

SOLVENCY AND FINANCIAL CONDITION  
REPORT 2024

BNP PARIBAS CARDIF LIVFÖRSÄKRING AB



**BNP PARIBAS  
CARDIF**

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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 2024.

### Special note for the 2024 report:

In 2024, central banks in the Nordic countries began to lower interest rates as the post-covid inflation appeared to decrease.

Overall, poor macroeconomic performance has resulted in a slower-than-expected recovery for new credit activity, but with further rate cuts on the horizon there is hope for a rebound during 2025. The organization remains on alert following the evolution of these indicators and will take mitigating actions as appropriate.

## Summary

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

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

In 2024, the Company's gross written premiums amounted to 337 271 KSEK (367 553 KSEK in 2023).

The result for the year after taxes amounts to 5 335 KSEK (40 984 KSEK in 2023). The Company has secured new partnerships during 2024 that are expected to generate future profits.

Overall, poor macroeconomic performance has resulted in a slower-than-expected recovery for new credit activity, and related credit protection insurance, negatively affecting the business.

The assets under management amounted to 193 873 KSEK as of December 31<sup>st</sup> 2024 (187 330 KSEK as of December 31<sup>st</sup> 2023). Income from asset management amounted to 5 604 KSEK (3 970 KSEK in 2023).

The Solvency position of the Company shows a coverage ratio of 150% as of December 31<sup>st</sup> 2024 (200% as of December 31<sup>st</sup> 2023) in line with internal target of 140%.

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 these matters lies with the Company's Board of Directors, with the support 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

### A.1 Business

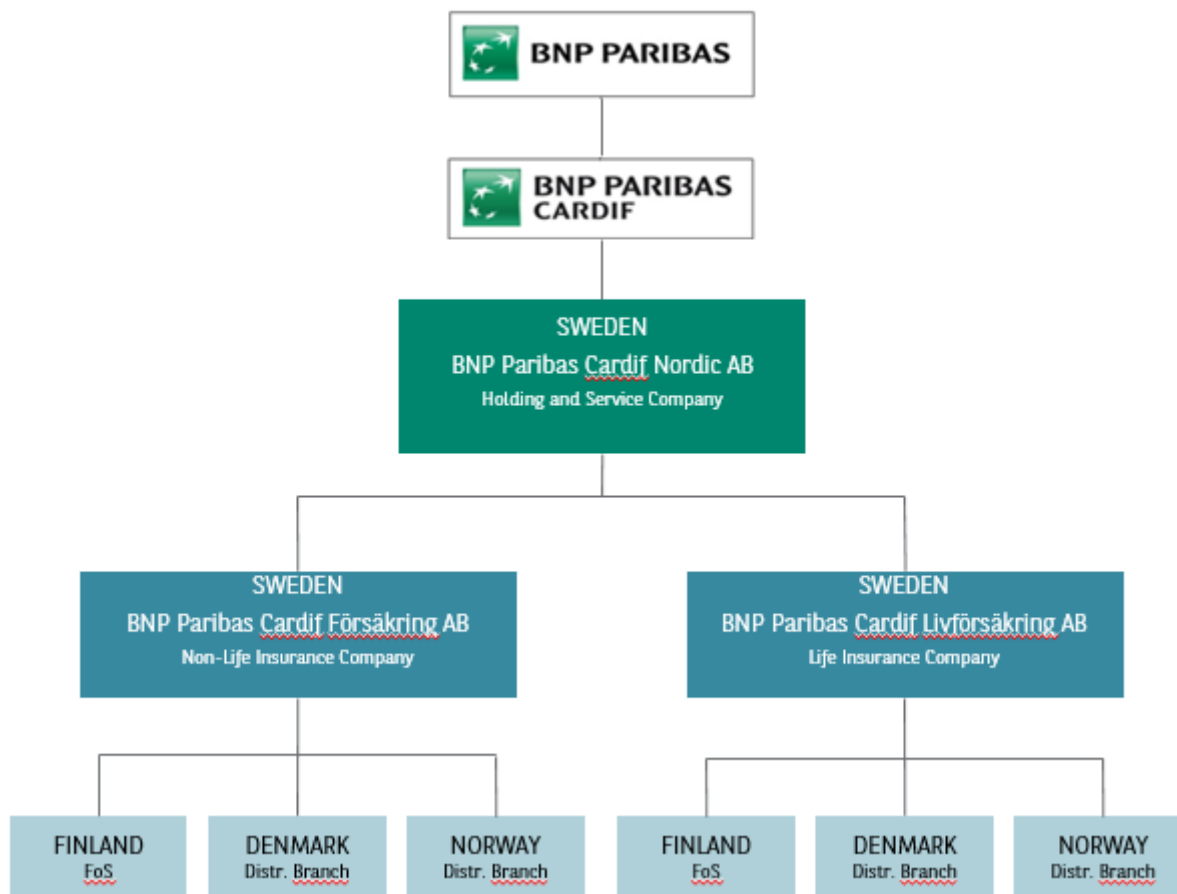
The Company is a limited liability insurance company, with company registration number: 516406-0559. The Company is under the supervision of Finansinspektionen, Box 7821, 103 97 Stockholm, Sweden.

The Company's external auditor (appointed at the AGM 2024) is Ernst & Young AB, 109 99 Stockholm. Responsible for the audit: Carl Rudin.

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. A few employees within 2LOD and IT Security holds employment with all three entities. There are outsourcing agreements between the consolidated companies within the Nordic group.

See below corporate organization chart.



### **BNP Paribas**

BNP Paribas is a European leader in global banking and financial services. The Group has around 183 000 employees and operates in 64 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 50 years of experience of the concept.

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

BNP Paribas Cardif has subsidiaries in 30 countries in Europe, Asia, Latin America and Africa and has about 80 million policy holders and more than 8 000 employees.

### **The Company's business and result**

The Company supplies Credit 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 credit card companies.

The Company has branch offices in Denmark and Norway, that became commercial branches January 1<sup>st</sup>, 2021, and operates through freedom of services in Finland.

In 2024, the Company including its branches had gross written premiums amounting to 337 271 KSEK (367 553 KSEK in 2023).

The result for the year after taxes amounts to 5 335 KSEK (40 984 KSEK in 2023).

The assets under management amounted to 193 873 KSEK as of December 31<sup>st</sup> 2024 (187 330 KSEK as of December 31<sup>st</sup> 2023). Income from asset management amounted to 5 604 KSEK (3 970 KSEK in 2023).

## **A.2 Underwriting Performance**

### **Underwriting income**

Evolution of the Gross Written Premium 2024/2023 by country:

Country	Gross written premium at year end 2024	Gross written premium at year end 2023	Evolution
Denmark	13 334	16 257	-18%
Finland	26 559	25 847	3%
Norway	12 334	12 977	-5%
Sweden	285 044	312 471	-9%
Total	337 271	367 553	-8%

The decrease of GWP is mainly connected to a premium reallocation to Non-Life risks for bundled creditor products. Without the reallocation, the premium would have increased to approximately 400 KSEK (+10% growth).

Profit & Loss 2024/2023

<i>Profit and loss account (KSEK)</i>	2024	2023
<b>Technical account, life assurance business</b>		
Premiums written, net of reinsurance	319,496	353,190
<i>Premiums written</i>	337,270	269,325
Claims incurred, net of reinsurance	- 125,740	- 93,446
Change in other technical provisions, net of reinsurance	4,708	-
Bonuses and rebates, net of reinsurance	- 14,759	- 22,773
Net operating expenses	- 181,908	- 189,650
Investment charges	- 277	- 147
Allocated investment return transferred to the non-technical account	- 3,372	- 2,811
<b>Subtotal for life assurance business</b>	<b>3,833</b>	<b>45,718</b>
<b>Profit or loss for the financial year</b>	<b>5,335</b>	<b>40,984</b>

- 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 have slightly decreased in 2024, 182 MSEK compared to 2023 (189 MSEK).

### A.3 Investment Performance

The investment portfolio comprises corporate bonds, covered mortgage bonds of high credit quality, government bonds, municipality securities, supranational bonds and cash. The total portfolio was valued at 193 873 KSEK as of 31 December 2024 (2023: 187 330 KSEK) out of which 52% in Swedish covered mortgage bonds, 23% in Swedish corporate bonds, 12% in Norwegian government bonds, 6% in Swedish municipality securities, 6% in supranational bonds and 1% in cash (SEK and NOK).

Total market value is higher in 2024 compared to 2023 following positive market value evolution derived from higher interest income and recovering bond market.

Assets under management K SEK	Total Market Value	Weight	Average rating	Modified Duration	Weighted Total Return
Norwegian government bonds	22 823	12%	AAA	0,5	0,51%
Swedish government bonds	0	0%	NR	0,0	0,06%
Supranational	11 745	6%	AAA	1,6	0,20%
Swedish municipality securities	11 564	6%	AAA	1,6	0,29%
Covered mortgage bonds	100 070	52%	AAA	2,5	1,53%
Corporate bonds - fixed rate	33 685	17%	A	1,5	0,64%
Corporate bonds - floating rate	11 093	6%	A-	0,1	0,44%
Mutual fund	0	0%	NR	0,0	0,00%
Cash	2 893	1%	AA-	0,0	0
<b>Total</b>	<b>193 873</b>	<b>100%</b>		<b>1,8</b>	<b>3,68%</b>

These investments are held to cover technical provisions of the Company for related liabilities. The asset selection and investment is outsourced to an external asset manager. The outsourcing is supervised by the internal finance and

risk departments and by group asset management during asset management committees. Investments are made in Norway in Norwegian government bonds in order to cover the currency risk (refer to part C.2.b).

Total net investment return for the year is 6 892 KSEK (2023: 6 615 KSEK) which comprises interest earned on financial investments of 5 270 KSEK (2023: 2 647 KSEK), realized losses on bonds of -375 KSEK (2023: -83 KSEK), and unrealized result of 1 997 KSEK (2023: 4 051 KSEK). This return corresponds to a performance of 3.68% for the Company's portfolio in 2024 (2023: 4.57%).

## A.4 Performance of other activities

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

## A.5 Any other information

In 2024, central banks in the Nordic countries lowered interest rates as the post-covid inflation appears to have been tamed. However, the years of high inflation and interest rate hikes have impacted credit activity. As a consequence, the Company has observed a negative impact on the CPI sales.

# B. System of Governance

## B.1 General information on the system of governance

### *Board and Management*

BNP Paribas Cardif Livförsäkring's Board consists of four members: Marc Weibel, Chairman of the Board, Åsa Blessner (who is Managing Director of BNP Paribas Cardif Nordic AB), Marieke van Zuien and Beatrice Semiond.

The Board meets at least four 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.

In October 2024, Christoffer Hofling was appointed new Managing Director of BNP Paribas Cardif Livförsäkring AB and 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.

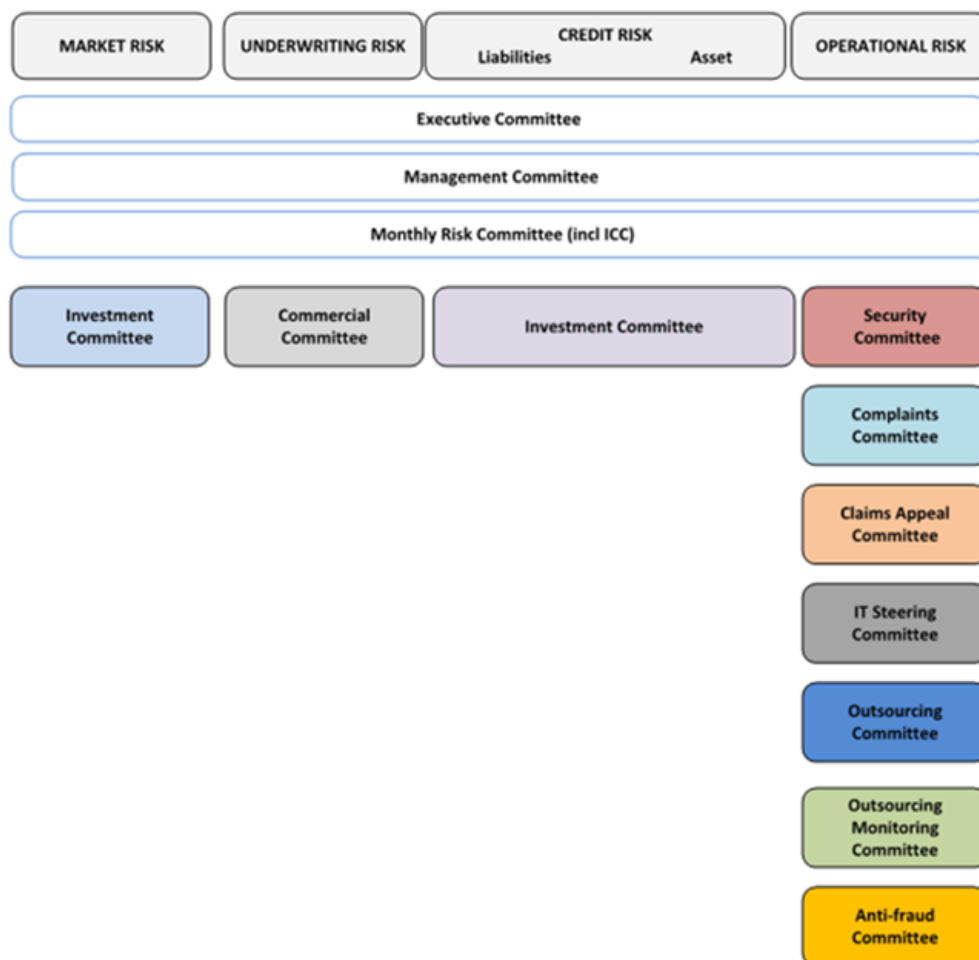
### *General Managers for the Norwegian and Danish branches*

Tore Ustad is the branch manager in Norway and Finn Berg is the 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:

### Risk Management Committees



#### 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, regulatory risk and reputation risk 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 management 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***

The Company does not offer any possibility for the staff to participate in any share purchase plans.

### ***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 is 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

### Board Members, the Board of Directors' collective qualifications, Managing Director and Branch Manager

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 (including insurance mediation/distribution)

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

The members of the Board, the Board of Directors' collective qualifications, the Managing Director and the branch managers have been notified to and approved by the Swedish FSA.

### Persons responsible for outsourced key functions

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.

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

### Responsible for the actuarial function (outsourced)

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/her knowledge is appropriate considering the tasks the person shall perform and the nature of the Company's business, and, if necessary, acquire further education.

### Responsible for the other key functions (compliance, risk management, internal audit)

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/her 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 (depending on the assessed position):

- 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 Policy for preventing and managing conflicts of interests.

## 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 a 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 Privacy and Protection Manager);
- 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 a 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 Board of Directors adopts the activity plan.

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 Generale", and an outsourced local Internal Audit Function.

The activities of the Inspection Generale 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 2024.

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.

#### Inspection Generale (IG):

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.

#### Local Internal Audit:

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 Advisense.

## **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 Monthly Risk Committee.

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

The Company keeps a register of all outsourcing arrangements.

#### **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 and is carried out in 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 is outsourced.

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 a member of the Board.

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 breakdown of the SCR for underwriting risk into its risk-modules and the evolution from 2023 to 2024 is given in the following table.

K SEK

SCR Underwriting	2024	2023	Variation
Sub-modules Life	113 693	100 038	14%
Diversification	-18 433	-19 990	-8%
<b>Life underwriting risk</b>	<b>95 260</b>	<b>80 048</b>	<b>19%</b>
Sub-modules Health	-	-	0%
Diversification	-	-	0%
<b>Health Underwriting risk</b>	<b>-</b>	<b>-</b>	<b>0%</b>
<b>Sum of risk components</b>	<b>113 693</b>	<b>100 038</b>	<b>14%</b>
Diversification	-	-	0%
<b>Total SCR Underwriting</b>	<b>95 260</b>	<b>80 048</b>	<b>19%</b>

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

The main contributors to the Life underwriting risks are the life catastrophe risk and the life lapse risk.

The increase of 19% for the Life underwriting risk is mainly due to higher loss ratios following observed volatility early in 2024, in combination with portfolio growth.

### 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;
- Quarterly actuarial 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 in liquid or very liquid assets with high credit rating (see the table in A.3 Investment Performance).

The market risk SCR is 10 112 KSEK after diversification as of 31 December 2024, compared to 8 339 KSEK as of 31 December 2023.

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 and 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 interest rate risk, its evolution is linked to the composition of the bond portfolio.

The **currency risk** (foreign exchange rate risk) module aims to quantify the capital expense of a 25% depreciation 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 0,8 million as of 31 December 2024 (SEK 1,5 million as of 31<sup>st</sup> December 2023).

### 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 settlements coming from insurance commitments to policyholders, due to an inadequate liquidity planning or 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

There have been no material changes regarding the operational risk faced by the Company in 2024.

The amount of the SCR linked to the operational risk was at SEK 13,7 million as of 31 December 2024 (SEK 15,1 million as of 31 December 2023).

### 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 as of 31 December 2024 are comprised as follows:

<i>In KSEK, at December 31, 2024</i>	<i>Reference</i>	<b>Solvency 2 Balance sheet</b>	<b>Annual Financial report</b>
Deferred acquisition costs	A	-	6 719
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	190 980	190 980
Assets held for index-linked and unit-linked contracts		-	-
Reinsurance recoverables	F	2 129	3 617
Deposits to cedants		-	15
Insurance and intermediaries receivables	G	-	-
Reinsurance receivables	G	-	-
Receivables (trade, not insurance)		37 619	37 619
Cash and cash equivalents		10 453	10 453
Other assets		4 215	4 215
<b>TOTAL ASSETS</b>		<b>245 395</b>	<b>253 618</b>

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.

<i>In KSEK</i>	<i>Reference</i>	<b>December 31, 2024</b>
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	- 8 208
Revaluation of subordinated liabilities	C	-
Others	C	- 15
Assets and deferred tax liabilities compensation	C	-
<b>TOTAL OF RESTATEMENTS</b>		<b>- 8 223</b>

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 is 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.

## 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.

As of 31 December 2024, 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

K SEK	2024			2023		
	BEL	Risk Margin	Total	BEL	Risk Margin	Total
<b>Total BEL</b>	51 615	6 546	58 162	23 823	5 656	29 479
<b>Total Non-life (excluding health)</b>	-	-	-	-	-	-
Fire and other damage to property insurance	-	-	-	-	-	-
Miscellaneous financial loss	-	-	-	-	-	-
<b>Total Health (similar to non-life)</b>	-	-	-	-	-	-
Medical expense insurance	-	-	-	-	-	-
Income protection insurance	-	-	-	-	-	-
<b>Total Health (similar to life)</b>	-	-	-	-	-	-
Health insurance	-	-	-	-	-	-
<b>Total Life (excluding health)</b>	51 615	6 546	58 162	23 823	5 656	29 479
Other life insurance	51 615	6 546	58 162	23 823	5 656	29 479

The BEL gross of recoverable on December 31, 2024 increased by 116% in comparison to December 31, 2023. The increase is a consequence of higher reserve levels, and higher loss ratios used for cash flow projections in line with the risk volatility observed at the beginning of the year.

### 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 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'.

The cost-of-capital rate which is defined 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.

#### **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

<i>In KSEK, at December 31, 2024</i>	<i>Reference</i>	<b>Balance sheet solvency 2</b>	<b>Annual financial report</b>
<b>Technical provisions incl. Best estimate of liabilities (BEL)</b>		-	-
Provisions for pensions and other benefits	A	58 162	89 101
Liabilities for cash deposits of reinsurers	B	- 15	-
Deferred tax liabilities	C	4 797	-
Financial liabilities other than debts owed to credit institutions	D	-	-
Insurance & intermediaries payables	E	-	-
Reinsurance payables	E	996	996
Other debts (Not linked to insurance)		8 590	8 590
Subordinated liabilities in Basic Own Funds	F	-	-
Any other debts, not elsewhere shown		11 319	11 875
<b>Other liabilities</b>		<b>83 849</b>	<b>110 562</b>
Ordinary share capital, Premiums		93 300	93 300
Reconciliation reserve		68 246	49 756
Dividends		-	-
<b>Own funds</b>		<b>161 546</b>	<b>143 056</b>
<b>Total Liabilities</b>		<b>245 395</b>	<b>253 618</b>

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

<i>In KSEK</i>	<i>Reference</i>	<b>December 31, 2024</b>
Fair value financial assets	C	-
Valuation of insurance liabilities under Solvency II and elimination of deferred acquisition costs	C	- 8 208
Revaluation of subordinated liabilities	F	-
Others	B, C, D et E	- 15
Assets and deferred tax liabilities compensation	C	-
<b>TOTAL OF RESTATEMENTS</b>		<b>- 8 223</b>

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

As of 31<sup>st</sup> December 2024, the line item "Liabilities for cash deposits of 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 IFRS 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.

As of 31<sup>st</sup> December 2024, deferred tax liabilities were 4 797 KSEK, calculated on future profits.

## 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 out of 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 if 90% of the SCR is 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 162 546 KSEK as of 31 December 2024 and comprised the following elements:

<i>In KSEK</i>	<b>December 31, 2024</b>
Ordinary share capital	38 000
Share premiums	55 300
Reconciliation reserve	68 246
Subordinated liabilities	-
Guarantee funds	-
<b>TOTAL</b>	<b>161 546</b>

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:

<i>In KSEK, at December 31, 2024</i>	<b>December 31, 2024</b>					<b>December 31, 2023</b>
	<b>Total</b>	<b>Tier 1 - unrestricted</b>	<b>Tier 1 - restricted</b>	<b>Tier 2</b>	<b>Tier 3</b>	
<b>Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35</b>						
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	68 246	68 246	-	-	-	68 923
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						
<b>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</b>						
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	-	-	-	-	-	-
<b>Deductions not included in the reconciliation reserve</b>						
Deductions for participations in financial and credit institutions	-	-	-	-	-	-
<b>Total basic own funds after deductions</b>	<b>161 546</b>	<b>161 546</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>162 223</b>

The reconciliation reserve is broken down as follows:

<i>In KSEK, at December 31, 2024</i>	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Social elements (Capital, reserves, RAN)	49 756	42 401
Solvency II restatements	18 490	26 523
<i>Impact on future profits net of taxes</i>	17 934	26 007
<i>Other restatements</i>	557	515
Planned distribution	-	-
<b>TOTAL RECONCILIATION RESERVE</b>	<b>68 246</b>	<b>68 924</b>



None of the Company's own funds are subject to transitional arrangements and the Company has no ancillary own funds as of 31 December 2024 (2023, 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 as of 31 December, 2024 are SEK 107.4 million and SEK 48.3 million respectively.

In KSEK, at	December 31, 2024	December 31, 2023
	Total	Total
Available own funds to meet the solvency capital requirement	161,546	162,223
Available own funds to meet the minimum capital requirement	161,546	162,223
Solvency capital requirement (SCR)	107,380	81,023
Minimum capital requirement (MCR)	48,321	47,310
Ratio of eligible own funds to the solvency capital requirement	150,44%	200,22%
Ratio of eligible own funds to the minimum capital requirement	334,32%	342,89%

The Solvency II ratio as of 31<sup>st</sup> December 2024 has decreased to 150,44% since the SCR has increased by 32% whereas the available own funds have decreased by 1%.

### E.2.b Amount of SCR per risk module

SCR per risk module in K SEK, at	2024	2023	2022
Market risk	10 112	8 339	9 005
Counterparty default risk	847	1 471	855
Life underwriting risk	95 260	80 048	44 447
Health underwriting risk	0	0	0
Non-life underwriting risk	0	0	0
Diversification	-7 712	-6 924	-6 554
Intangible asset risk	0	0	0
<b>Basic Solvency Capital Requirement</b>	<b>98 508</b>	<b>82 935</b>	<b>47 753</b>

Operational risk	13 670	15 147	11 942
Loss-absorbing capacity of technical provisions	0	0	0
Loss-absorbing capacity of deferred taxes	-4 797	-17 058	-8 212
<b>Solvency Capital Requirement</b>	<b>107 380</b>	<b>81 023</b>	<b>51 483</b>

The level of SCR has increased since 2023 due to the following:

- I. Higher projected loss ratios for key partners.
- II. Overall portfolio growth.

### 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 2024;
- capital at risk under Solvency I.

Overall MCR calculation in KSEK	2024	2023	2022
Linear MCR	79 500	83 534	71 402
SCR	107 380	81 023	51 483
MCR cap	48 321	36 460	23 167
MCR floor	26 845	20 256	12 871
Combined MCR	48 321	36 460	23 167
Absolute floor of the MCR	47 310	47 310	43 604
<b>Minimum Capital Requirement</b>	<b>48 321</b>	<b>47 310</b>	<b>43 604</b>

### 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 lines of business are not shown.
- The following templates are not relevant for the situation of the Company and therefore, not attached:
  - S01.
  - S04.
  - S06.
  - S09.
  - S13.
  - S14.
  - S23.03.
  - S25.
  - S26.
  - S29.
  - S30.
  - S31.

**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
<b>Premiums written</b>			
Gross	R1410	337 270 932,76	337 270 932,76
Reinsurers' share	R1420	17 775 121,48	17 775 121,48
Net	R1500	319 495 811,28	319 495 811,28
<b>Premiums earned</b>			
Gross	R1510	341 860 770,60	341 860 770,60
Reinsurers' share	R1520	17 656 537,63	17 656 537,63
Net	R1600	324 204 232,97	324 204 232,97
<b>Claims incurred</b>			
Gross	R1610	112 674 369,32	112 674 369,32
Reinsurers' share	R1620	3 882 231,18	3 882 231,18
Net	R1700	108 792 138,14	108 792 138,14
<b>Expenses incurred</b>			
<b>Administrative expenses</b>			
Gross	R1910	33 559 594,22	33 559 594,22
Reinsurers' share	R1920	0,00	0,00
Net	R2000	33 559 594,22	33 559 594,22
<b>Investment management expenses</b>			
Gross	R2010	196 044,21	196 044,21
Reinsurers' share	R2020	0,00	0,00
Net	R2100	196 044,21	196 044,21
<b>Claims management expenses</b>			
Gross	R2110	17 349 344,72	17 349 344,72
Reinsurers' share	R2120	0,00	0,00
Net	R2200	17 349 344,72	17 349 344,72
<b>Acquisition expenses</b>			
Gross	R2210	118 270 733,93	118 270 733,93
Reinsurers' share	R2220	9 845 484,66	9 845 484,66
Net	R2300	108 425 249,27	108 425 249,27
<b>Overhead expenses</b>			
Gross	R2310	38 101 347,62	38 101 347,62
Reinsurers' share	R2320	0,00	0,00
Net	R2400	38 101 347,62	38 101 347,62
<b>Balance - other technical expenses/income</b>	R2510		
<b>Total technical expenses</b>	R2600		197 631 580,04
<b>Total amount of surrenders</b>	R2700		

**Life and Health SLT Technical Provisions**

**S.12.01.01**

		Other life insurance			Total (Life other than health insurance, Ind. Unit-Linked)
			Contracts without options and guarantees	Contracts with options or guarantees	
		C0060	C0070	C0080	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 calculated as a whole	R0020				
Technical provisions calculated as a sum of BE and RM					
<b>Best Estimate</b>					
Gross Best Estimate	R0030		51 615 436,70	0,00	51 615 436,70
Total recoverables from reinsurance/SPV and Finite Re before the adjustment for expected losses due to counterparty default	R0040		2 127 906,40	0,00	2 127 906,40
Recoverables from reinsurance (except SPV and Finite Re) before adjustment for expected losses	R0050		2 127 906,40	0,00	2 127 906,40
Recoverables from SPV before adjustment for expected losses	R0060		0,00	0,00	0,00
Recoverables from Finite Re before adjustment for expected losses	R0070				
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0080		2 128 570,66	0,00	2 128 570,66
Best estimate minus recoverables from reinsurance/SPV and Finite Re	R0090		49 486 866,04	0,00	49 486 866,04
Risk Margin	R0100	6 546 205,66			6 546 205,66
<b>Amount of the transitional on Technical Provisions</b>					
Technical Provisions calculated as a whole	R0110				
Best estimate	R0120				
Risk margin	R0130				
Technical provisions - total	R0200	58 161 642,36			58 161 642,36
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0210	56 033 071,70			56 033 071,70
Best Estimate of products with a surrender option	R0220	0,00			0,00
<b>Gross BE for Cash flow</b>					
Cash out-flows					
Future guaranteed and discretionary benefits	R0230	112 308 904,35			112 308 904,35
Future guaranteed benefits	R0240				0,00
Future discretionary benefits	R0250				0,00
Future expenses and other cash out-flows	R0260	92 680 461,35			92 680 461,35
Cash in-flows					
Future premiums	R0270	153 373 929,00			153 373 929,00
Other cash in-flows	R0280	0,00			0,00
<b>Percentage of gross Best Estimate calculated using approximations</b>					
Surrender value	R0300				
Best estimate subject to transitional of the interest rate	R0310				
Technical provisions without transitional on interest rate	R0320				
Best estimate subject to volatility adjustment	R0330	51 615 436,70			51 615 436,70
Technical provisions without volatility adjustment and without others transitional measures	R0340	0,00			0,00
Best estimate subject to matching adjustment	R0350				
Technical provisions without matching adjustment and without all the others	R0360	0,00			0,00
Expected profits included in future premiums (EPFPP)	R0370	23 982 491,22			23 982 491,22

**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**

**S.12.02.01**

		Other life insurance	
			C0060
Home country :	R0010		41 454 578,31
EEA countries outside the materiality threshold - not reported by country	R0020		0,00
Non-EEA countries outside the materiality threshold - not reported by country	R0030		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	3 069 307,29
Countries in the materiality threshold	FI	R0040	3 514 905,05
Countries in the materiality threshold	NO	R0040	3 576 646,05

**Own funds**

**S.23.01.01**

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
<b>Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35</b>						
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 undertakings	R0040	0,00				
Subordinated mutual member accounts	R0050	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	68 246 232,71	68 246 232,71			
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 as basic own funds not specified above	R0180	0,00	0,00	0,00	0,00	0,00
<b>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</b>						
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	0,00				
<b>Deductions</b>						
Deductions for participations in financial and credit institutions	R0230	0,00				
<b>Total basic own funds after deductions</b>	<b>R0290</b>	<b>161 546 232,71</b>	<b>161 546 232,71</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>
<b>Ancillary own funds</b>						
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				
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				
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370	0,00				
Other ancillary own funds	R0390	0,00				
<b>Total ancillary own funds</b>	<b>R0400</b>	<b>0,00</b>			<b>0,00</b>	<b>0,00</b>
<b>Available and eligible own funds</b>						
Total available own funds to meet the SCR	R0500	161 546 232,71	161 546 232,71	0,00	0,00	0,00
Total available own funds to meet the MCR	R0510	161 546 232,71	161 546 232,71	0,00	0,00	
Total eligible own funds to meet the SCR	R0540	161 546 232,71	161 546 232,71			
Total eligible own funds to meet the MCR	R0550	161 546 232,71	161 546 232,71			
<b>SCR</b>	<b>R0580</b>	<b>107 380 298,90</b>				
<b>MCR</b>	<b>R0600</b>	<b>48 321 134,50</b>				
<b>Ratio of Eligible own funds to SCR</b>	<b>R0620</b>	<b>1,5044</b>				
<b>Ratio of Eligible own funds to MCR</b>	<b>R0640</b>	<b>3,3432</b>				

**Reconciliation reserve**

		C0060
<b>Reconciliation reserve</b>		
Excess of assets over liabilities	R0700	161 546 232,71
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
<b>Reconciliation reserve</b>	<b>R0760</b>	<b>68 246 232,71</b>
<b>Expected profits</b>		
Expected profits included in future premiums (EPFPP) - Life business	R0770	23 982 491,22
Expected profits included in future premiums (EPFPP) - Non-life business	R0780	0,00
<b>Total Expected profits included in future premiums (EPFPP)</b>	<b>R0790</b>	<b>23 982 491,22</b>

**Detailed information by tiers on own funds**  
**Basic own funds**  
S.23.02.01.01

	Total	Tier 1		Tier 2		Tier 3
		Of which counted under transitionals	Of which counted under transitionals	Of which counted under transitionals	Of which counted under transitionals	
	C0010	C0020	C0030	C0040	C0050	C0060
<b>Ordinary share capital</b>						
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			
<b>Total ordinary share capital</b>	R0100	38 000 000,00	38 000 000,00		0,00	
<b>Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual type undertakings</b>						
Paid in	R0110	0,00				
Called up but not yet paid in	R0120	0,00				
<b>Total initial fund members' contributions or the equivalent basic own fund item for mutual and mutual type undertakings</b>	R0200	0,00	0,00		0,00	
<b>Subordinated mutual members accounts</b>						
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				
<b>Total subordinated mutual members accounts</b>	R0300	0,00	0,00	0,00	0,00	0,00
<b>Preference shares</b>						
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				
<b>Total preference shares</b>	R0400	0,00	0,00	0,00	0,00	0,00
<b>Subordinated liabilities</b>						
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				
<b>Total subordinated liabilities</b>	R0500	0,00	0,00	0,00	0,00	0,00

**Ancillary own funds**  
S.23.02.01.02

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

**Solvency Capital Requirement - for undertakings on Standard Formula**

S.25.01.01.01 - S.25.01.01.05

Article 112*	Z0010	2	*Article 112 † - Article 112(7) reversion (output v1)
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**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	10 112 179,92	10 112 179,92	0,00
Counterparty default risk	R0020	846 954,85	846 954,85	0,00
Life underwriting risk	R0030	95 260 293,32	95 260 293,32	0,00
Health underwriting risk	R0040	0,00	0,00	0,00
Non-life underwriting risk	R0050	0,00	0,00	0,00
Diversification	R0060	-7 711 740,70	-7 711 740,70	
Intangible asset risk	R0070	0,00	0,00	
<b>Basic Solvency Capital Requirement</b>	<b>R0100</b>	<b>98 507 687,39</b>	<b>98 507 687,39</b>	

**Calculation of Solvency Capital Requirement**

		Value	
		C0100	
Adjustment due to RFF/MAP nSCR aggregation	R0120	0,00	
Operational risk	R0130	13 669 885,38	
Loss-absorbing capacity of technical provisions	R0140	0,00	
Loss-absorbing capacity of deferred taxes	R0150	-4 797 273,88	
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	0,00	
<b>Solvency capital requirement excluding capital add-on</b>	<b>R0200</b>	<b>107 380 298,89</b>	
Capital add-on already set	R0210	0,00	
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	107 380 298,89	
<b>Other information on SCR</b>			
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		*Method used to calculate the adjustment due to RFF/MAP nSCR aggregation
Net future discretionary benefits	R0460		

**Approach to tax rate**

		Yes/No	
		C0109	
Approach based on average tax rate*	R0590		*Approach based on average tax rate † - V <sub>acc</sub>

**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		

		LAC DT
		C0130
LAC DT	R0640	-4 797 273,88
LAC DT justified by reversion of deferred tax liabilities	R0650	-4 797 273,88
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
MCLR Result	R0200	79 500 439,59

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	49 486 866,03	
Total capital at risk for all life (re)insurance obligations	R0250		112 087 450 576,02

Overall MCR calculation		C0070
Linear MCR	R0300	79 500 439,59
SCR	R0310	107 380 298,90
MCR cap	R0320	48 321 134,51
MCR floor	R0330	26 845 074,73
Combined MCR	R0340	48 321 134,51
Absolute floor of the MCR	R0350	45 831 916,72
Minimum Capital Requirement	R0400	48 321 134,51