SOLVENCY AND FINANCIAL CONDITION REPORT 2020

BNP PARIBAS CARDIF LIVFÖRSÄKRING AB

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The Board of BNP Paribas Cardif Livförsäkring AB (the "Company") herewith presents the Solvency and Financial Condition Report for the financial year 2020.

Special note for the 2020 report:

The coronavirus outbreak characterized by the World Health Organization as a pandemic on 11 March 2020 as well as measures introduced by governments and regulators to tackle the outbreak have affected the global supply chain as well as demand for goods and services and therefore had a significant impact on the global growth. At the same time, fiscal and monetary policies have been eased to sustain the economy.

The consolidated financial statements of BNP Paribas have been prepared on a going concern basis and take into account the recommendations from local regulators and standard setters relating to COVID-19 and its consequences. The impacts of the pandemic primarily affect the level of new business and claims observed and the valuation of financial assets. They are mitigated by the contra-cyclical measures that underlie the risk assessment, the risk management framework for financial or technical risk hedging, the impact of the measures taken by the public authorities or set out by the insurance regulation to sustain the economy.

Summary

The Company supplies Creditor Protection and Payment Protection Insurance as well as individual life insurance policies in the Nordic markets and distributes its products mainly through banks, finance companies, insurance companies and card companies.

The Company has branch offices in Denmark and Norway, and operates through freedom of services in Finland.

In 2020, the Company's gross written premiums amounted to 229 035 KSEK (237 923 KSEK in 2019).

The result for the year after taxes amounts to 2 515 KSEK (17 844 K SEK in 2019).

In 2020, the COVID-19 crisis has affected the sales volumes and the number of claims of the Company impacting negatively the overall result. The measures taken by the governments of the Nordic countries have slowed down the credit activity and by consequence the sales volumes of the Company (-4%), which are strongly linked to the volumes of new credits granted by banks and financial institutions. Another possible impact of the pandemic is the increase of the claims incurred affecting the technical result (-11%).

Thanks to the reactivity of the management, a crisis management team was created and took decisions in order to mitigate the impacts of the pandemic. The main measures taken by the Company were:

- In terms of business, sales on existing loans were adapted during the first wave of the pandemic to avoid anti selection,
- In terms of operations a claims administration automation solution was developed in order to be able to absorb the increase of claims,
- In terms of internal organization, in order to avoid the spread of virus within the staff and to ensure business and service continuity, all employees were equipped to work remotely.

The assets under management amounted to 145 542 KSEK as at December 31st (146 082 KSEK as at December 31st 2019). Income from asset management amounted to 1 789 KSEK (902 KSEK in 2019).

The Solvency position of the Company shows a coverage ratio of 216% as at December 31st (312% as at December 31st 2019) of the SCR, well in excess of the target of 180%. The coverage ratio is decreasing compared to 2019 due to the increased level of claims during 2020: both levels of BEL and SCR have increased and the level of available own funds have decreased.

This Solvency and Financial Condition Report is produced in accordance with the Solvency II Directive. It covers the business and performance of the Company, its system of governance, risk profile, valuation for solvency purposes and capital management. The ultimate responsibility for all of these matters lies on the Company's Board of Directors, with the help of various governance and control functions that it has put in place to monitor and manage the business of the Company.

A. Business and Performance

The Company is a limited liability insurance company, with company registration number: 516406-0559. The Company is under the supervision of Finansinspektionen, Box 7821, 103 97 Stockholm, Sweden.

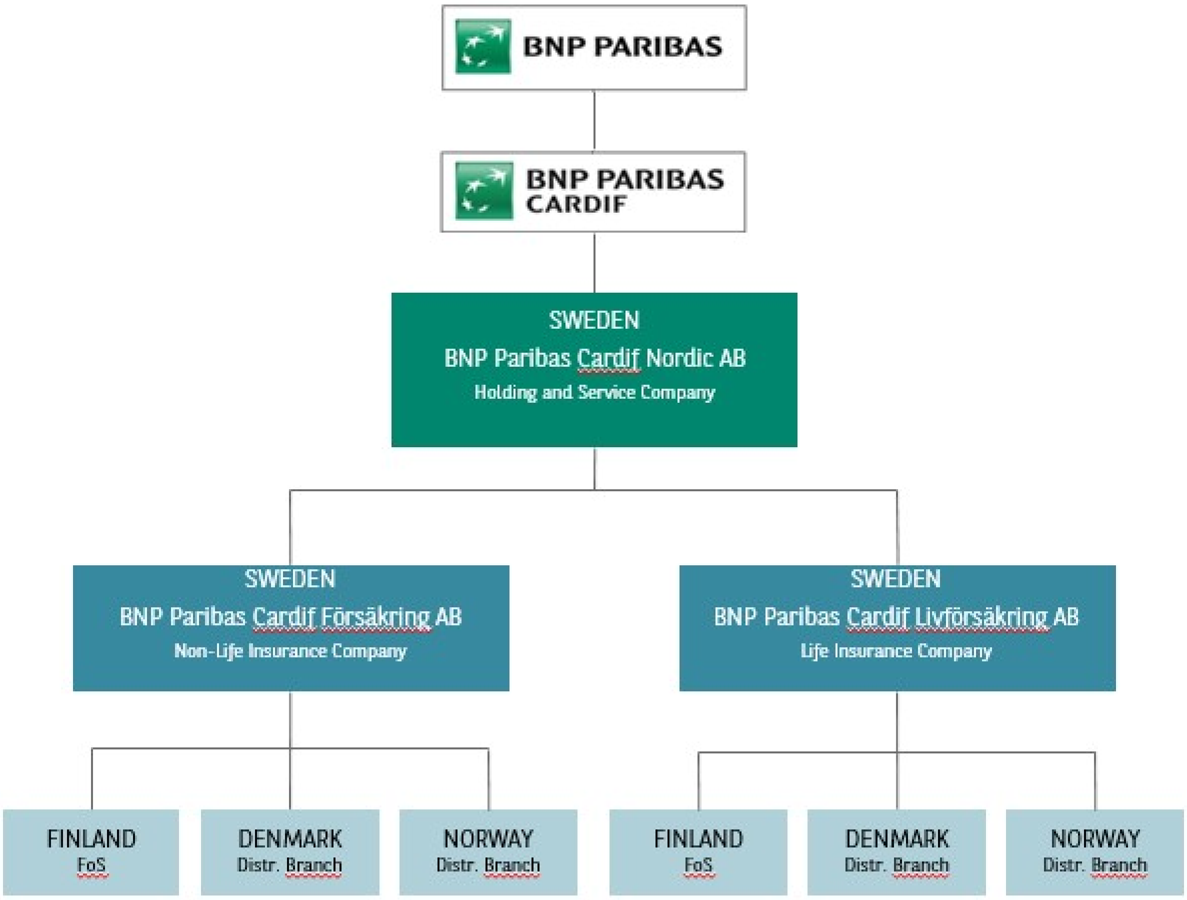
The Company's external auditor is PriceWaterHouseCoopers AB, 113 97 Stockholm. Responsible for the audit: Morgan Sandström.

The Company is a subsidiary of BNP Paribas Cardif Nordic AB, which in turn is wholly owned by BNP Paribas Cardif SA, which is the insurance subsidiary of the French banking group BNP Paribas. Mother company of the group is the French bank BNP Paribas S.A. (corp. ID No: 662 042 449) with registered office in Paris. BNP Paribas Cardif SA is under the supervision (group supervision) of the French supervisory authority ACPR.

BNP Paribas Cardif Nordic AB is the mother company of two insurance entities: BNP Paribas Cardif Försäkring AB and BNP Paribas Cardif Livförsäkring AB. These three companies are organized around a common Nordic platform, where employees have an employment contract with either BNP Paribas Cardif Nordic AB or BNP Paribas Cardif Försäkring AB. There are outsourcing agreements between the consolidated companies within the Nordic group.

The key entrepreneurial risk taking function (KERT) is now performed only in Sweden. With this follows that from January 1st 2021, the branches in Norway and Denmark will become commercial branches and that all insurance result will be booked in the Swedish entities while the branches will be remunerated for their services to sell and market our insurance products. This change will allow centralizing and simplifying the administration of the Company.

See below corporate organization chart.



BNP Paribas
BNP Paribas is a European leader in global banking and financial services. The Group has around 196 000 employees and operates in more than 72 countries, of which four are considered domestic markets (France, Belgium, Italy and Luxembourg).

BNP Paribas Cardif
BNP Paribas Cardif is the insurance subsidiary of BNP Paribas. The primary business model is bank assurance which means that BNP Paribas Cardif supplies protection and savings solutions to end clients via the distribution networks of actors such as banks and finance companies (B2B2C model). The bank assurance business model was introduced in France in 1973, which means that today BNP Paribas Cardif has over 40 years of experience of the concept.

In total, BNP Paribas Cardif has around 500 partners, amongst which are leading banks, finance companies, insurance companies, card companies, retailers, utilities and broker networks.

BNP Paribas Cardif has subsidiaries in 33 countries in Europe, Asia, Latin America and Africa and has about 100 million policy-holders and 8 000 employees.

The Company's business and result

The Company supplies Creditor Protection and Payment Protection Insurance as well as individual life insurance policies in the Nordic markets and distributes its products mainly through banks, finance companies, insurance companies and card companies.

The Company has branch offices in Denmark and Norway, that will become commercial branches from January 1st 2021, and operates through freedom of services in Finland.

In 2020, the Company including its branches had gross written premiums amounting to 229 035 KSEK (2019: 237 923 KSEK).
The result for the year after taxes amounts to 2 515 KSEK (2019: 17 844 K SEK).
The assets under management amount to 145 542 KSEK (2019: 146 082 KSEK). Income from asset management amounted to 1 789 KSEK (2019: 902 KSEK).

A.2 Underwriting Performance

Underwriting income

Evolution 2019/2020 by country

K SEK

Country	Gross written premium 2019	Gross written premium 2020	Evolution
Denmark	15,563	16,735	8%
Finland	9,537	8,631	-10%
Norway	21,364	13,626	-36%
Sweden	191,459	190,044	-1%
Total	237,923	229,036	-4%

Profit & Loss 2020/2019

Profit and loss account (KSEK)	2020	2019
Technical account, life assurance business		
Premiums written, net of reinsurance	217,342	226,648
Premiums written	*229,035*	*237,923*
Claims incurred, net of reinsurance	- 81,100	- 63,751
Change in other technical provisions, net of reinsurance	4,887	4,973
Bonuses and rebates, net of reinsurance	- 5,288	- 7,197
Allocated investment return transferred to the non-technical account	- 854	- 348
Subtotal for life assurance business	2,914	22,541
Profit or loss for the financial year	2,515	17,844

- The majority of the business is coming from the Line of Business "Other Life Insurance".
- Sweden is dominant in the geographical mix.
- Due to its relatively small size, the portfolio is volatile.

Expenses

- Expenses have decreased from 138 MSEK in 2019 to 134 MSEK in 2020.
- The decrease is mainly related to volume decrease resulting in less commission paid to partners (acquisition and administration tasks partly outsourced to partners). The lower commissions are partly mitigated by higher overhead costs.
- Overhead costs increased mainly due to more allocated costs from the mother company that acts as a shared service operation for the insurance company, to face business development as well as regulatory and security requirements.

A.3 Investment Performance

The investment portfolio comprises corporate bonds, covered mortgage bonds of high credit quality, government bonds, municipality securities and cash. The total portfolio was valued at 145 542 KSEK as at 31 December 2020 (2019: 146 082 KSEK) out of which 50% in Swedish covered mortgage bonds, 26% in Swedish corporate bonds, 14% in Norwegian government bonds, 5% in Swedish municipality securities, 2% In Swedish Government bonds, and 3% in cash (SEK, NOK, and DKK).

In KSEK

Assets under management K SEK	Total Market Value	Weight	Modified Duration	Total Return
Norwegian government bonds	21 056	14,5%	0,28	1,00%
Swedish government bonds	3 003	2,1%	0,44	-0,18%
Swedish municipality securities	7 122	4,9%	2,61	1,15%
Covered mortgage bonds	73 032	50,1%	3,39	1,42%
Corporate bonds	37 556	25,8%	1,26	1,17%
Cash	3 773	2,6%	-	-
Total	145 542	100,0%	2,16	1,23%

These investments are held to cover technical provisions of the Company for linked liabilities.

Total net investment return for the year is 1 789 KSEK (2019: 902 KSEK) which comprises interest earned on financial investments of 881 KSEK (2019: 1 086 KSEK), realized gain on bonds of 211 KSEK (2019: 237 KSEK), and unrealized result of 697 KSEK (2019: -422 KSEK). This return corresponds to a performance of 1,23% for the Company's portfolio in 2020.

It is worth to mention that assets held in foreign currencies at the Swedish company level are subject to yearly re-evaluation based on closing exchange rates. It has an impact on our investments in NOK and in DKK. The re-evaluation of assets has a P&L effect, which has been relatively stable from year to year; however, it became significant during 2020 explained by the significant weakening in NOK (as an aftermath of oil price crisis in Norway associated with Covid-19). The P&L impact from re-evaluation of assets held in NOK and DKK were in total -2 420 KSEK at 31 December 2020. An action plan to disinvest in NOK was put in force during Q4 2020; and the purpose is to mitigate the currency uncertainty, meanwhile to match the decrease in Norwegian liabilities.

A.4 Performance of other activities

The Company does not have any other activities that are significant.

A.5 Any other information

At the moment this report is edited, the world has been going through an unprecedented health crisis for over a full year, which affects health and lives across the world and impacts the economy and the markets.

The current crisis had impacts on the activity of BNP Paribas Cardif in 2020 but it does not result in any revision or any concern regarding the solvency position.

B. System of Governance

B.1 General information on the system of governance

Board and Management

BNP Paribas Cardif Liv's Board consists of three members: Dominique Barthalon, chairman of the board, Jacques Faveyrol (who is also Managing Director of BNP Paribas Cardif Nordic AB) and Alexander Draznieks.

The Board meets at least six times per year to determine the company's strategic direction, to review the Company's operating and financial performance and to oversee that the Company is adequately resourced and effectively controlled.

The Managing Director, Dag Mevold, is responsible for implementing the decisions of the Board. To assist with this, there is a Management Committee and an Executive Committee, see more below under Management and Risk Management Committees.

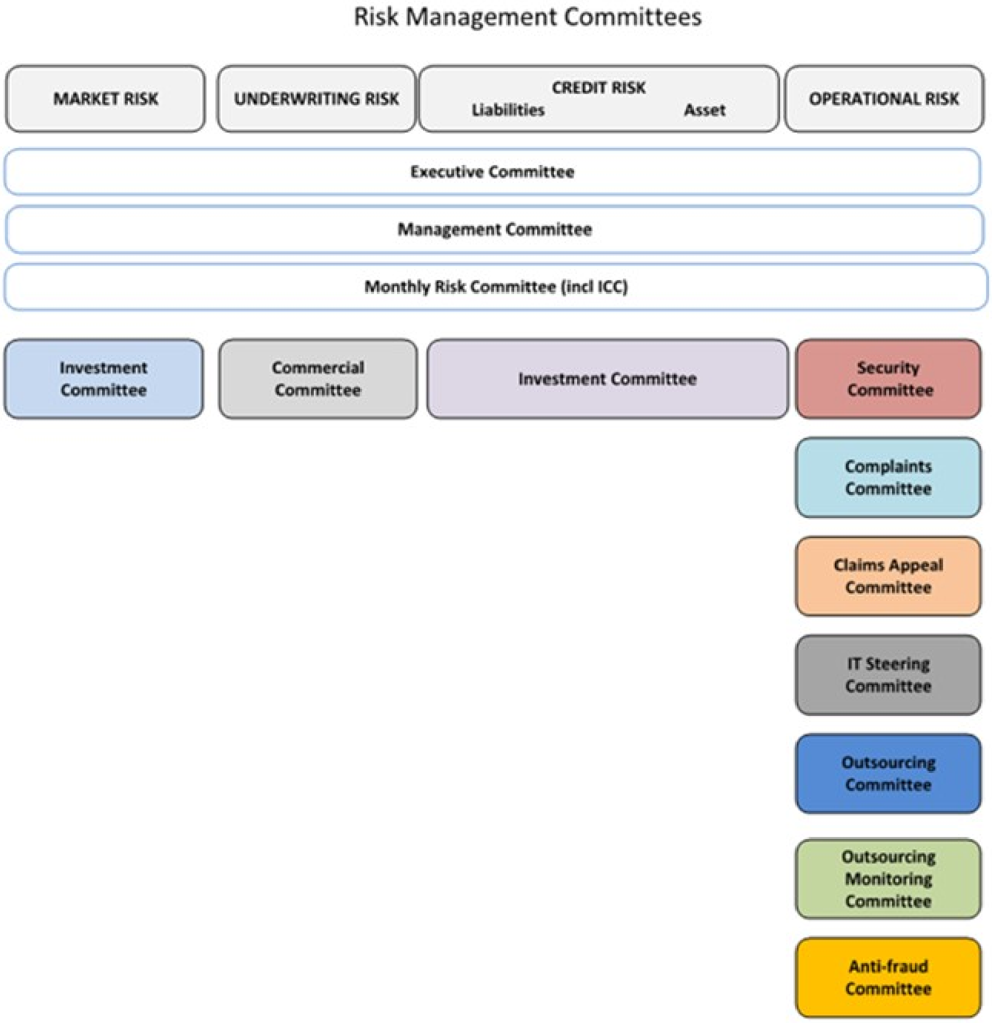
General Managers for the Norwegian and Danish branches

Until December 31st 2020, the Company's branch in Denmark was represented by Jan De Geer, Managing Director of BNP Paribas Cardif Försäkring AB. The Company's branch in Norway was represented by Dag Mevold, Managing Director of BNP Paribas Cardif Livförsäkring AB. In their capacity as general agents for the branches, in accordance with the respective Danish and Norwegian regulations regarding branches, Jan De Geer and Dag Mevold were authorized signatories of the branches.

From January 1st 2021, Philippe Pinsonnat is replacing Dag Mevold as Managing Director of BNP Paribas Cardif Livförsäkring (subject to approval by SFSA), Tore Ustad is replacing Dag Mevold as branch manager in Norway and Finn Berg is replacing Jan De Geer as branch manager in Denmark.

Management and Risk Management Committees

The Company has a number of management and risk management committees for certain key processes, as illustrated below:



Key Functions

The *Risk Management Function* (Permanent Control) assists the Board of Directors and other functions in implementing the risk management system, and to ensure that monitoring and control is setup to support management in governance and decisions. It reports on exposures to risks and assists the Board of Directors in the taking of strategic decisions by shedding light on issues related to risk management. The Risk Management Function is also responsible for the ORSA.

The *Compliance Function* has the responsibility to provide the Managing Director and the Board of Directors with reasonable assurance that the risks of non-compliance, the risks of regulatory and reputation are duly monitored, controlled and mitigated.

The *Internal Audit Function* is responsible for assessing the suitability and effectiveness of the internal control system as well as the other components of governance.

The *Actuarial Function* has responsibility for coordinating the calculation of technical reserves, guaranteeing the appropriate nature of methodologies, the underlying models and assumptions used to calculate prudential technical reserves, assessing the suitability and the quality of the data used, supervising this calculation and comparing the best estimates with empirical observations. From 2017, the Actuarial Function has been outsourced and therefore separated from the manager of the actuarial department.

Remuneration Policy

No remuneration is given to the board members for the board assignments.

The Board annually adopts a remuneration policy applicable to all staff. The Board is also responsible to ensure a well-defined remuneration assessment process. For this purpose there is a Compensation Committee appointed to be in charge of the preparation of the decisions and appropriate documentation of the policy implementation and follow up. This Compensation Committee consists of the Chairman of the Board, Head of HR and the managing directors. The compensations are finally approved at Head Office level.

The remuneration policy complies with the applicable regulations (Article 275 of Commission Delegated Regulation 2015/35 and FFFS 2015:12).

The Company should strive for a sound and reasonable balance between fixed and variable remuneration. The decision on the variable part, should consider the following parameters:
- Amount and costs of extra capital needed to cover for the added risk taken on.
- Amount and cost of the liquidity risk, and
- Risk of expected future income not being realized.

The variable part should include benefits. No threshold should prevent it to be nil. The variable part should never exceed 50% of the fixed salary.

It is important to secure that the individual performance targets stated in an individual contract does not conflict with the long-term financial well-being of the Company.

For employees that can influence the risk level within the Company, deferred payment of variable remuneration shall be applicable (the Company shall defer a substantial portion (at least 60%) of the total bonus for a period of at least three years).

Shares/Options

During the years 2005-2012, the staff in the Company was, at six different occasions, offered to participate in a Discounted Share Purchase Plan (DSPP) in a global employee shareholders fund holding shares in BNP Paribas SA. This is not an offered possibility anymore.

Pensions

The Company has no supplementary pension or early retirement schemes for the members of the Board or the holders of key functions.

Material transactions with shareholder, members of board or management

Not applicable.

B.2 Fit and proper requirements

The Company has adopted a Fit and Proper Policy, which sets out the specific requirements and describes the process for assessing the fitness and the propriety of the persons who effectively run the undertaking or other key functions.

There are also requirements to do Fit and Proper assessments, and provide continuous education of employees working with insurance distribution and/or financial security.

The Fit and Proper assessment process can be described in three steps:

1) Assessment of fitness (competence as skills, knowledge, education, capability, reputation, integrity and legal capacity)

2) Assessment of propriety (financial soundness, honesty, integrity and reputation) and,

3) Potential conflicts of interest shall also be taken into consideration.

Assessment of fitness

<u>Board Members, the Board of Directors' collective qualifications, Managing Director and Branch Manager</u>

The members of the Board, the Managing Director and Branch Manager shall possess appropriate education, qualification, experience and knowledge about at least:

a) insurance and financial markets
b) business strategy and business model
c) system of governance
d) financial and actuarial analysis and,
e) regulatory framework and requirements for the authorized business.

Some more areas have been evaluated as important such as knowledge about the analysis of customer value and protection, banking business and insurance mediation/distribution.

<u>Persons responsible for outsourced key functions</u>

If applicable, a person should be appointed within the Company with an overall responsibility for an outsourced key function who is fit and proper and possesses sufficient knowledge and experience regarding the outsourced key function to be able to challenge the performance and results of the service provider. The assessment criteria for the fit and proper assessment of the responsible for an outsourced key function should be based on the assessment criteria for the relevant outsourced function, but considering that the responsible person will not perform the tasks, but oversee them.

<u>Responsible for the actuarial function (outsourced)</u>

The responsible for the actuarial function shall fulfill the specific requirements set out in SFSA regulation FFFS 2015:8, Chapter 9, Section 9-15 having adequate language skills, compliance with the minimum education and professional experience. The responsible person shall continuously ensure that his/hers knowledge is appropriate considering the tasks the person shall perform and the nature of the Company's business, and, if necessary, acquire further education.

<u>Responsible for the other key functions (compliance, risk management, internal audit)</u>

The responsible for compliance, risk management and internal audit functions shall have adequate language skills, compliance with the minimum education, relevant professional experience within the insurance sector, other financial sectors or other businesses, taking into account the respective duties allocated to that person and, where relevant, the insurance, financial, accounting, actuarial and management skills of the person. The responsible person shall continuously ensure that his/hers knowledge is appropriate considering the tasks the person shall perform and the nature of the Company's business, and, if necessary, acquire further education.

The responsible persons for key functions have been notified to and approved by the Swedish FSA.

Assessment of propriety
Assessment of propriety includes:

- identification (civic register or copy of passport),
- certificate that the person is not bankrupt,
- certificate that the person is not subject to a trading prohibition,
- certificate that the person does not have a guardian,
- certificate that the person has not had a license or registration revoked during the past five years, or, been a member of the management of a legal person that has had a license or registration revoked,
- certificate that the person does not have debts which exceed SEK 100,000 and which are executed at the Swedish Enforcement Authority,
- extract from the criminal register.

Conflicts of Interest

Analysis of potential conflicts of interest shall be made, for instance if the assessed person has leading positions or ownership interests in several companies. In the recruitment process and annually there is a process for mapping and identifying conflicts of interest, in accordance with the Company's Conflicts of Interest Policy.

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

- Risk Management System

The Board of Directors in the Company has overall responsibility for the establishment and oversight of the risk management framework. For the purpose of ensuring appropriate handling of each category of risk; a risk committee structure as well as a reporting structure has been put in place and adopted by the Board of Directors. Detailed mandates are defined and adopted by the Board of Directors, concerning the ability to take decisions on investments, as well as underwriting, and all other decisions that may affect the risk level of the Company.

In order to control the risk environment the Board has procedures and policies, and function descriptions detailing the roles and responsibilities of key functions.

The Company applies the standard formula and as such, the risks that the Company is exposed to during the lifetime of its insurance obligations are factored into the SCR calculation.

- Managing underwriting risk taking

The underwriting process (launching new insurance products, marketing existing products by new distribution networks or new populations, etc.) is centered on the knowledge of the risks taken, the evaluation of which is standardized by the technical analysis, which requires a review of all the risks of the product under consideration: technical, financial, credit, operational, compliance and business.

The underwriting process also reflects the application of the reinsurance policy.

- Management of market and credit risk taking

Governance covers all key asset management and risk monitoring processes, ensuring compliance with cross-functional requirements and a sound and prudent asset management. Governance covers the following elements:

- Investment policy describing the missions, responsibilities, operating procedures, procedures and controls of the asset management actors.
- Investment Committee to monitor the asset management.
- Investment rules.

Considering both the principles & specific processes of the Asset Management credit risk and the Insurance Activity credit risk, two governances exist on credit risk:

Both governances aim especially at assessing, mitigating and monitoring credit risk within the Group.

Investments are only made on bonds (both state and corporate with high stable ratings) which are the most secured and simple investments in the market; we benefit as well from the expertise of our external Asset Manager in charge of our portfolios.

The valuation of assets and liabilities under risk-neutral model.

- Management of operational risk taking

Operational risk is contingent on underwriting, market and credit risk taking. It also occurs when internal processes fail or when external events occur. This is why the taking of operational risk is approached from two angles:

- The assessment of operational risk when deciding on other risks (underwriting, market and credit) on the one hand,
- Regular assessment of the operational risks of organization and processes and ways to reduce them. This evaluation benefits from the incident reporting mechanism, implemented in the Company.

The risks of non-compliance and reputation are controlled by compliance with laws, regulations and professional ethics, by protecting the reputation of the Company, its investors and its customers, and by ethics in professional behavior of employees in the service of the Company.

The Risk Management function is responsible for monitoring the effectiveness of the risk management framework, as well as advising the business on risk management related matters, such as monitoring and control methods.

In addition, the internal audit regularly assesses the compliance with risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

ORSA process

The ORSA process, as defined in the ORSA policy adopted by the Board of Directors, has been defined as set out below.

The Monthly Risk Committee (including the Managing Directors) defined the stress scenarios to be used for the ORSA exercise. The scenarios are chosen based on the main risks of the organization and their estimated potential impact and probability.

The proposed stress scenarios are reviewed and challenged by the Board of Directors, and final adoption of scenario selection is made before the detailed calculations and analysis are initiated.

A cross functional group including the Monthly Risk Committee members and the Finance team defines a detailed planning for the production of the ORSA, with clear deadlines and gates (dependencies).

The calculations detailing the outcome of the stress tests and scenarios are carried out by the Finance and Actuarial departments. Inputs are given by other functions, primarily the Sales Department and Operations, to determine the impact on premium volumes and costs (including staffing). All calculations are subject to a four-eye validation process before being added to the final report.

A final draft report is presented to the Board of Directors for comments and input. It is also submitted for comments and opinion to the external actuarial function holder. The final ORSA, taking added input into account, is adopted by the Board of Directors before submission is made to the SFSA.

Assessment of solvency needs and integration of capital management and risk management

After each prudential closing and in relation to budget updates, a review of the capital planning may be necessary if result is showing a significant deviation from earlier prognosis.

The capital planning for the central scenario is performed during the yearly budget process in August and updated during the ORSA process where the following projections are made on the midterm business plan (three years):

- Forward looking assessment of the SCR, the SCR ORSA and the MCR in order to assess the corridor values.
- Forward looking assessment of the own funds taking into account the dividend policy.

The capital planning takes into account the outcome of the stress tests performed during the ORSA process to:

- enable a good understanding of the capacity to absorb unexpected shocks; and
- propose a review of the calibration of the lower boundaries defined for the own funds within this policy if this appears necessary.

This should determine if a call of additional capital is necessary to reach an adequate capital position by year end. The results are communicated to the Board of the Company and the Group Financial Management team.

B.4 Internal control system

The Board has the overall responsibility for maintaining the systems of internal control of the Company and for monitoring their effectiveness, while the implementation of internal control systems is the responsibility of the executive management, supported by the Risk management function. The Company's systems of internal control are designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and can provide only reasonable, and not absolute, assurance against material financial misstatement or loss.

The systems are designed to:

- safeguard assets;
- maintain proper accounting records;

- provide reliable financial information;
- identify and manage risks;
- support the operations in being compliant and in mitigating and/or eliminating the compliance risks in Personal Data Protection (the area is monitored by the Data Protection Correspondent);
- maintain compliance with appropriate legislation and regulation; and
- identify and adopt best practices.

The Company has an established governance framework, the key features of which include:

- Risk Management Policy including Internal Control Guidelines
- a well-defined structure of risk committees,
- a clear organizational structure,
- documented delegation of authority from the Board to executive management,
- policies and procedures, which set out risk management and control standards for the Company’s operations.

There is an ongoing process for identifying, evaluating and managing the significant risks faced by the Company. The Company’s risk management and control framework is designed to support the identification, assessment, monitoring, management and control of risks that are significant to the achievement of its business objectives. The Company has a set of formal policies that govern the management and control of both financial and non-financial risks.

Compliance Function
The Compliance function is directly subordinated to the Managing Director in the Company.

The purpose of the Compliance function may be summarized as the responsibility to support the operations in being compliant and in mitigating and/or eliminating the compliance risks in the following areas:

- Customer interest/protection
- Market integrity
- Financial Security (Prevention of Financing of terrorism including bribery and breach of financial sanctions).
- Regulatory systems and controls
- Professional Ethics
- Corporate Social Responsibility (the area is monitored by the HR department)
- Relations with Supervisory authorities

The Compliance function is responsible for monitoring and controlling the risk of non-compliance with regulations related to the licensed business, as well as professional standards and internal procedures and instructions. In addition, the function shall perform analysis of the possible impact of any change in the legal environment on the Company's operations and provide trainings on compliance topics.

The Compliance function is responsible for composing an annual activity plan based on the identified compliance areas. The Managing Director adopts the activity plan and the responsible for the Compliance function informs the Internal Control Committee (“ICC”) and the Board of Directors of its content/scope.

The Compliance function shall at least annually, and/or when needed, submit a written summarized report including an analysis of the Company’s compliance environment and present it to the Board of Directors. The Compliance function shall also annually and quarterly submit reports of its activities including an analysis to the Board of Directors and to the Managing Director of the Company.

B.5 Internal audit function

The Internal Audit consists of the combined use of Group Internal Audit “Inspection General”, and an outsourced local Internal Audit Function.

The activities of the Inspection General are defined by the Internal Audit Policy of BNP Paribas Cardif Group.

The activities of the local Internal Audit are defined by the local Internal Audit policy as adopted by the Board of Directors of the Company. The policy is reviewed on an annual basis and subject to annual adoption. No significant changes were made to the Local Internal Audit Policy during 2020.

The Internal Auditors intervene independently throughout the auditable scope of the Company. They can seize any subject and have free access to all documents, assets and personnel working directly or indirectly for the Company. Similarly, they are free to issue their conclusions in full independence from the management of the insurance group. They must remain independent, objective and impartial in their investigations, and cannot directly undertake any operational management action.

The local Internal Audit Function performed audits according to the plan adopted by the Board of Directors.

<u>Inspection General (IG):</u>
In the group, the head of the internal audit function reports regularly to the Board of Directors of the BNP Paribas group (or to the dedicated committee that represents it) the results of the work of the function. For audits to be performed in the Nordics, it submits a proposal for an audit plan detailing the internal audit missions to be carried out .This audit plan is based on, among other things, an assessment of the risks borne by the various activities of the Group, and by ensuring that all material activities are periodically reviewed.

<u>Local Internal Audit:</u>
The Internal Audit function is outsourced to a local provider. Their task is to review, evaluate and report the activities of all operations, including the risk control and compliance functions. The local internal audit reports directly to the Board. The persons in charge of the Internal Audit are not responsible for any other key function, hence no such conflict of interest and/or appropriateness has to be considered.

B.6 Actuarial function

The Actuarial Function Holder (AFH) is outsourced to the company FCG and the AFH is Erik Gustafsson. The responsibilities of the AFH are listed in an annual plan shared to the Board.

B.7 Outsourcing

The Company may, in accordance with the Outsourcing Policy adopted by the Board of Directors, outsource activities when the use of external providers shows obvious advantages in terms of costs and flexibility. Outsourcing may also be made when the required competence or systems are not available in-house. Outsourcing of important or critical activities or operational functions must not:

- materially impair the quality of the Company's system of governance;
- unduly increase the operational risk;
- impair the ability of the supervisory authorities to monitor the Company's compliance of its obligations; nor
- undermine continuous and satisfactory services to the Company's policy holders.

Outsourcing procedure
The Company has a specific outsourcing coordinator.

Any activity outsourced, defined as critical, shall be handled in accordance with the Outsourcing Policy. The decision to outsource should be formalized by a decision based on a risk assessment provided by all concerned functions (to cover the entire risk perspective).

There is a template agreement to be used for outsourcing agreements, safeguarding all the legal requirements for outsourcing of critical activities.

Monitoring and supervision
Each function that outsources an activity is responsible for monitoring the risks associated with each stage of outsourcing (as well as during the production phase, when the service has been implemented by the service provider). Each function is supported by the outsourcing coordinator. The result of this monitoring is presented to the management of the company at the Outsourcing Monitoring Committees that are held once per year. In addition, any follow up actions are followed up during a Monitoring Risk Committee.

All outsourced service provider contracts include a right for the Company and its supervisory authority to audit the activity if requested.

Outsourced critical functions/activities
The Company's distribution model is completely based on distribution by partners. Certain partners perform other tasks than pure intermediation of insurance, such as premium collection, keeping of insurance register, subscription of insurance policies etc. Such outsourcing constitutes more than half of the outsourced services. Such outsourced activities are carried out in all the markets where the Company operates, i.e. Sweden, Denmark, Finland and Norway.

Some activities are outsourced within the group, such as provision of IT platform. These services are performed by group companies in France.

Claims handling activity for Finland are performed by a specialized company in Finland.

A member of the Board is appointed responsible for the outsourced Local Internal Audit Function.

The actuarial function is outsourced and the responsible for this outsourcing is the Managing Director of BNP Paribas Cardif Nordic AB.

All outsourced critical activities have been duly notified to the SFSA.

B.8 Any other information

The Company has defined a governance system, with well-defined organization, steering documents and mandates that is found to be appropriate for the type and size of the business. The system is subject to regular review and update whenever required by change in regulation, environment or due to internal causes.

C. Risk Profile

The SCR (Solvency Capital Requirement) is the level of own funds that all European insurance companies are required under the Solvency II EU Directive to hold at each time, in order to be able to fulfil their obligations to their policy holders and beneficiaries over the following twelve months with a 99.5% probability.

The Company's SCR is evaluated by means of the standard formula proposed by EIOPA. It corresponds to the sum of the net BSCR (Basic SCR), of the operational SCR, and the tax adjustment. The BSCR is based on a bottom-up approach, in other words its calculation is divided into risk modules, themselves divided into sub-modules. The capital requirements for each of the various risks are aggregated by means of a correlation matrix.

The information presented in this chapter deals with the nature of the risks to which the Company may be exposed, the evaluation techniques used, the significant risk concentrations as well as the mitigation techniques set up, and the procedures for monitoring their effectiveness.

C.1 Underwriting risk

C.1.a Definition

Underwriting Risk is the risk of a financial loss caused by a sudden, unexpected increase in insurance claims. Depending on the type of insurance business (life, non-life), this risk may be statistical, macroeconomic or behavioral, or may be related to public health issues or disasters.

C.1.b Risk exposure

The partition of the SCR for underwriting risk into its risk-modules and the evolution from 2019 to 2020 is given in the following table.

K SEK

SCR Underwriting	2020	2019	Variation
Sub-modules Life	51,382	43,406	18%
Diversification	-11,273	-12,780	-12%
Life underwriting risk	40,109	30,626	31%
Sub-modules Health	-	0	-100%
Diversification	-	-	0%
Health Underwriting risk	-	0	-100%
Sum of risk components	40,109	30,627	31%
Diversification	-	-0	-100%
Total SCR Underwriting	40,109	30,626	31%

Risk - module	2020
Life underwriting risk	40,109
Health Underwriting risk	0
Total SCR Underwriting	40,109

The SCR underwriting risk for the Company is determined by the Life underwriting risk.

The main contributors to the Life underwriting risks are the following sub-modules:

Life catastrophe risk: the risk of loss, or of adverse change in the value of insurance liabilities, resulting from an increase in the mortality rate (due to a catastrophe like event pandemic event, nuclear explosion, etc.). The life catastrophe risk increase in 2020 with the reassessment of the mortality rate and average actuarial age.

Life lapse risk: the risk of loss, or of adverse change in the value of insurance liabilities, resulting from a change in the expected lapse rates. This change could correspond to an increase, a decrease or a massive change. The mass lapse scenario has by far the biggest impact of these three scenarios.

Remark: at 31 December 2020, there is no more the Health underwriting risk due to the termination of the business in 2020.

C.1.c Risk management and monitoring

The mechanism for monitoring and managing the underwriting risk is based on governance and documented processes. Risks underwritten must comply with delegation limits set at several local and central levels based on estimated maximum acceptable losses, estimated Solvency 2 capital requirements, and estimated margins on the policies concerned. Each contract is priced in reference to the objectives for rate of return and return-on-own funds set by the Executive Management of BNP Paribas Cardif Group.

Underwriting risks are periodically monitored within the scope of the risk monitoring, based on a dual mechanism:

- Monthly monitoring dashboards;
- Monthly risk committee.

C.1.d Stress tests and analyses of sensitivity

At the time of pricing, approval of a product requires systematic analysis of negative (stress test) or very negative (crash tests) scenarios. The stress tests and crash tests are carried out over the same period as the baseline scenario.

Stress scenarios for the major risks identified by the management of the company are presented in the ORSA.

C.2 Market risk

C.2.a Definition

Market Risk is the risk of a financial loss arising from adverse movements of financial markets. These adverse movements are notably reflected in prices (foreign exchange rates, bond prices, equity and commodity prices, derivatives prices, real estate prices…) and derived from fluctuations in interest rates, credit spreads, volatility and correlation.

C.2.b Risk exposure

The Company invests all of its assets on liquid or very liquid assets with high credit quality (please refer to the table in the part A.3 Investment Performance).

The market risk SCR is 7 923 KSEK after diversification as at 31 December 2020, compared to 8 962 KSEK as at 31 December 2019.

The risk modules forming the market SCR are the following:

The **interest rate risk** module aims at quantifying the capital requirement needed to cope with the impact on the balance sheet value of an upward or downward change in the yield curve. The capital requirement is equal to the impact of the increase in the yield curve and the impact of the decrease in the yield curve. For each maturity, the shocks caused by the increase or decrease are expressed in proportion to the rates by duration.

The **spread risk** module aims to quantify the capital requirement corresponding to the risk of an upward trend in credit spreads (difference in actuarial rate between a bond and the rate of an equivalent risk-free government bond). The spread shock depends on the duration of the rating of the interest rate products. As with the rate risk, its evolution is linked to the make-up of the bond portfolio.

The **currency risk** (foreign exchange rate risk) module aims to quantify the capital expense of a 25% impairment of foreign currencies against the SEK. The exposure of the Company stems on investments and cash denominated in foreign currencies (NOK, DKK and EUR).

The concentration risk: the governance of the Asset Management Division lays down the rules for the spread of assets. These rules are set out in the investment policy and guidelines and specify limits per issuer on fixed income instruments and rating category.

The **diversification module** is materializing the correlation between the risk components which gives a diversification effect on the market risk.

C.3 Counterparty risk

C.3.a Definition

Counterparty Risk is the risk of loss or of adverse change in the financial situation, resulting from fluctuations in the credit standing of issuers of securities, counterparties and any debtors to which insurance and reinsurance undertakings are exposed, in the form of counterparty default risk, or spread risk, or market risk concentrations.
Among the debtors, risks related to financial instruments and risks related to receivables generated by the underwriting activities (premium collection, reinsurance recovering…) are distinguished into two categories: "Asset Credit Risk" and "Liabilities Credit Risk".

C.3.b Risk exposure

The counterparty risk SCR was at SEK 1,2 million as at 31 December 2020 (SEK 1,8 million in 2019).

C.3.c Risk management and reduction

The counterparty risk on reinsurers is managed through a stringent selection of counterparties and regular monitoring of the main exposures.

Partner counterparty risk is assessed and monitored in the KYI (Know Your Intermediary) Process, at commencement of relationship and regularly. Ring-fenced accounts are normally set up for premiums collected by partners, as and when required under local regulations.

C.4 Liquidity risk

C.4.a Definition

Liquidity Risk is the risk of being unable to fulfil current or future foreseen or unforeseen cash requirements coming from insurance commitments to policyholders, because of an inability to sell assets in a timely manner.

C.4.b Risk management

The Company mitigates the liquidity risk in the following ways:

- The Company, through Investment Committee and regular cash follow-up, manages the liquidity risk through investments in predominately liquid financial assets and constant monitoring of expected assets maturities regarding liabilities.

The Company prepares cash forecast regularly to predict required level of liquidity levels both for short-term and medium-term.

Note: there is no quantification for this risk. The risk is governed by the nature of our investments.

C.5 Operational risk

C.5.a Definition

Operational Risk is the risk of loss resulting from the inadequacy or failure of internal processes, IT failures or deliberate external events, whether accidental or natural. The external events mentioned in this definition include those of human or natural origin.

Internal processes are specifically those that involve employees and IT systems. External events include, but are not limited to floods, fire, earthquakes and terrorist attacks. Credit or market events such as default or fluctuations in value do not fall within the scope of operational risk.

Operational risk encompasses fraud, human resources risks, legal risks, non-compliance risks, tax risks, information system risks, risks related to the provision of inappropriate financial services (conduct risk), risk related to failures in operating processes including underwriting procedures; or the use of a model (model risk) along with any potential financial consequences resulting from the management of reputation risk.

C.5.b Risk exposures

The amount of the SCR linked to the operational risk was SEK 9,3 million at 31 December 2020.

in KSEK, at December 31, 2020	
Premium based risk component	9,292
Provisions based risk component	226
Total capital requirement for operational risk	**9,292**

It was 9 487 KSEK in 2019.

C.5.c Risk management

To manage operational, non-compliance and reputational risk, the Company relies on its general internal control system, a twin-dimension system providing both periodic and permanent control.

The Company also monitors the operational risks through a dedicated Committee; Internal Control Committee, where major exposures and concerns are addressed, and mitigating actions are defined.

C.6 Other material risks

Any significant changes in taxes could impact the Company's resources and liquidity requirements.

C.7 Any other information

There is no other specific information.

D. Valuation for Solvency Purposes

D.1 Assets

The assets in the Company's balance sheet at 31 December 2020 are comprised as follows:

In KSEK, at December 31, 2020	*Reference*	Solvency 2 Balance sheet	Annual Financial report
Deferred aquisition costs	A	-	6 167
Other intangible assets	B	-	-
Deferred tax assets	C	-	-
Property held for own use	D	-	-
Investments (other than assets held for index-linked and unit-linked contracts)	E	141 770	141 770
Assets held for index-linked and unit-linked contracts		-	-
Reinsurance recoverables	F	1 603	3 229
Deposits to cedants		-	-
Insurance and intermediaries receivables	G	-	-
Reinsurance receivables	G	2 699	14
Receivables (trade, not insurance)		9 415	9 415
Cash and cash equivalents		31 176	31 176
Other assets		-	-
TOTAL ASSETS		186 663	191 771

Letters A to G refer to the assessment methods described below when considered as significant.

Reconciliation with the financial statements and method for evaluating assets

In KSEK	*Reference*	December 31, 2020
Financial assets fair value	E	-
Goodwill and intangible assets fair value	A and F	-
Valuation of insurance recoverables under Solvency II and elimination of deferred acquisition costs	A, C and F	- 7 793
Revaluation of subordinated liabilities	C	-
Others	C	2 685
Assets and deferred tax liabilities compensation	C	-
TOTAL OF RESTATEMENTS		- 5 108

Pursuant to Article 75 a) of the Directive, assets are valued "at the amount for which they could be exchanged between knowledgeable and willing parties in an arms-length transaction".

A. Deferred expenses reported

The share not chargeable to the expenses incurred when purchasing insurance contracts is entered with assets in the Company's balance sheet. These acquisition expenses reported are eliminated under Solvency II.

C. Deferred tax assets

Deferred taxes are determined by the method described in paragraph D.5.a (Other information). Deferred tax assets are recognized for all deductible temporary differences and unused carry-forwards of tax losses only to the extent that the entity in question will in all probability generate future taxable profits against which these temporary differences and tax losses can be offset.

D. Equipment for own use

Equipment for own use are valued at their economic value, which is assumed to be consistent with a linear amortization over 5 years.

E. Financial investments

Financial assets are listed on the asset side of the balance sheet in accordance with the Complementary Identification Codes (CIC codes) determined by EIOPA.

Financial assets held in foreign currencies are subject to re-evaluation effect based on closing exchange rates. The re-evaluation of assets has a P&L effect, which is offset by re-evaluation of liabilities (balance sheet effect).

The fair value of the financial assets is determined by the external asset manager of the Company, obtained directly from market data.

F. Share of reinsurers in the technical reserves

The method for assessing the ceded technical reserves follows the same principles as those of the technical reserves described in paragraph D.2. At 31 December 2020 the ceded technical reserves came to 1 602 KSEK.

G. Receivables from insurance and reinsurance transactions

These receivables have a contractual maturity of less than one year. They are assessed at their notional value, possibly corrected by a provision to take into account the credit quality specific to each counterparty.

At 31 December 2020, the receivables from reinsurance transactions mainly correspond to the current accounts of reinsurers.

D.2 Technical provisions

D.2.a Summary of technical provisions by line of business

	2019			2020		
K SEK	BEL	Risk Margin	Total	BEL	Risk Margin	Total
Total BEL	33,065	3,797	36,862	50,275	4,790	55,065
Total Non-life (excluding health)	-	-	-	-	-	-
Fire and other damage to property insurance	-	-	-	-	-	-
Miscellaneous financial loss	-	-	-	-	-	-
Total Health (similar to non-life)	1	0	1	-	-	-
Medical expense insurance	-	-	-	-	-	-
Income protection insurance	1	0	1	-	-	-
Total Health (similar to life)	-	-	-	-	-	-
Health insurance	-	-	-	-	-	-
Total Life (excluding health)	33,064	3,797	36,861	50,275	4,790	55,065
Other life insurance	33,064	3,797	36,861	50,275	4,790	55,065

The BEL gross of recoverable on December 31, 2020 increased by 52% to SEK 50 million compared to SEK 33 million on December 31, 2019. The increase of BEL compared to 2019 results from the increase of projected Loss ratio.

D.2.b Principles and assumptions for valuing the technical provisions

Technical provisions are valued in accordance with Article 77 of the Solvency II Directive which states that the value of technical provisions shall be equal to the sum of a best estimate and a risk margin.

Best Estimate of Liabilities is assessed as the probability-weighted average of all future cash-flows arising from the existing valued contracts, taking account of the time value of money (expected present value of future cash-flows), using the relevant risk-free interest rate term structure.

Insurance obligations are segmented by product, sub-product and risk-categories to define homogeneous risk groups. The granularity is derived from existing local reporting and from the company specific accounting and Head Office reporting processes.

The cash-flow projection used in the calculation of the best estimate takes into account of all the cash in- and out-flows required to settle the insurance and reinsurance obligations over the lifetime thereof. The calculation is based upon up-to-date and credible information and realistic assumptions and is performed using adequate, applicable and relevant actuarial and statistical methods.

The Risk Margin is assessed as the cost of providing an amount of eligible own funds equal to the Solvency Capital Requirement necessary to support the insurance obligations over the lifetime thereof.
The cost-of-capital rate which is prescribed by EIOPA is applied to the run-off of SCR from the valuation date to extinction of all insurance obligations and discounted at the risk-free rate.

The risk margin is calculated using the 'method 2' of the simplifications proposed in Guideline 61 of the Guidelines on the valuation of technical provisions (EIOPA-BoS-14/166). This methodology is based on the projection of the risk sub-modules in proportion to certain indicators called 'drivers'.

D.2.c Level of uncertainty related to the value of technical provisions

The main factors of uncertainty identified in the technical reserves are:

- their transposition into a risk neutral environment without real-world assumptions (target policyholder benefit rate, assets dividend rate, etc.);
- the Best Estimate projected costs, in particular for rapid development or run-off portfolios.

D.2.d Reinsurance recoverables

The reinsurance program aimed at reducing underwriting risk, in particular the following risks: Peak risk (related to exposure to risk on a single head or risk) and Catastrophe risk (linked to exposure to risk over a single event - concentration risk).

D.3 Other liabilities

In KSEK, at December 31, 2020	*Reference*	Balance sheet solvency 2	Annual financial report
Technical provisions incl. Best estimate of liabilities (BEL)		-	-
Provisions for pensions and other benefits	A	55 065	77 050
Liabilities for cash deposits of reinsurers	B	- 15	-
Deferred tax liabilities	C	4 178	-
Financial liabilities other than debts owed to credit institutions	D	-	-
Insurance & intermediaries payables	E	-	-
Reinsurance payables	E	3 223	523
Other debts (Not linked to insurance)		8 991	10 041
Subordinated liabilities in Basic Own Funds	F	-	-
Any other debts, not elsewhere shown		11 116	11 540
Other liabilities		**82 558**	**99 154**
Ordinary share capital, Premiums		93 300	93 300
Reconciliation reserve		10 805	- 683
Dividends		-	-
Own funds		**104 105**	**92 617**
Total Liabilities		**186 663**	**191 771**

Notes A to F refer to the methods for valuing other liabilities described below when considered as significant.

Reconciliation with the financial statements and methods for evaluating other liabilities

In KSEK	*Reference*	December 31, 2020
Fair value financial assets	C	-
Valuation of insurance liabilities under Solvency II and elimination of deferred acquisition costs	C	- 7 793
Revaluation of subordinated liabilities	F	-
Others	B, C, D et E	2 685
Assets and deferred tax liabilities compensation	C	-
TOTAL OF RESTATEMENTS		- 5 108

Other liabilities are valued "at the amount for which they could be exchanged between knowledgeable and willing parties in an arms-length transaction".

B. Deposits from reinsurers

At 31 December 2020, the line item "Deposits from reinsurers" for an amount of 15 KSEK mainly corresponds to the cash deposits of the Company.

C. Deferred tax liabilities

Deferred tax liabilities are tax liabilities. They are determined in accordance with the method described in paragraph D.5., Other information.

E. Liabilities from reinsurance transactions

These liabilities have a contractual maturity of less than one year. In principle, they are valued at notional value.

D.4 Alternative methods for valuation

The Company does not use any alternative methods for valuation.

D.5 Any other information

The Company uses the risk-free interest rate curve provided by EIOPA without Volatility Adjustment.

Deferred taxes

Deferred taxes are calculated on the basis of the temporary differences between the carrying amount of assets and liabilities in the Solvency II balance sheet and their tax base.

Tax credits and tax loss carry-forwards are recognized and assessed in compliance with IRFS standards.
Deferred tax assets and liabilities are measured using the liability method, using the tax rate which is expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been or will have been enacted before the balance sheet closing date of that period. They are not discounted.

Deferred tax assets are recognized in the balance sheet if it can be shown that they can be absorbed by future taxable profits within a reasonable period.

Deferred tax assets and deferred tax liabilities may be offset if, and only if:

- they relate to the taxes deducted by the same tax authority and from the same taxable entity;
- there is a legally enforceable right to offset the payable tax assets with the payable tax liability.

The Company calculates its deferred tax on the basis of the local tax required and according to the principles described above. The position of deferred tax in the Solvency II balance sheet is offset by each entity.

At 31 December 2020, deferred tax liabilities were 4 178 KSEK.

E. Capital Management

E.1 Own funds

E.1.a Objectives and policy for own funds management to cover the SCR/MCR

The objective for the Company's capital management is to ensure an optimized and sufficient capital structure, to satisfy prudential requirements and to guarantee adequate financial resilience.

The Company's Capital Management Policy aim at setting the boundaries for the wished level of coverage for the SCR. The available capital will be set accordingly and management actions will be defined for situations outer the boundaries.

The primary objectives of the policy are, on the one hand, to ensure that BNPPCL maintain capital ratios that protect its viability in the long term interest of the policyholder and thus comply with externally imposed capital requirements and, on the other hand, to use capital effectively in the interest of its shareholder.

The target capital will be based on the risk appetite of the company and thus take into account the expected volatility of the solvency ratios (the available versus the required capital) and the exposure to stress scenarios in the ORSA.

The Company's Capital Management Policy is based on the following principles:

- ensuring a level of capital so that, 90% of the SCR absorbed, it will still be sufficient to cover the MCR
- covering greater than 100% of the SCR defined within the scope of the ORSA assessment
- being adequate for Local Capital Requirement based on regulator coverage target (until defined by local regulator assumed to be 100% SCR).

Depending on the levels of solvency ratios observed on a quarterly basis and the forecasts made under ORSA and yearly updates if necessary, remedial actions to adjust the capital may be initiated.

E.1.b Structure, amount and quality of own funds

Available own funds were 104 105 KSEK at 31 December 2020 and comprised the following elements:

In KSEK	December 31, 2020
Ordinary share capital	38 000
Share premiums	55 300
Reconciliation reserve	10 805
Subordinated liabilities	-
Guarantee funds	-
TOTAL	104 105

Own fund items are ranked at three tiers with a graduation in quality, according to their availability, their priority subordination for hedging policyholder undertakings, and their duration.

The composition by Tier is as follows:

In KSEK, at	December 31, 2020					December 31, 2019
	Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3	
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35						
Ordinary share capital (gross of own shares)	38 000	38 000	-	-	-	38 000
Share premium account related to ordinary share capital	55 300	55 300	-	-	-	55 300
Surplus funds	-	-	-	-	-	-
Preference shares	-	-	-	-	-	-
Share premium account related to preference shares	-	-	-	-	-	-
Reconciliation reserve	10 805	10 805	-	-	-	22 871
Subordinated liabilities	-	-	-	-	-	-
An amount equal to the value of net deferred tax assets						
Other own fund items approved by the supervisory authority as basic own funds not specified above						
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	-	-	-	-	-	-
Deductions not included in the reconcilation reserve						
Deductions for participations in financial and credit institutions	-	-	-	-	-	-
Total basic own funds after deductions	104 105	104 105	-	-	-	116 171

None of the Company's own funds are subject to transitional arrangements and the Company has no ancillary own funds as at 31 December 2020 (2019, 0 KSEK).

E.2 Solvency Capital Requirement and Minimum Capital Requirement

E.2.a Amounts of SCR and MCR

The amount of the Solvency Capital Requirement and Minimum Capital Requirement at 31 December, 2020 are SEK 48 million and SEK 38 million respectively.

E.2.b Amount of SCR per risk module

In KSEK

SCR per risk module in K SEK, at	2020	2019	2018
Market risk	7,923	8,962	9,489
Counterparty default risk	1,297	1,819	2,106
Life underwriting risk	40,109	30,626	30,317
Health underwriting risk	0	0	3
Non-life underwriting risk	0	0	0
Diversification	-6,164	-6,841	-7,283
Intangible asset risk	0	0	0
Basic Solvency Capital Requirement	43,165	34,567	34,633

Operational risk	9,292	9,488	9,116
Loss-absorbing capacity of technical provisions	0	0	0
Loss-absorbing capacity of deferred taxes	-4,178	-6,837	-6,752
Solvency Capital Requirement	48,279	37,217	36,997

The level of SCR has increased since 2019 due to the higher level of claims incurred during 2020.

E.2.c Information on the data used for calculating the MCR

The data used for calculating the MCR is:

- the technical reserves described in paragraph D.2;
- the amounts of the net reinsurance premiums issued for financial year 2020;
- capital at risk under Solvency I .

in KSEK

Overall MCR calculation in KSEK	2020	2019	2018
Linear MCR	65,658	60,041	57,221
SCR	48,279	37,217	36,997
MCR cap	21,726	16,748	16,649
MCR floor	12,070	9,304	9,249
Combined MCR	21,726	16,748	16,649
Absolute floor of the MCR	38,351	38,754	38,486
Minimum Capital Requirement	38,351	38,754	38,486

E.3 Use of the duration-based equity risk sub-module in the calculation of the Solvency Capital Requirement

The Company does not apply this.

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

The Company does not use any internal model.

E.5 Non-compliance with the Minimum Capital Requirement and non-compliance with the Solvency Capital Requirement

There was no breach of the Solvency Capital Requirement (and hence the Minimum Capital Requirement) over the reporting period.

E.6 Any other information

No other specific information.

APPENDICES – QUANTITATIVE TEMPLATES DISCLOSURES

- The following appendix gives the quantitative templates available for public disclosure.
- They are reported in SEK.
- For presentation purposes the empty LoB are not presented
- The following templates are not relevant for the situation of the company and therefore, not attached:
  S22.01.21
  S25.02.21
  S25.03.21
  S19.01
  S.17.01
  S.17.02

Premiums, claims and expenses by line of business
Life
S.05.01.01.02

		Line of Business for: life insurance obligations — Other life insurance	Total
		C0240	C0300
Premiums written			
Gross	R1410	229,035,596.10	229,035,596.10
Reinsurers' share	R1420	11,693,781.98	11,693,781.98
Net	R1500	217,341,814.12	217,341,814.12
Premiums earned			
Gross	R1510	233,840,320.53	233,840,320.53
Reinsurers' share	R1520	11,611,105.40	11,611,105.40
Net	R1600	222,229,215.13	222,229,215.13
Claims incurred			
Gross	R1610	74,263,332.33	74,263,332.33
Reinsurers' share	R1620	3,586,628.41	3,586,628.41
Net	R1700	70,676,703.92	70,676,703.92
Changes in other technical provisions			
Gross	R1710		
Reinsurers' share	R1720		
Net	R1800		
Expenses incurred	R1900	144,459,585.00	144,459,585.00
Administrative expenses			
Gross	R1910	30,124,784.00	30,124,784.00
Reinsurers' share	R1920		
Net	R2000	30,124,784.00	30,124,784.00
Investment management expenses			
Gross	R2010	144,488.00	144,488.00
Reinsurers' share	R2020		
Net	R2100	144,488.00	144,488.00
Claims management expenses			
Gross	R2110	10,216,623.00	10,216,623.00
Reinsurers' share	R2120		
Net	R2200	10,216,623.00	10,216,623.00
Acquisition expenses			
Gross	R2210	90,018,431.00	90,018,431.00
Reinsurers' share	R2220	5,586,847.00	5,586,847.00
Net	R2300	84,431,584.00	84,431,584.00
Overhead expenses			
Gross	R2310	19,542,106.00	19,542,106.00
Reinsurers' share	R2320		
Net	R2400	19,542,106.00	19,542,106.00
Other expenses	R2500		
Total expenses	R2600		144,459,585.00
Total amount of surrenders	R2700		

Premiums, claims and expenses by country
Life obligations
S.05.02.01.04 - S.05.02.01.06

		Home country	Country (by amount of gross premiums	Country (by amount of gross premiums	Country (by amount of gross premiums	Total for top 5 countries and home country (by amount of gross
			DK	FI	NO	
		C0220	C0230	C0230	C0230	C0280
Premiums written						
Gross	R1410	190,044,063.01	16,735,146.22	8,630,521.69	13,625,865.17	229,035,596.09
Reinsurers' share	R1420	11,693,781.98	0.00	0.00	0.00	11,693,781.98
Net	R1500	178,350,281.03	16,735,146.22	8,630,521.69	13,625,865.17	217,341,814.11
Premiums earned						
Gross	R1510	189,887,380.84	16,696,318.12	8,779,686.76	18,476,934.80	233,840,320.52
Reinsurers' share	R1520	11,611,105.40	0.00	0.00	0.00	11,611,105.40
Net	R1600	178,276,275.44	16,696,318.12	8,779,686.76	18,476,934.80	222,229,215.12
Claims incurred						
Gross	R1610	68,850,768.27	2,987,351.86	1,878,477.79	546,734.41	74,263,332.33
Reinsurers' share	R1620	3,586,628.41	0.00	0.00	0.00	3,586,628.41
Net	R1700	65,264,139.86	2,987,351.86	1,878,477.79	546,734.41	70,676,703.92
Changes in other technical provisions						
Gross	R1710					0.00
Reinsurers' share	R1720					0.00
Net	R1800	0.00	0.00	0.00	0.00	0.00
Expenses incurred	R1900	103,497,557.00	18,470,743.00	4,126,057.00	18,365,228.00	144,459,585.00
Other expenses	R2500					
Total expenses	R2600					144,459,585.00

Life and Health SLT Technical Provisions

S.12.01.01

		Other life insurance		
			Contracts without options and guarantees	Total (Life other than health insurance, incl. Unit-Linked)
		C0060	C0070	C0150
Technical provisions calculated as a whole	R0010	0.00		0.00
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	R0020	0.00		0.00
Technical provisions calculated as a sum of BE and RM				
Best Estimate				
Gross Best Estimate	R0030		50,274,894.95	50,274,894.95
Total recoverables from reinsurance/SPV and Finite Re before the adjustment for expected losses due to counterparty default	R0040		1,601,624.04	1,601,624.04
Recoverables from reinsurance (except SPV and Finite Re) before adjustment for expected losses	R0050		1,601,624.04	1,601,624.04
Recoverables from SPV before adjustment for expected losses	R0060		0.00	0.00
Recoverables from Finite Re before adjustment for expected losses	R0070		0.00	0.00
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0080		1,601,981.36	1,601,981.36
Best estimate minus recoverables from reinsurance/SPV and Finite Re	R0090		48,672,913.58	48,672,913.58
Risk Margin	R0100	4,789,619.15		4,789,619.15
Amount of the transitional on Technical Provisions				
Technical Provisions calculated as a whole	R0110	0.00		0.00
Best estimate	R0120			0.00
Risk margin	R0130			0.00
Technical provisions - total	R0200	55,064,514.10		55,064,514.10
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0210	53,462,532.73		53,462,532.73
Best Estimate of products with a surrender option	R0220	0.00		0.00
Gross BE for Cash flow				
Cash out-flows				
Future guaranteed and discretionary benefits	R0230	80,517,698.40		80,517,698.40
Future guaranteed benefits	R0240			0.00
Future discretionary benefits	R0250			0.00
Future expenses and other cash out-flows	R0260	91,340,504.21		91,340,504.21
Cash in-flows				
Future premiums	R0270	121,583,306.84		121,583,306.84
Other cash in-flows	R0280	0.00		0.00
Percentage of gross Best Estimate calculated using approximations	R0290			
Surrender value	R0300			
Best estimate subject to transitional of the interest rate	R0310	0.00		0.00
Technical provisions without transitional on interest rate	R0320			
Best estimate subject to volatility adjustment	R0330	0.00		0.00
Technical provisions without volatility adjustment and without others transitional measures	R0340	50,274,894.95		50,274,894.95
Best estimate subject to matching adjustment	R0350	0.00		0.00
Technical provisions without matching adjustment and without all the others	R0360	50,274,894.95		50,274,894.95

Life and Health SLT Technical Provisions - by country

Gross TP calculated as a whole and Gross BE for different countries - Home country and countries outside the materiality threshold

S.12.02.01

		Other life insurance	Total (Life other than health insurance, incl. Unit-Linked)	Total (Health similar to life insurance)
		C0060	C0150	C0210
Home country :	R0010	35,877,763.75	35,877,763.75	0.00
EEA countries outside the materiality threshold - not reported by country	R0020		0.00	0.00
Non-EEA countries outside the materiality threshold - not reported by country	R0030		0.00	0.00

Gross TP calculated as a whole and Gross BE for different countries - Countries in the materiality threshold

Countries in the materiality threshold	DK	R0040	3,685,482.86	3,685,482.86	0.00
Countries in the materiality threshold	FI	R0040	3,759,441.72	3,759,441.72	0.00
Countries in the materiality threshold	NO	R0040	6,952,206.61	6,952,206.61	0.00

Own funds

S.23.01.01

		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 2015/35						
Ordinary share capital (gross of own shares)	R0010	38,000,000.00	38,000,000.00		0.00	
Share premium account related to ordinary share capital	R0030	55,300,000.00	55,300,000.00		0.00	
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type	R0040	0.00	0.00		0.00	
Subordinated mutual member accounts	R0050	0.00		0.00	0.00	0.00
Surplus funds	R0070	0.00	0.00			
Preference shares	R0090	0.00		0.00	0.00	0.00
Share premium account related to preference shares	R0110	0.00		0.00	0.00	0.00
Reconciliation reserve	R0130	10,805,035.97	10,805,035.97			
Subordinated liabilities	R0140	0.00		0.00	0.00	0.00
An amount equal to the value of net deferred tax assets	R0160	0.00				0.00
Other own fund items approved by the supervisory authority	R0180	0.00	0.00	0.00	0.00	0.00
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	R0220	0.00				
Deductions						
Deductions for participations in financial and credit institutions	R0230	0.00				
Total basic own funds after deductions	R0290	104,105,035.97	104,105,035.97	0.00	0.00	0.00
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300	0.00				
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310	0.00			0.00	
Unpaid and uncalled preference shares callable on demand	R0320	0.00				
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330	0.00				
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340	0.00				
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350	0.00				
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360	0.00			0.00	
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370	0.00			0.00	0.00
Other ancillary own funds	R0390	0.00				
Total ancillary own funds	R0400	0.00			0.00	0.00
Available and eligible own funds						
Total available own funds to meet the SCR	R0500	104,105,035.97	104,105,035.97	0.00	0.00	0.00
Total available own funds to meet the MCR	R0510	104,105,035.97	104,105,035.97	0.00	0.00	
Total eligible own funds to meet the SCR	R0540	104,105,035.97	104,105,035.97			
Total eligible own funds to meet the MCR	R0550	104,105,035.97	104,105,035.97			
SCR	R0580	48,279,423.98				
MCR	R0600	38,350,500.00				
Ratio of Eligible own funds to SCR	R0620	2.1563				
Ratio of Eligible own funds to MCR	R0640	2.7146				

Reconciliation reserve

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	104,105,035.97
Own shares (held directly and indirectly)	R0710	
Foreseeable dividends, distributions and charges	R0720	
Other basic own fund items	R0730	93,300,000.00
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	0.00
Reconciliation reserve	R0760	10,805,035.97
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	R0770	14.54
Expected profits included in future premiums (EPIFP) - Non-life business	R0780	0.00
Total Expected profits included in future premiums (EPIFP)	R0790	14.54

Detailed information by tiers on own funds

Basic own funds

S.23.02.01.01

		Total	Tier 1	Tier 1 - Of which counted under transitionals	Tier 2	Tier 2 - Of which counted under transitionals	Tier 3
		C0010	C0020	C0030	C0040	C0050	C0060
Subordinated mutual members accounts							
Paid in	R0010	38,000,000.00	38,000,000.00				
Called up but not yet paid in	R0020	0.00			0.00		
Own shares held	R0030	0.00	0.00				
Total ordinary share capital	R0100	38,000,000.00	38,000,000.00		0.00		
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual type undertakings							
Paid in	R0110	0.00					
Called up but not yet paid in	R0120	0.00					
Total initial fund members' contributions or the equivalent basic own fund item for mutual and mutual type undertakings	R0200	0.00	0.00		0.00		
Subordinated mutual members accounts							
Dated subordinated	R0210	0.00					
Undated subordinated with a call option	R0220	0.00					
Undated subordinated with no contractual opportunity to redeem	R0230	0.00					
Total subordinated mutual members accounts	R0300	0.00	0.00	0.00	0.00	0.00	0.00
Preference shares							
Dated preference shares	R0310	0.00					
Undated preference shares with a call option	R0320	0.00					
Undated preference shares with no contractual opportunity to redeem	R0330	0.00					
Total preference shares	R0400	0.00	0.00	0.00	0.00	0.00	0.00
Subordinated liabilities							
Dated subordinated liabilities	R0410	0.00					
Undated subordinated liabilities with a contractual opportunity to redeem	R0420	0.00					
Undated subordinated liabilities with no contractual opportunity to redeem	R0430	0.00					
Total subordinated liabilities	R0500	0.00	0.00	0.00	0.00	0.00	0.00

Ancillary own funds

S.23.02.01.02

		Tier 2 - Initial amounts approved	Tier 2 - Current amounts	Tier 3 - Initial amounts approved	Tier 3 - Current amounts
		C0070	C0080	C0090	C0100
Ancillary own funds					
Items for which an amount was approved	R0510				
Items for which a method was approved	R0520				

Excess of assets over liabilities - attribution of valuation differences

S.23.02.01.03

		Total
		C0110
Excess of assets over liabilities - attribution of valuation differences		
Difference in the valuation of assets	R0600	-7,793,327.64
Difference in the valuation of technical provisions	R0610	-21,985,692.32
Difference in the valuation of other liabilities	R0620	2,704,269.01
Total of reserves and retained earnings from financial statements	R0630	-683,059.00
Other, please explain why you need to use this line	R0640	
Reserves from financial statements adjusted for Solvency II valuation differences	R0650	10,805,036.67
Excess of assets over liabilities attributable to basic own fund items (excluding the reconciliation reserve)	R0660	93,300,000.00
Excess of assets over liabilities	R0700	104,105,036.67

Solvency Capital Requirement - for undertakings on Standard Formula

S.25.01.01.01 - S.25.01.01.05

Article 112*	Z0010	2

Basic Solvency Capital Requirement

		Net solvency capital requirement	Gross solvency capital requirement	Allocation from adjustments due to RFF and Matching adjustments portfolios
		C0030	C0040	C0050
Market risk	R0010	7,922,995.83	7,922,995.83	
Counterparty default risk	R0020	1,297,451.25	1,297,451.25	
Life underwriting risk	R0030	40,108,820.59	40,108,820.59	
Health underwriting risk	R0040	0.00	0.00	
Non-life underwriting risk	R0050	0.00	0.00	
Diversification	R0060	-6,164,175.17	-6,164,175.17	
Intangible asset risk	R0070	0.00	0.00	
Basic Solvency Capital Requirement	R0100	43,165,092.50	43,165,092.50	

Calculation of Solvency Capital Requirement

		Value
		C0100
Adjustment due to RFF/MAP nSCR aggregation	R0120	
Operational risk	R0130	9,292,225.49
Loss-absorbing capacity of technical provisions	R0140	
Loss-absorbing capacity of deferred taxes	R0150	-4,177,894.01
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	
Solvency capital requirement excluding capital add-on	R0200	48,279,423.98
Capital add-on already set	R0210	
Solvency capital requirement	R0220	48,279,423.98
Other information on SCR		
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/MAP nSCR aggregation*	R0450	
Net future discretionary benefits	R0460	

Calculation of Solvency Capital Requirement

		Yes/No
		C0109
Approach based on average tax rate*	R0590	2

Calculation of loss absorbing capacity of deferred taxes

		Before the shock	After the shock
		C0110	C0120
DTA	R0600	0.00	0.00
DTA carry forward	R0610		
DTA due to deductible temporary differences	R0620		
DTL	R0630	4,177,894.01	

		LAC DT
		C0130
LAC DT	R0640	-4,177,894.01
LAC DT justified by reversion of deferred tax liabilities	R0650	-4,177,894.01
LAC DT justified by reference to probable future taxable economic profit	R0660	
LAC DT justified by carry back, current year	R0670	
LAC DT justified by carry back, future years	R0680	
Maximum LAC DT	R0690	

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

S.28.01.01

Linear formula component for non-life insurance and reinsurance obligations		MCR components
		C0010
MCRNL Result	R0010	0.00

Background information		Background information	
		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	0.00	0.00
Income protection insurance and proportional reinsurance	R0030	0.00	0.00
Workers' compensation insurance and proportional reinsurance	R0040	0.00	0.00
Motor vehicle liability insurance and proportional reinsurance	R0050	0.00	0.00
Other motor insurance and proportional reinsurance	R0060	0.00	0.00
Marine, aviation and transport insurance and proportional reinsurance	R0070	0.00	0.00
Fire and other damage to property insurance and proportional reinsurance	R0080	0.00	0.00
General liability insurance and proportional reinsurance	R0090	0.00	0.00
Credit and suretyship insurance and proportional reinsurance	R0100	0.00	0.00
Legal expenses insurance and proportional reinsurance	R0110	0.00	0.00
Assistance and proportional reinsurance	R0120	0.00	0.00
Miscellaneous financial loss insurance and proportional reinsurance	R0130	0.00	0.00
Non-proportional health reinsurance	R0140	0.00	0.00
Non-proportional casualty reinsurance	R0150	0.00	0.00
Non-proportional marine, aviation and transport reinsurance	R0160	0.00	0.00
Non-proportional property reinsurance	R0170	0.00	0.00

Linear formula component for life insurance and reinsurance obligations		C0040
MCRL Result	R0200	65,658,354.07

Total capital at risk for all life (re)insurance obligations		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	0.00	
Obligations with profit participation - future discretionary benefits	R0220	0.00	
Index-linked and unit-linked insurance obligations	R0230	0.00	
Other life (re)insurance and health (re)insurance obligations	R0240	48,672,913.58	
Total capital at risk for all life (re)insurance obligations	R0250		92,337,461,267.85

Overall MCR calculation		C0070
Linear MCR	R0300	65,658,354.07
SCR	R0310	48,279,423.98
MCR cap	R0320	21,725,740.79
MCR floor	R0330	12,069,856.00
Combined MCR	R0340	21,725,740.79
Absolute floor of the MCR	R0350	38,350,500.00
Minimum Capital Requirement	R0400	38,350,500.00