119	3 848
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0340	8 192	291	0	36 202	22 571	3 133	29 176	14 791	15 794

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

		Direct business and accepted proportional reinsurance			Accepted non-proportional reinsurance				Total Non-Life obligation
		Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport	Non-proportional property reinsurance	
		C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
Technical provisions calculated as a whole	R0010								
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	R0050								
Technical provisions calculated as a sum of BE and RM									
Best estimate									
Premium provisions									
Gross	R0060	40	549	411	0	0	0	0	64 809
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140	0	-8	49	0	0	0	0	16 744
Net Best Estimate of Premium Provisions	R0150	40	557	362	0	0	0	0	48 066
Claims provisions									
Gross	R0160	2	871	1 375	0	0	0	0	127 947
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240	0	0	1 104	0	0	0	0	49 264
Net Best Estimate of Claims Provisions	R0250	2	871	271	0	0	0	0	78 683
Total Best estimate - gross	R0260	42	1 420	1 786	0	0	0	0	192 756
Total Best estimate - net	R0270	42	1 428	633	0	0	0	0	126 748
Risk margin	R0280		62	19	0	0	0	0	5 586
Amount of the transitional on Technical Provisions									
Technical provisions - total	R0320	42	1 482	1 805	0	0	0	0	198 342
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330	0	-8	1 153	0	0	0	0	66 008
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0340	42	1 489	652	0	0	0	0	132 334

Annex I (in thousand EUR)
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											209	R0100	209	209
N-9	R0160	51 737	14 772	4 554	1 147	2 055	393	107	442	75	61		R0160	61	75 342
N-8	R0170	59 017	17 618	2 245	1 667	680	430	639	249	14			R0170	14	82 561
N-7	R0180	61 270	32 747	2 577	1 289	751	223	35	182				R0180	182	99 073
N-6	R0190	78 076	33 630	4 489	2 858	786	370	273					R0190	273	120 482
N-5	R0200	94 061	26 356	2 475	1 031	733	662						R0200	662	125 319
N-4	R0210	92 672	22 656	2 134	918	391							R0210	391	118 771
N-3	R0220	101 839	31 879	3 173	1 606								R0220	1 606	138 498
N-2	R0230	124 181	37 010	4 442									R0230	4 442	165 633
N-1	R0240	123 106	37 688										R0240	37 688	160 793
N	R0250	131 648											R0250	131 648	131 648
												Total	R0260	177 178	1 218 329

Annex I (in thousand EUR)
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											1 053	R0100	1 033
N-9	R0160	26 696	8 933	5 717	4 257	2 347	1 476	1 406	683	250	233		R0160	230
N-8	R0170	26 189	9 756	6 714	4 991	2 303	1 907	1 232	338	355			R0170	349
N-7	R0180	38 216	10 508	5 966	4 421	2 864	1 574	836	914				R0180	900
N-6	R0190	55 327	14 229	8 256	4 408	2 432	2 821	537					R0190	529
N-5	R0200	53 146	11 832	5 310	3 092	2 834	3 046						R0200	2 710
N-4	R0210	44 906	7 758	4 639	3 314	5 234							R0210	4 933
N-3	R0220	54 065	10 935	6 362	5 580								R0220	5 364
N-2	R0230	56 482	17 682	10 370									R0230	9 851
N-1	R0240	66 684	30 749										R0240	29 915
N	R0250	74 185											R0250	72 135
												Total	R0260	127 947

Annex I (in thousand EUR)
S.22.01.21
Impact of long term guarantees and transitional measures

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

Annex I (in thousand EUR)
S.23.01.01
Own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation (EU) 2015/35						
Ordinary share capital (gross of own shares)	R0010	51 609	51 609			
Share premium account related to ordinary share capital	R0030					
initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040					
Subordinated mutual member accounts	R0050					
Surplus funds	R0070					
Preference shares	R0090					
Share premium account related to preference shares	R0110					
Reconciliation reserve	R0130	21 012	21 012			
Subordinated liabilities	R0140	22 000			22 000	
An amount equal to the value of net deferred tax assets	R0160	560				560
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	95 181	72 621		22 000	560
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 (in thousand EUR)

S.23.01.01

Own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Available and eligible own funds						
Total available own funds to meet the SCR	R0500	97 181	72 621		24 000	560
Total available own funds to meet the MCR	R0510	94 621	72 621		22 000	
Total eligible own funds to meet the SCR	R0540	97 181	72 621	0	24 000	560
Total eligible own funds to meet the MCR	R0550	79 068	72 621	0	6 447	
SCR	R0580	71 632				
MCR	R0600	32 235				
Ratio of Eligible own funds to SCR	R0620	135.67%				
Ratio of Eligible own funds to MCR	R0640	245.29%				

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	78 804
Own shares (held directly and indirectly)	R0710	
Foreseeable dividends, distributions and charges	R0720	5 623
Other basic own fund items	R0730	52 170
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	
Reconciliation reserve	R0760	21 012
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	R0770	
Expected profits included in future premiums (EPIFP) - Non- life business	R0780	7 043
Total Expected profits included in future premiums (EPIFP)	R0790	7 043

Annex I (in thousand EUR)
S.25.01.21
Solvency Capital Requirement - for undertakings on Standard Formula

		Gross solvency capital requirement	Simplifications
		C0110	C0120
Market risk	R0010	23 610	
Counterparty default risk	R0020	3 988	
Life underwriting risk	R0030	3 176	
Health underwriting risk	R0040	9 087	
Non-life underwriting risk	R0050	51 105	
Diversification	R0060	-25 273	
Intangible asset risk	R0070	0	
Basic Solvency Capital Requirement	R0100	65 693	

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

Calculation of Solvency Capital Requirement		C0100
Operational risk	R0130	9 190
Loss-absorbing capacity of technical provisions	R0140	0
Loss-absorbing capacity of deferred taxes	R0150	-3 250
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	71 632
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	71 632
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	-3 250
LAC DT justified by reversion of deferred tax liabilities	R0650	0
LAC DT justified by reference to probable future taxable economic profit	R0660	-3 250
LAC DT justified by carry back, current year	R0670	0
LAC DT justified by carry back, future years	R0680	0
Maximum LAC DT	R0690	-3 250

Annex I (in thousand EUR)
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 (in thousand EUR)

S.28.01.01

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

Linear formula component for non-life insurance and reinsurance obligations

		C0010
MCR_{NL} Result	R0010	32 435

		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	8 021	52 134
Income protection insurance and proportional reinsurance	R0030	247	4 614
Workers' compensation insurance and proportional reinsurance	R0040	0	0
Motor vehicle liability insurance and proportional reinsurance	R0050	34 137	43 224
Other motor insurance and proportional reinsurance	R0060	21 845	71 771
Marine, aviation and transport insurance and proportional reinsurance	R0070	2 937	2 711
Fire and other damage to property insurance and proportional reinsurance	R0080	28 063	45 957
General liability insurance and proportional reinsurance	R0090	13 888	15 889
Credit and suretyship insurance and proportional reinsurance	R0100	15 508	8 060
Legal expenses insurance and proportional reinsurance	R0110	42	15
Assistance and proportional reinsurance	R0120	1 428	9 168
Miscellaneous financial loss insurance and proportional reinsurance	R0130	633	775
Non-proportional health reinsurance	R0140	0	
Non-proportional casualty reinsurance	R0150	0	
Non-proportional marine, aviation and transport reinsurance	R0160	0	
Non-proportional property reinsurance	R0170	0	

Annex I (in thousand EUR)

S.28.01.01

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

Linear formula component for life insurance and reinsurance obligations

		C0040
MCR_L Result	R0200	780

		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	37 051	
Total capital at risk for all life (re)insurance obligations	R0250		3 176

Overall MCR calculation

		C0070
Linear MCR	R0300	33 215
SCR	R0310	71 632
MCR cap	R0320	32 235
MCR floor	R0330	17 908
Combined MCR	R0340	32 235
Absolute floor of the MCR	R0350	4 000

		C0070
Minimum Capital Requirement	R0400	32 235

Annex I (in thousand EUR)
S.28.02.01
Minimum capital Requirement - Both life and non-life insurance activity

		Non-life activities	Life activities
		$MCR_{(NL,NL)}$ Result	$MCR_{(NL,L)}$ Result
		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 (in thousand EUR)

S.28.02.01

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

		Non-life activities	Life activities
		MCR$_{(L,NL)}$ Result	MCR$_{(L,L)}$ Result
		C0070	C0080
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 (in thousand EUR)

S.28.02.01

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

Overall MCR calculation

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

		C0130
Minimum Capital Requirement	R0400	

Notional non-life and life MCR calculation

		Non-life activities	Life activities
		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		