Nordic Guarantee

Solvency and Financial Condition Report 2020

Approved by the Board of Directors on April 8, 2021

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Major developments after 2020

The Covid-19 pandemic has, to date, not impacted the business as greatly as initial forecasts predicted. However, we understand that the effects from a credit perspective could be far reaching and the impact could be a delayed one and Nordic guarantee evaluates the situation continuously.

In 2021, Nordic Guarantee is planning to open a branch office in Spain (subject to regulatory approval) to write surety business, mainly in certain niche industries, such as mining rehabilitation, gaming and renewable energy.

In March 2021 Erik Ljungren was appointed as the new CEO of Nordic Guarantee. Donny Gouveia, the previous CEO, has been promoted within the larger Group and will remain on the Board of Directors of Nordic Guarantee.

In the event of any major development significantly affecting the relevance of the information disclosed in this report for 2020, Nordic Guarantee shall disclose appropriate information in the form of amendments supplementing the initial reports, both through submission to the Swedish Financial Supervisory Authorities (FSA), and publication on the website.

Summary

This document is the fifth Solvency and Financial Condition Report ("SFCR") that is required to be published by Nordic Guarantee Försäkringsaktiebolag ("Nordic Guarantee", "NG" or "the company") as a result of the, harmonised EU-wide regulatory regime for insurance companies, known as "Solvency II", which came into force from 1 January 2016. The report aims to provide a description of the company's operations, performance, its system of governance, risk profile, valuation for solvency purposes and capital management for the reporting year 2020.

Business and performance

The company has been in operation since December 2003 and is licenced to write non-life insurance risks, classes 15 (surety) and 9 (other property damage). Since 2006, only class 15 (surety) insurance has been written. During 2020 the company's license was extended to include credit insurance and miscellaneous financial loss insurance. Nordic Guarantee's head office is in Kista, outside Stockholm, Sweden, and its operations are carried out in Sweden and through branches in Norway, Finland and Denmark. As of April 2020, the company is also registered for cross-border business in a number of countries within EU.

In September 2020, the company put the travel book into run-off. The decision to close this business was based on the deteriorating outlook of the travel industry, in the wake of the Covid-19 pandemic.

Insurance compensation for claims costs for own account decreased during the year to TSEK -24,138 (2019: -53,126) This sharp decrease is a result of the tightened underwriting process introduced over the last few years and also the improved claims mitigation strategy implemented. The 2020 claim costs were characterized by a limited number of small claims spread over the geographies we insure. The company reported a technical profit of TSEK 14,220 (2019: loss of 8,297), and a profit before taxation of TSEK 18,011 (2019: TSEK 756).

System of governance

To ensure proper capital and risk management Nordic guarantee has established a system of governance framework consisting of several layers. The organisational set-up, including the legal and operational structures, forms the outermost layer within which the business is run. The Board of Directors and the CEO have decided on a framework of steering documents and other internal rules and procedures, which must be followed by the employees to which they apply.

No significant changes in the system of governance have affected the capital requirement in 2020.

Risk profile

Nordics Guarantee's risks are divided into different categories. The following risks applies for the company:

No significant changes in the risk profile have affected the capital requirement in 2020.

The fifth Own Risk and Solvency Assessment (ORSA) report was compiled by Nordic Guarantee, in accordance with the guideline EIOPA- BoS-14/259, issued by the European Insurance and Occupational Pensions Authority (EIOPA) and reported to the FSA in December 2020. The ORSA process and the results of the forward-looking Solvency Capital Requirement ("SCR") calculations, based on the business plan for 2020 and the three years to follow, have demonstrated the company's ability to live up to both the internally agreed tolerance limit of own funds/available capital in relation to SCR, as well as the regulatory requirement. In 2020 the SCR ratio was 144.5 percent, and is expected to grow over the business plan period.

Valuation for solvency purposes

The company's capital base is subject to the statutory minimum requirements according to Solvency II regulations. At the balance sheet date, the minimum capital requirement (MCR) was calculated as TSEK 38,351 (2019:39,774), the solvency capital requirement (SCR) as TSEK 148,484 (2019: 138,230) and capital base as TSEK 214,498 (2019: 193,289). Available own capital to cover MCR was calculated as TSEK 203,921.

A. Business and Performance

A.1 Business Information

Name and legal form

Nordic Guarantee Försäkringsaktiebolag

Address: Kista Science Tower, 164 51 Kista, Sweden
Tel: +46 8 34 06 60
E-mail: info@nordg.com
Web-page: www.nordicguarantee.se

The legal form of Nordic Guarantee is limited liability company (Swedish: Aktiebolag).

Supervisory authority

Finansinspektionen ("FSA")

Address: Box 7821, 103 97 Stockholm, Sweden
Tel: +46 408 980 00
E-mail address: finansinspektionen@fi.se

Group supervisor

Gibraltar Financial Services Commission ("GFSC")

Address: PO Box 940, Suite 3, Ground Floor, Atlantic Suites, Europort Avenue, Gibraltar
Tel: +350 200 40283
E-Mail: information@fsc.gi

External auditor

Daniel Eriksson (Ernst & Young AB)

Address: Box 7850, 103 99 Stockholm, Sweden
Tel: +46 8 520 590 00
E-mail: daniel.eriksson@se.ey.com

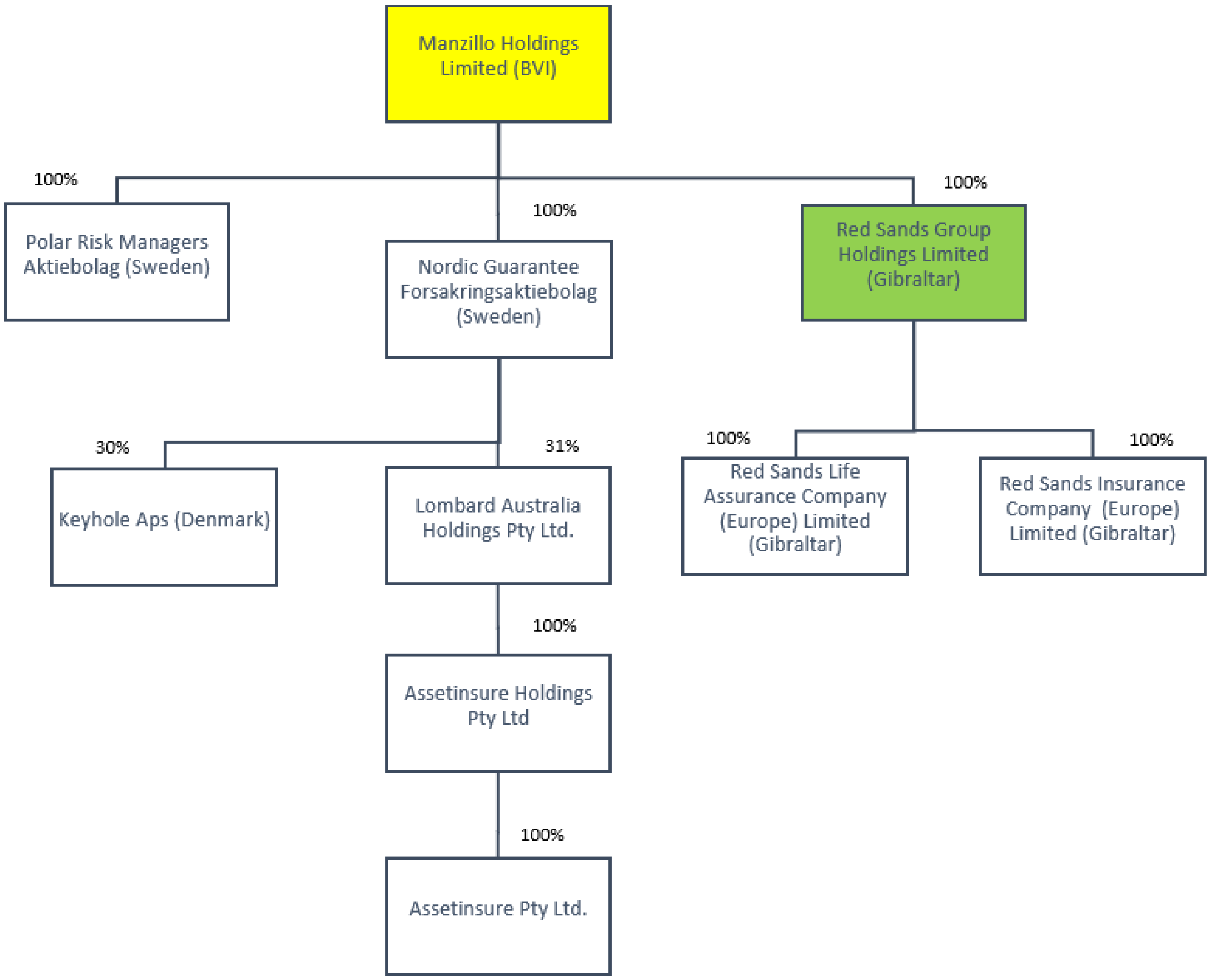
Qualifying holder(s):

Manzillo Holdings Limited

Address: Woodbourne Hall, Road Town Tortola, British Virgin Islands.
C/O Shaun Cawdery, Level 3 Ocean Village Business Centre, 23 Ocean Village Promenade, Gibraltar
Tel: +350 200 03777
E-Mail: shaun@redsands.gi

Group structure information and position

The Group comprises several insurance operations within the European Union and Australia. No investments have been made during 2020. The organisational chart below illustrates the current structure.



Lines of business and geographical areas of business

The company conducts surety bond insurance business in the Nordic region, based on a licence from the Swedish Financial Supervisory Authorities ("FSA") in Sweden, and on cross-border basis from branch offices in Denmark, Norway and Finland. The head office is located in Stockholm, and branch offices are established in Copenhagen, Oslo, and in Helsinki. The surety bond insurance business is primarily directed towards the construction industry, but also includes other types of contractual bonds or bonds required by governmental authorities, *inter alia*, customs bonds. The travel portfolio is in run-off as off September 2020.

In late 2020, Nordic Guarantee added a new class of business, miscellaneous financial and credit. The company will be the insurer of motor warranty business written in Ireland by an agent.

In 2021, Nordic guarantee is planning to open a branch office in Spain (subject to regulatory approval) to write surety business, mainly in some niche industries, such as mining rehabilitation, gaming and power grids.

Nordic Guarantee has registration for cross-border business in the following countries (in addition to the Nordic countries):

- Czech Republic
- Spain
- Portugal
- Poland
- Estonia
- Latvia
- Lithuania
- Ireland
- Italy
- Iceland
- France
- Belgium
- Germany
- Netherlands
- Austria

Registration in Ireland was completed during 2020 financial year. Following Brexit the registration in the UK was allowed to lapse

The company's organisational structure is depicted and described in more detail in the sub-section "Main roles and responsibilities" under section "B.1 General information on the system of governance".

Significant business and events over the reporting period

Apart from the above mentioned cross-border registration, and the new class of business, no other significant business or events have occurred over the reporting period.

A.2 Underwriting Performance

The table below is an extract from the 2020 audited financial statements.

2020

(TSEK)	Direct insurance, Swedish risks	Direct insurance, foreign risks	Total
Earned premium, ooa	10,186	68,287	78,473
Return on capital transferred from financial business	486	1,587	2,073
Other technical revenue	1,971	9,821	11,792
Insurance compensation, ooa	-7,147	-16,991	-24,138
Operating costs	-12,543	-41,437	-53,980
Technical profit from non-life insurance business	**-7,047**	**21,266**	**14,220**

2019

(TSEK)	Direct insurance, Swedish risks	Direct insurance, foreign risks	Total
Earned premium, ooa	9,683	80,490	90,173
Return on capital transferred from financial business	298	1,443	1,741
Other technical revenue	392	5,260	5,652
Insurance compensation, ooa	-6,785	-46,341	-53,126
Operating costs	-9,806	-42,931	-52,737
Technical profit from non-life insurance business	**-6,218**	**-2,079**	**-8,297**

SUMMARY FINANCIAL INFORMATION

TSEK	**2020**	**2019**
Premium income	225,785	227,015
	=======	=======
Technical result from non-life insurance business	14,220	(8,297)
	========	========
Equity	183,669	164,701
Solvency capital required	148,484	138,230
Own funds	214,498	193,289
Solvency ratio (Solvency II basis)	144.46%	139.83%

Premium income

The Corona pandemic impacts are recognized in all markets, but despite the tough circumstances the total level of the GWP ended at only marginally behind 2019 and the. This said, we exceeded expectations.

During 2020 we focused further on improving our underwriting processes especially in portfolio management tools and rules-based underwriting.

Performance per portfolio

Premium income declined marginally to TSEK 221,808 (227,015) following challenging economic conditions caused by the pandemic. The travel book, which was most exposed to the pandemic, was put into run-off during Q3 '2020 .

Construction Sweden

GWP increased by 22% year-on-year despite the challenging year.. The increase was broad-based across all segments/tiers. The Corona-crises changed the behaviour of the surety market and this became especially notable in the small segment were one of the largest competitors left the market. This gave the company the opportunity to gain market share and insert a more restrictive underwriting at the same time. The same changes have not been translated in the mid and large segment.

Construction Norway

GWP continued to further decrease with 9% year-on-year. The increase in competition had an adverse impact on the GWP. The market fundamentals remain strong and therefore we remain optimistic of the development in the medium term. We have been actively pursuing opportunities outside of our traditional vertical to subsidise the decline.

Construction Finland

The 7% increase in the GWP year-on-year has been achieved despite the mature portfolio and the challenging economic environment. The main thrust of the growth has been large bonds to other verticals outside of the construction industry.

Construction Denmark

GWP increased by 31% year-on-year. We were first-movers on tax bonds to the car industry which was the primary contributor to the increase in revenue.

Travel and Miscellaneous

Nordic Guarantee has analysed industry reports and consulted with industry experts and the prevailing consensus is that the travel industry is unlikely to recover before 2022. This projection coupled with reduced activity in the current travel portfolio has made the business unsustainable and for these reasons the company have decided to put the portfolio into run-off.

A.3 Investment Performance

The primary aim for the asset management is to always have enough eligible own funds (according to Solvency II valuation of assets and liabilities) to cover for technical provisions, including a buffer in accordance with the Company's risk appetite policy statement. The asset management should always consider the level of risk in order to optimize the use of capital.

The following investments, cash and assets are held to cover technical provisions (all numbers in TSEK as per 2019-12-31):

Corporate Bonds	4,692
Investment funds (fixed income only)	133 559
Cash	21 409
Reinsurers share of technical provisions and paid claims	187 642
Total assets to cover technical provisions	**347 302**

The company is always required to maintain assets to match its liabilities to policyholders/beneficiaries.

The following investments, cash and assets are held to cover technical provisions (all numbers in TSEK as per 2020-12-31):

Corporate Bonds	4,408
Investment funds (fixed income only)	147,345
Equites	103,562
Loan	2,811
Cash	34,744
Reinsurers share of technical provisions and paid claims	151,955
Total assets to cover technical provisions	**444,825**

The return on investments are recognized in the income statement in the period in which they arise. The unrealised result includes the impact of revaluation from foreign currency to reporting currency.

The following income was recognized in the income statement (all numbers in TSEK) as per 2019-12-31:

Unrealised result on long-term securities	2,470
Realised result on long-term securities	250
Interest from long-term securities	546
Total return on investment	**3,266**

The following income is recognised in the income statement (all numbers in TSEK) as per 2020-12-31:

Unrealised result on long-term securities	-3,688
Realised result on long-term securities	190
Interest from long-term securities	203
Total return on investment	**-3,295**

Overall investment performance

The return on invested capital is estimated to be 1,5 % in the next financial year.

The company mainly invests in secure investments with low risk. The company operates in the currencies SEK, DKK, EUR and NOK. Investments are held to cover the technical provisions by currency.

The company does not invest in securitization.

Sensitivity analysis of the fair value of the financial assets

TSEK	**2020**		**2019**	
Bonds and other interest bearing securities	**Book value**	**Change in value at 1% unit parallel change in interest rate level**	**Book value**	**Change in value at 1% unit parallel change in interest rate level**
Handelsbanken Euro Obligation	11,571	80	11 496	71
Handelsbanken Euro Ranta	47,524	67	49 591	119
Handelsbanken Foretagsobl Cri	22,101	35	14 848	15
Handelsbanken Inst KortRa Cri	19,569	6	16 025	6
Handelsbanken Ranteavkastning	22,127	133	15 102	44
Handelsbanken Likviditet	18,059	4	19 811	6
Handelsbanken Obligasjon	6,394	13	6 686	17
Danish ship	4,408	1	4 692	3
	151,752	**338**	**138,251**	**281**

Sensitivity analysis, currency risk in actuarial provisions TSEK	**DKK**	**EUR**	**NOK**	**Total**
Net position 2019	202	15,505	4,768	20,475
10 % change in currency rates, foreign currencies against SEK 2019	20	1,550	477	2,047
Net position 2020	1,640	8,483	5,555	15,678
10 % change in currency rates, foreign currencies against SEK 2020	164	848	555	1,568

A.4 Performance of other activities

The company's activity is direct business in the class surety insurance and direct business in the class miscellaneous financial loss.

A.5 Any other information

The company holds a 31% stake in Lombard Australia Holdings Pty Limited, who in turn holds 100% in an Australian insurance group, Assetinsure Holdings Pty Limited, based in Sydney Australia. Assetinsure Holdings Pty Limited's main class of insurance business is surety insurance. . Assetinsure Holdings Pty Limited continued to be profitable and the company's share of Lombard Australia Holdings Pty Limited profit in 2020 is SEK 11,2 million (included an adjustment of the result for previous year).

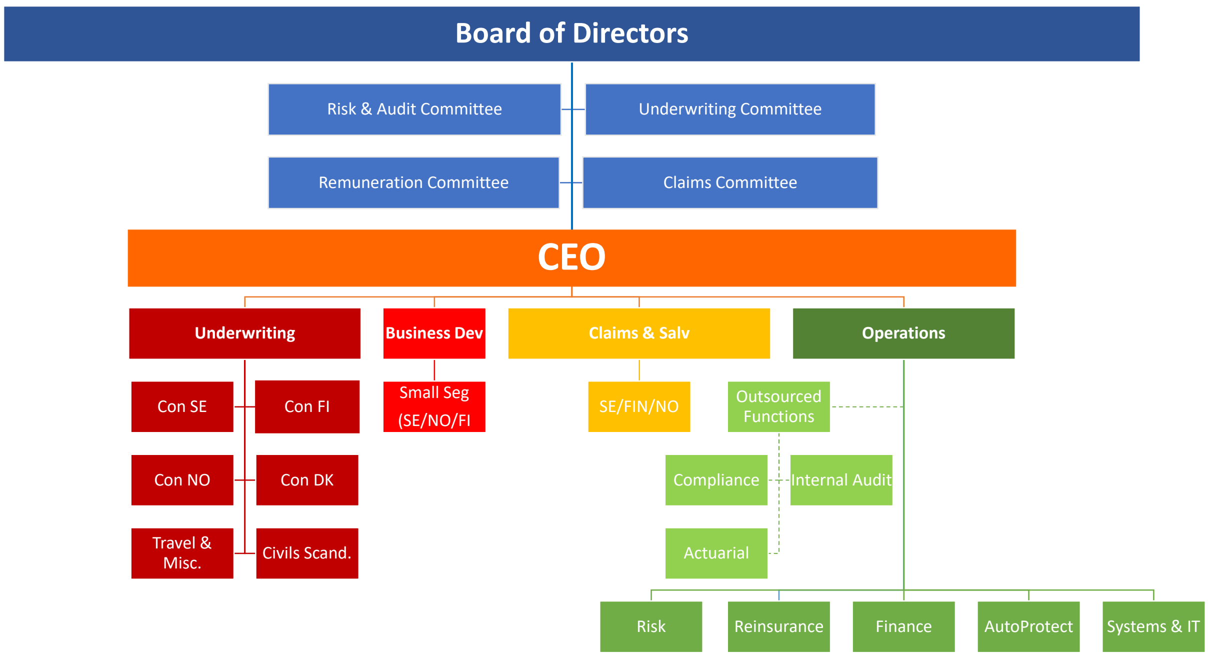
Nordic Guarantee also holds a 28,58 % interest in a Danish start-up company, Keyhole ApS, that distributes rental guarantees to private individuals via a smart application and landlord platform. The product was successfully launched towards the end of 2019. The related rental guarantee will be underwritten by Nordic Guarantee and the intention is to penetrate the cash deposit dominated market with an insurance solution.

The company has accounted for both these investments using the equity method of accounting and has recognized profit from associates in the amount of SEK 10 million during the financial year.

B. System of Governance

B.1 General information on the system of governance

The organisation chart below depicts the segregation of responsibilities as at 31 December 2020 between the different functionalities of the company. Some minor changes have been made in in the organisation chart during the reporting year and to the date of issuing this report.



At Nordic Guarantee the board of directors is responsible for the company's corporate governance system and has appointed a CEO who handles the day - to - day operations of the company. The purpose of the corporate governance system is to ensure the processes for how the company is governed. Nordic Guarantee applies the three lines of defence model to ensure efficient risk management and internal control, as well as a clear division of roles and responsibilities within the organisation.

The Governance system is adequate with regards to Nordic Guarantee's size, the nature and complexity of the business model. The company is still a minor player with regards to the competitors and holds only a limited number classes of insurance and operates with in a limited segment of the insurance market.

Board of Directors

The Board is responsible for the company's overall organisation and administration of the company's affairs and shall ensure that the company's organisation is structured so that accounting, the management of funds and the company's other financial circumstances are controlled satisfactorily. The Board is further responsible for continuously evaluating the company's financial situation and for appointing the CEO.

The composition of the Board is a minimum of five members. The Board comprises of five members (including the Chairman of the Board, and the CEO). As of March 2021 the board consists of six members. All are highly skilled individuals from either the insurance industry and the construction industry. Two of the Board members are internally responsible for the outsourcing of the Internal Audit and Actuarial functions, respectively, as they are independent from operations.

The latest collective competence assessment, was performed in June 2020. It was concluded that the Board members collectively had an appropriate diversity of qualifications, knowledge and relevant experience to ensure that the company is managed and overseen in a professional manner. At the time of this report, following the coming change of the composition of the Board in March 2021, a new collective competence assessment is being conducted.

Committees

In addition to the description above, the Board operates with a committee structure. There is an Underwriting Committee, a Remuneration Committee, a Claims Committee and a Risk & Audit Committee.

Underwriting Committee

Two Board members, including the CEO, participate in the Underwriting Committee, which is responsible for making underwriting decisions on a high level, in accordance with internal policies and guidelines and with the company's underwriting delegated authority structure. The Underwriting Committee will only decide on business presented before it by the company's underwriting operations.

Remuneration Committee

The Remuneration Committee comprises two members of the Board, including the Chairman. It decides the remuneration for the executives and on the structures for any variable remuneration schemes. Remuneration for the CEO is decided by the board after recommendation from the committee.

Claims Committee

The Claims Committee comprises two members from the Board (including the CEO) and the Head of Claims and Salvaging. The Committee is authorised by the CEO to decide on any claims case presented before it.

Risk & Audit Committee

The Risk & Audit Committee comprises the Chairman of the Board and two more member of the Board following the change of the board composition in March 2021. The committee handles risk management, compliance and audit issues, on behalf of the Board, i.e. acts as a preparatory forum to propose risk, compliance, and audit related decisions in the Board, and to provide challenge to the control functions.

CEO

The CEO shall support ongoing administration in accordance with the BoD's guidelines and instructions, and in accordance with the budget approved by the BoD. Accordingly, the CEO is responsible for managing operations and supervision of staff. In addition, the CEO is responsible for the company's accounting being conducted in accordance with relevant laws and regulations, and that management of its funds is satisfactory. The CEO should also endeavour to ensure that the organisation and management of the company's operations are characterised by sound internal control.

The CEO shall ensure that the BoD receives the impartial, complete and relevant supporting information required, before and between Board meetings, for the Board to be able to make well-informed decisions. The BoD shall be kept informed on the progress of the company's operations between Board meetings.

The CEO is responsible for ongoing operations and development of the company's business, and is entitled and obliged, to take the required actions. In accordance with the company's Fit and Proper Policy for the BoD and CEO, the CEO goes through a fit and proper assessment annually.

Management team

The management team comprises the:

- Chief Executive Officer
- Chief Operating Officer
- Head of Underwriting
- Head of Legal & Claims
- Head of Business Development

The Underwriting function is responsible for all underwriting in the company. The underwriting is done in underwriting teams, with portfolio managers being accountable for the performance of the book, both in terms of top line and bottom line performance. The authority structure in place, requires co-signing and escalation of underwriting decisions depending on facility levels and risk details.

Claims & Salvaging is the claims handling organisation. They act proactively to ensure effective claims handling and salvaging capabilities.

The Risk Management function and is responsible for the enterprise risk management and all the processes in connection with that, and all responsibilities according to the FSA's and the European Insurance and Pensions Authority's ("EIOPA") regulations.

The Finance department is responsible for finance and treasury, and general company administration.

The IT & Systems department is responsible for data management, data processing, development work and keeping our IT environment stable and fit for our business.

Key functions

Risk management function

The function facilitates the implementation and development of the risk management system in Nordic Guarantee to ensure that the risks are identified, measured, managed, monitored and reported. The function is also responsible for producing the company own risk and solvency assessment (ORSA). The Risk Management function reports to the Board of Directors including the CEO, and to the COO.

Compliance function

The compliance function ensures that the company identifies regulatory risks, provides support to the business in how they must manage its regulatory risks, mitigates regulatory risks by performing checks on whether the business has managed their regulatory risks in a correct and adequate manner. The compliance function reports to the Board of Directors, including the CEO.

Actuarial function

The Actuarial function advises on actuarial matters and fulfils tasks according to the instruction of the Actuarial function. The Actuarial function reports to the Board of Directors , including the CEO.

Internal audit function

The Internal Audit function evaluates the effectiveness of the Internal Control System and reports to the Board of Directors.

As mentioned above, all key functions, except the Risk Management function, are outsourced to external service providers. Responsible for the Risk Management function is the company's Risk Manager. A Board member is internally responsible for the outsourcing of the Actuarial function. The Chairman of the Board is responsible for outsourcing of the Internal Audit function. and the COO is responsible for the outsourcing of the Compliance function. The key functions act and report directly and separately to the Board on a quarterly basis, which ensures the central the functions' ability to act independently of both the business and each other. The functions have no operational responsibility or authority over any of the areas subject to functional controls. The functions are thus free from influence from the business.

A more detailed description regarding the respective key functions' roles and responsibilities are presented under sections B4-B6.

Material changes in the system of governance over the reporting period

There have been no material changes in the system of governance over the reporting period. However since the decision to appoint a new CEO in March 2021, there will be changes in the organisation regarding the role of the COO. At the time of this report these changes are still not decided and it will be disclosed in future reports.

Remuneration policy

The company's Remuneration Policy remuneration to all employees in the Company. The Remuneration policy is part of Nordic Guarantee's risk management system.

The objectives of Nordic Guarantee's Remuneration Policy and remuneration practices are to maximise the effective use of cash and shares in incentive programs and to attract, retain and motivate high performing employees in order to enable the business reaching its strategic. The policy and the practices should be in line with the company's risk management strategy, its risk profile, risk management practices and long-term interests and the performance as a whole and incorporate measures aimed at avoiding conflicts of interest.

The remuneration structure for the company is built on a view that considers total remuneration, and is designed to not jeopardise the company's ability to show profit over a complete business cycle. The remuneration structure is compiled to be cost effective, and to be based on the components; fixed salary, performance related variable salary, pension, and other benefits.

Furthermore, the remuneration policy and practices should not impair the Company's ability to act honestly, fairly, professionally, and in accordance with the best interests of customers or prevent employees from making a suitable recommendation or presenting information in a form that is fair, clear and not misleading. Remuneration based on sales targets should not provide an incentive to recommend a particular product to the customer. The company aims to stimulate healthy risk management and reduce the risk of employees imposing exaggerated risk, in excess of risk tolerance limits, for the company, in order to boost personal gaining.

The fixed salary should reflect the requirements for, and expectations of each position, with regards to competency, responsibility, complexity, the way it contributes to reaching business targets. The fixed salary should also reflect the achievements made by each employee, and in that way be individually set and differentiated.

If an employee's remuneration structure includes both fixed salary and variable components, such components should be balanced in a way that the employee is not overly dependent on the variable component and also in a way that does not promote the interests of Nordic Guarantee over the interests of Nordic Guarantee's clients.

Variable salary schemes

Variable salary schemes can be either discretionary, performance based, or a combination of discretionary and performance based. A performance based variable salary scheme should contain predefined goals, which are measurable, and for each goal it should be determined the starting point from where variable salary can be paid out (minimum performance requirement), and what the performance requirement is for payment of maximum variable salary. The variable salary should not be overly dependent on quantitative goals such as total premiums written, premium size and bond duration time.

Details of the remuneration scheme for each year are decided by the Remuneration Committee and are documented separately, with the exception of the remuneration of the CEO which is decided by the Board.

Pension schemes

As a general rule, Nordic Guarantee is part of a pension system with its employees in accordance with current collective agreements. Nordic Guarantee's pension system is based primarily on defined contribution schemes. The CEO and key function holders are entitled to pension according to collective agreements or individually agreed defined contribution schemes.

Material transactions

No material transactions have been made with any Board member, member of the management team, or anyone with significant influence on the company, during the reporting year.

B.2 Fit and proper requirements

The company has adopted processes and policy documents for complying with the fit and proper requirements for the Directors (including the CEO) and for key function managers and employees. The processes and policies are reviewed at least annually. During the reporting year, there have been no material amendments to the policies and processes established for ensuring that the persons responsible for the key functions are fit and proper.

The main requirements for fitness and propriety are outlined below.

Skill, knowledge and expertise

Nordic Guarantee specifically considers the following in regard to reputation, skills, knowledge and expertise when conducting a fit and proper assessment of potential candidates for positions as Board member, CEO or employees in a key function (meaning both those responsible for a key function and employees carrying out assignments within, but who are not responsible for, key functions):

The candidates:

- have not been declared bankrupt or imposed with a trading prohibition ("näringsförbud")
- are not subject to the Swedish Enforcement Authority's (Kronofogdemyndigheten) enforcement of debts
- in the preceding 5 years, have not had a license or registration for insurance distribution withdrawn or have been part of the management or supervisory body of an undertaking which has had its license or registration withdrawn.
- do not figure in any criminal record in relation to serious criminal offences linked to crimes against property or other crimes related to financial activities

Depending on the intended position for the candidate, different experiences can be of importance. In the assessment the candidate's level of education and specialisation should be considered, as well as whether this is relevant for the assignment at the company.

Expertise is considered as theoretical experience as a result of education, practical experience such as previous similar and/or otherwise relevant assignments as well as the knowledge and skills that the candidate has acquired from elsewhere.

The potential candidate's former and current positions at the company and other companies should be considered in the internal fit and proper assessment. Personal, professional and other economic relations with employees and directors of the company should be taken into consideration and induce a more thorough evaluation of the candidate's ability to maintain the independence that is required for the position. The same applies to contracts that a candidate may have with a controlling shareholder of the company and/or its affiliates.

Board Members must have the level of knowledge or practical experience of business management necessary to be able to lead the company in a sound and responsible manner. The Board members' level of insight and experience should be appropriate and sufficient in relation to the Company's operations and products, including the distribution of said products. The Board must include at least one member who has relevant knowledge regarding regulations on insurance distribution and other regulations applicable to insurance companies, the insurance market and the insurance products that the company distributes.

As part of the fit and proper assessment of a proposed Board Member, other relevant criteria that are relevant for the company's business should be taken into account. For example, potential conflicts of interest, other assignments, the collective competence of the existing BoD, the knowledge and expertise required, and the potential Board Member's ability to act independently without influence from other people.

Fit & Proper assessment process

The process for assessing fitness and propriety is described in the company's Fit and Proper Policy for Board Members and CEO and the Fit and Proper Policy for Key Functions. The process contains the following separate elements for fit and proper assessments:

- A process for an internal fit and proper assessment of a Board member, CEO and employees in key functions which shall be conducted in the following situations:

    - Before a new Board member, CEO or an employee in a key function shall be appointed. When approved internally, a Board member, CEO or an employee responsible for a key function should also go through an external fit and proper assessment by the FSA, before appointment or as soon as possible after appointment.

- For an already appointed Board Member, CEO or existing employees in key functions, at least annually or whenever necessary.

- A process for the assessment of the BoD's collective competence
  - To be performed whenever the composition of the BoD changes, and at least annually

Required notifications are made to the Swedish Financial Supervisory Authority (Swedish FSA).

Collective competence

The company shall ensure that the Board members collectively have an appropriate diversity of qualifications, knowledge and relevant experience to ensure that the company is managed and overseen in a professional manner. When a Board Member with experience in one area leaves, the BoD shall ensure that a new Board Member or a current Board Member possesses the knowledge of the leaving Board Member.

An assessment of the collective competence shall be conducted whenever the composition of the Board changes and the result reported to the FSA. A collective competence assessment is also to be conducted at least annually.

The assessment shall comprise:

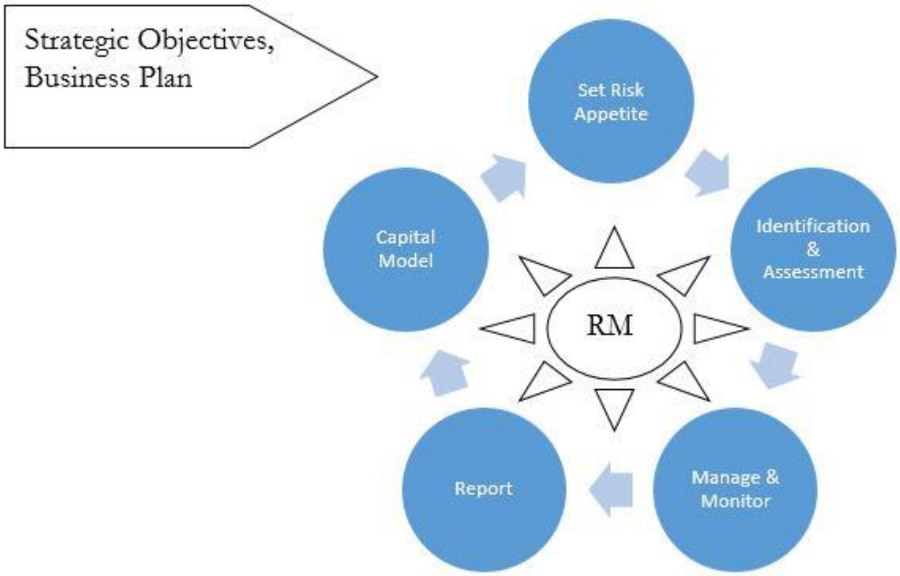
- a statement regarding each individual board member's knowledge and experience in regard to the competence areas required for BoD's of insurance companies by applicable regulations and guidelines, and,
- a statement regarding the collective competence of the Board.

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

Strategies, processes and reporting procedures

Nordic Guarantee's risk management consists of a cyclical process that derives from Nordic Guarantee's, business plan, strategic objectives, and Risk Appetite, Risk Tolerance and Risk Tolerance Limits. Risk Appetite, Risk Tolerance, and Risk Tolerance Limits are set by the Board and express the level of risk the company is prepared to accept in order to achieve the strategic objectives of the business plan.

All significant risks are then managed, monitored, reported on and reflected in the capital modelling. Several tools and techniques are used to operate the framework, but the basic structure is illustrated in the figure below.



Nordic Guarantee's risk management system constitutes a tool for continuously evaluating and assessing the risks, which stem from the business of the company, or from external events or circumstances and is tailored to fulfil internal needs and external regulations. It defines the roles, processes, internal controls, limits, and reporting routines needed to enable and ensure that the risks, which the company is, or can be expected to be, exposed to, continuously are being managed, monitored, reported, and reflected on in the capital modelling.

The main elements of the company's risk management system are outlined in the company's Risk Management System Policy, describing, *inter alia*, the company's risk culture, risk strategy, risk appetite and risk tolerance as well as the organisation, responsibilities and reporting routines.

The Board establishes the company's high level Risk Appetite, and Risk Tolerance in compliance with the EIOPA guidelines on corporate governance (EIOPA-BoS-14/253). The Board delegates authority to the CEO, which specifies the level of risk that the business is allowed to operate within. Risk Appetite, and Risk Tolerance contains lines and limits, within Underwriting Risk, and Risk Tolerance Limits within all risk categories. Board approved statements for all risk categories give guidance and outline the boundaries for what level of risk the CEO can operate within. These are reviewed at least annually and adherence is monitored and reported to the Board on a regular basis.

Organisation

The risk management within the company is based upon the principle of the three lines of defence defined below:

- **First line of defence** constitutes business operations, including management
- **Second line of defence** constitutes the risk, actuarial and compliance functions
- **Third line of defence** constitutes internal audit.

The company's Board has the ultimate responsibility for the company and is therefore responsible ensuring that the business handles the risks effectively and follows current regulations. The Board establishes internal requirements for how the risk management is to be conducted in the company and has established the Risk and Audit Committee which is authorized by the Board to monitor all aspects of risks faced by Nordic Guarantee within Board-approved risk appetite and the delegated authority as set out in policies, control limits and other mechanisms in relation to such risks. This includes:

- monitoring and support of the ORSA process, and review and recommend the ORSA report for the Board's approval.
- review and recommend the SFCR/RSR reports for the Board's approval.
- reviewing the proposed risk management strategies and recommend their approval to the Board.
- reviewing the effectiveness of Nordic Guarantee's risk management framework.
- recommending the framework of risk limits and risk appetite to the Board.
- review and challenge risk information received from Nordic Guarantee risk management to ensure that Nordic Guarantee is not exceeding the risk appetite set by the Board.
- monitoring and ensuring the effective co-ordination of risk management activities and internal control across all risk categories.
- following up on overall targets and action-plans.

The CEO is responsible for implementing established guidelines regarding risk management and to ensure that guidelines are implemented and followed by the business. The CEO is also responsible for establishing instructions within the areas where the, established by the Board, guidelines provides information on how the business shall identify, assess, analyse, handle, control and report risks. The CEO is responsible for enabling the control functions to fulfil their tasks in an effective and correct manner, and also ensure that the functions are organized in a way where they can perform their tasks objectively.

First Line- Business Operations

All the risks are owned and handled within the first line of defence, which means all employees are responsible for contributing to identifying and handling risks in their business unit. The responsible manager for respective business unit/function are consequently responsible for all the risks stemming from their respective business unit. The responsible manager is therefore owner of the risks within their business unit/function.

The business is responsible for following all relevant guidelines related to the business work. The business is responsible for handling and identifying risks in such a manner that the limits, established by the Board, are not breached. Furthermore the business is responsible for continuously reporting occurred incidents in accordance with current instructions for said purpose.

Second Line - Risk Management, Actuarial and Compliance functions

The risk management function should support the Board, and business in their work of maintaining an effective risk management system. The risk management function is responsible for follow up and control that the business identifies and handles all significant risks that the company is exposed to, or risks the company may be exposed to.

The risk management function shall provide an aggregated and independent reporting of the risks that the company is exposed to, or may be exposed to. To ensure independent reporting the risk management function is independent from the rest of the business and reports directly to the Board. The function reports the results of its controls to the Board.

The risk management function reports quarterly to the Risk & Audit Committee and to the Board. The functions also complies a written annual report to the Risk & Audit Committee and to the Board.

The compliance function shall be responsible for coordinating, follow up and reporting to the Board, including the CEO and management. The function shall advise, support and control the compliance within the business. The function is furthermore responsible for executing necessary controls of the compliance of the business, both planned and ad hoc controls. The function shall, like the risk management function, be independent from the business.

The compliance function reports compliance related risks, controls and the business's ability to comply with regulations quarterly to the Risk & Audit Committee and to the Board. The functions also complies a written annual report to the Risk & Audit Committee and to the Board.

The actuarial function shall ensure that the company in a correct and suitable manner calculates and assesses the technical provisions, and shall also be responsible for verifying the Solvency Capital Requirement calculations. Furthermore the actuarial function is responsible for ensuring compliance with current regulations for the insurance technical calculations.

The actuarial function reports to the Risk & Audit Committee and to the Board at least annually.

Third Line – Internal Audit

The company's internal audit function shall report directly to the Board and give support in the work with evaluating the internal regulations for governance and control which also includes the functions of risk management and compliance. The internal audit function controls the internal controls performed by the functions and ensures the business complies with internal and external regulations. The function shall be independent in relation to the business and the second line of defence, providing independent assurance that the risk management framework is operating as intended.

The internal audit function reports to the Risk & Audit Committee and to the Board at least annually. The function reports the results of its audits regularly to the Risk & Audit Committee and to the Board during the year.

Risk management process

Identification and Assessment

Risk identification and assessments can be conducted in many different ways, but are usually done in a group exercise, where participants brainstorm around risk categories and a facilitator captures all risks. The risks are then evaluated in terms of severity and frequency and are applied a risk rating. All major risks get an owner appointed and a mitigating action plan, with action owners and due dates.

The main risk identification and assessment exercise is the portfolio risk rating, which is conducted on portfolio, and/or country level bi-annually, or at least annually. During the portfolio risk rating, a number of relevant risk factors and sub factors are discussed in a meeting with portfolio owners and key people involved in the business. Red/amber/green ratings are applied to each risk factor. When deficiencies or areas of potential improvement are identified, an action plan is developed with action owners and due dates. All actions are followed up on in subsequent portfolio risk rating meetings. All portfolios get an overall rating which is reported to the Nordic Guarantee management team, and to the Board. The results from these assessments should feed into the ORSA.

Key risk indicators ("KRIs") are identified and monitored on a regular basis. KRIs are identified within different risk categories, but mainly within operational risk (see section "C5. Operational risk" below). The KRIs give us a possibility to regularly monitor risk areas and identify adverse trends before these breach any set risk limits. The market risks are monitored via the financial risk reporting, which is done by the Finance Manager. The event and loss reporting, through the incident reporting process is also an important tool to monitor risk development.

Mitigation

Risks are managed through the control framework, i.e. policy statements, delegated authority structure, licenses, system controls and guidelines. The delegated authority structure contains general authority limits e.g. payment authority, and the underwriting and claims authority structure limits the underwriting and claims handling. In addition the underwriting and claims authority structure contains a license structure. Any breach of the license is unacceptable and could lead to disciplinary actions. Passing an annual knowledge test and participating in a minimum amount of training activities is mandatory for all underwriters and other employees conducting insurance distribution, in order to obtain and renew their underwriting licenses. The knowledge test and the training is based on the requirement for such in local insurance distribution legislation.

Mitigating action plans to move risks to within appetite are developed and documented as a result of risk assessments and other risk identification tools. The plans will always contain action owners and will be followed up on a regular basis to ensure risks are managed as appropriate.

Reporting

Risks are regularly reported on to management, the Risk & Audit Committee and to the Board.

The risk reporting to the Risk & Audit Committee contains, as a minimum, the high level risk profile with the attaching mitigation report, guarantee exposure information and information on claims development. High level risks should also be reported to the Board orally every quarter, following the discussions at the Risk & Audit Committee meetings, and shall include which actions have been made during the period within the area for risk management.

The quarterly report shall also contain:

- How earlier reported observations have been managed
- How the business risk exposure relate to risk appetite and risk tolerance
- Occurred incidents of significance
- The results of performed controls
- New identified risks
- Status on established action plans

The risk management function also compiles a written annual report summarizing the risk management functions activities during the reporting year.

Own risk and solvency assessment (ORSA)

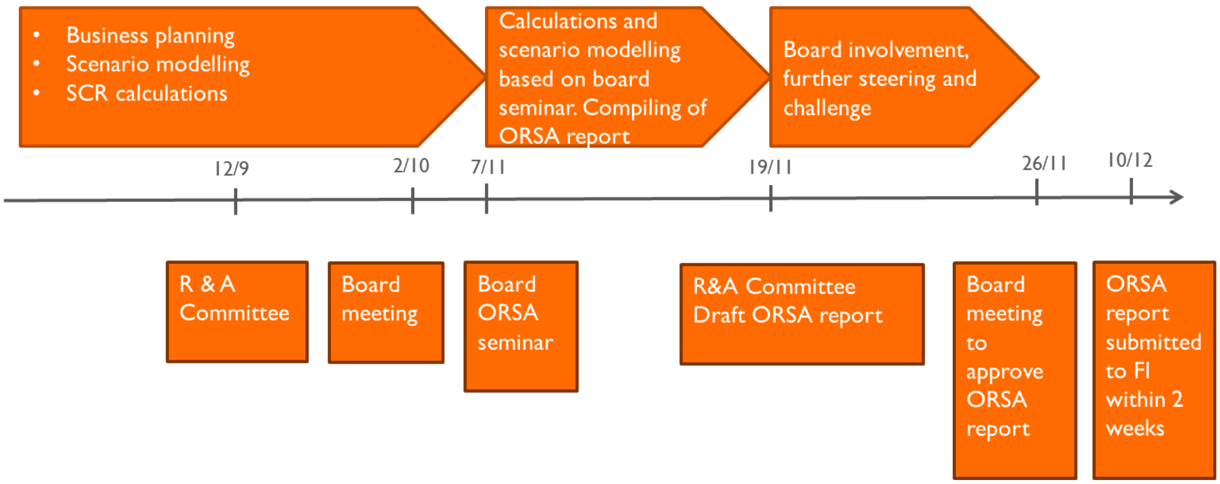
Process

The bord of directors is overall responsible for ensuring that the company has a sufficient ORSA process in place and has delegated the responsibility of preparing the ORSA report to the risk function, with support from the rest of the business. In the risk function's responsibility lies:

- Development of existing ORSA model
- Valuation of operational risks and other risks
- Compiling the ORSA report for the consideration of the Board

The ORSA is a bespoke strategic analysis process which links together the outputs of risk, capital and strategic planning, to determine the current and future capital requirements of the company, based on the business strategy and the business environment. The ORSA is also part of the risk management system, and includes risk profile, risk appetite and tolerance as well as business strategy in the process.

The illustration below shows the ORSA process for 2020.



Preparations for the ORSA process in 2020 have been done under the leadership of the company's COO, and the risk management function, and under the control of the company's Risk and Audit Committee. The ORSA report was apporoved by the board of directors before beeing submmitted to the SFA.

The ORSA process started off with stategic planning sessions which engaged a number of functions to give input on the risks in the different parts of the business. The outcome of the statetegic planning sessions resulted in a business plan, describing Nordic Guarantee's financial position, expected market development and strategy for the the upcoming three years after the current year, and also elements of capital planning and consideration.

The business plan forms the basis for the ORSA-specific seminar with the BoD. The seminar included participants from the key functions and the management team. The COO and the Risk Manager facilitated the seminar to make sure all risks and relevant aspects of the ORSA was covered. Together with the company's risk profile, a list of risks that are inherent from running an insurance business was added as input to the discussions and assessments in the seminar.

The actuarial function was involved in some of the calculations and in verifying conclusions. A Board member participated in modelling the income statements and balance sheets for the coming years.

In preparation for the seminar, calculations of the Solvency Capital Requirement ("SCR") and Minimum Capital Requirement ("MCR"), based on the Solvency II standard model, was made based on the business plan and income statements and balance sheets was simulated for the three coming years. The income statements and balance sheets are based on a number of assumptions, which are all discussed and agreed upon by the Board.

During the seminar, the preliminary calculated MCRs and the SCRs was discussed and challenged in detail, regarding the assumptions behind the calculations and the results. To test the robustness and potential volatility of the business plan, different scenarios were agreed upon to apply a combination of stresses to the expected numbers in the plan. The Board, in consultation with the Executive Management and key functions, determined scenarios for stress testing. The intention when defining stressed scenarios was to simulate severe, but still plausible developments, from both a macro and a micro perspective. Both individually stressed factors, and combinations of stressed factors (scenarios) was agreed. The result of these stress tests gave the Board insight in how different factors can put a strain on the capital requirements for the company. To give further information on the effect of the stressed scenarios, calculations included simulating the development of available capital and own funds. The results and the findings was then presented and discussed in the Risk and Audit Commmittee before a draft ORSA report wascompiled and presented to the Board of Directors for approval before beeing submitted to the FSA.

Review and approval

Nordic Guarantee has assessed that the producing of an ORSA report once a year will be sufficient considering the background, the size and the complexity of the business. An ORSA report shall, however, also be prepared in the following cases:

- To assess a planned major change of the business
- When a major change of the company's risk profile has taken place or if the Board suspects the former to have happened
- In the cases where the company's solvency ratio falls below the risk appetite limit

The Internal Audit function shall regularly review the process for the ORSA and its results. The Board decides if any additional ORSA reports shall be performed outside of the normal business planning cycle.

Solvency needs

The ORSA process and the results of the forward-looking Solvency Capital Requirement (SCR) calculations, based on the forecast for 2020 and the business plan for the three years to follow, have demonstrated the company's ability to live up to the internally agreed tolerance limit of own funds/available capital in relation to SCR, which is in excess of the regulatory requirement.

SCR and MCR levels are monitored on a regular basis. They are reported every quarter to the Risk & Audit Committee and the Board. The SCR and the MCR are also reviewed for reporting purposes to the FSA every quarter, to be part of the reporting of the regulatory quantitative reporting templates (QRTs). The target for own funds in relation to the SCR is discussed and agreed at least annually in connection with the review of the risk appetite policy in the Risk & Audit Committee and in the Board. If the solvency ratio approaches the lower threshold, discussions on how to restore the solvency ratio to a level closer to the target ratio should be initiated without delay. If the solvency ratio is found to be at a very high level, there should be considerations regarding possible changes in asset allocation, to enable greater risk and earning potential, or possibly dividends.

During the ORSA process, we have done whatever is reasonable to consider and discuss all risks. All quantifiable risks that are part of the Solvency II standard model have been thoroughly analysed. Furthermore, risks that are not included in the standard model have been considered and discussed in the process. Non quantifiable risks have been discussed, but have not given rise to any capital consequences. Risk management measures will help mitigate risks in an effective way to reduce the capital charge, at the same time as own funds will be strengthened by profits generated by execution of a robust business plan, and a more active asset management strategy.

B.4 Internal Control System

The internal control system aims to ensure an effective and efficient operation. The internal control system includes all the material internal processes. The work with internal control follows the overall process for managing operational risks. Risk analysis's are used for identification and documentation of the operational risks as well as evaluation of control mechanisms. To ensure that the most significant operational risks identified in the business's processes are managed in an efficient manner, controls are followed up and evaluated.

The control system also consist of control activities, such as steering documents, approval procedures, routine descriptions, to manage the identified risks. The controls implemented include activities such as authorisation rules and referrals according to appropriate roles.

Lines of Defence

The internal control system at Nordic Guarantee is an ongoing process carried out by the Board, management, the control functions and the employees. The system is based on the principal of three lines of defence.

Managers in the first line of defence at all levels of the organisation are responsible for risks, risk management and internal control within their own areas of responsibility.

Through the second line of defence, the control functions support management with tools for identifying, measuring, controlling and reporting risks, processes for compliance with laws, regulations and guidelines for insurance businesses as well as verification of insurance technical calculations. The second line's functions monitor, control, monitor and evaluate first-line controls, but can also perform their own, independent controls. The third line of defence, the internal audit function, reviews and evaluates the corporate governance system, including the first and second lines of defence.

Governing documents

To ensure that the company has an effective governance system, the Board has established a framework for governance, risk management and internal control. This framework consists of internal governing documents which specify how the Board governs the company's operations. The governing documents constitutes a system for effective management and clarifies duties, responsibilities and reporting obligations for the areas of governance, risk management and internal control. All governing documents are assigned an owner and are reviewed and adopted either by the Board or by the CEO (with support from the Risk & Audit Committee on at least an annual basis).

Reporting arrangements

A large part of the company´s system of governance consists of clear and well-considered reporting lines. Clearly defined reporting lines to the CEO, the different committees and the Board ensures that key information that has been identified in the operations reaches the respective party. Reporting is an important part of achieving an effective system of governance and to quickly take actions when risks are identified and reported. A majority of NG's reporting procedures are described in other sections of this report.

Compliance function

In the internal control system, the compliance function is established within the second line of defence to support the management and the Board's responsibility for compliance with internal and external insurance regulations. The compliance function has the right to monitor all of the organisation affected by the undertaking's license, and given access to any material or documents the function may need to carry out its tasks. The compliance function does not participate in any of the services it controls, nor participates in any business decision, to enable its independence and avoid potential conflicts of interest.

The compliance functions has three main processes where it is engaged:

1. Advice on regulatory and compliance topics
2. Monitoring and control of compliance with insurance regulations
3. Information and education on regulations and compliance issues

The compliance function presents an annual plan to the Risk & Audit Committee and the Board of directors. The annual plan is based on the annual risk assessment that the compliance function performs every year.

The compliance function reports on an ongoing basis any incidents that may affect Nordic Guarantee's ability to be compliant with current regulations. The Compliance function reports immediately to the BoD if the function finds that the company deviates from what is considered as good internal control. The function also reports immediately to the BoD if it finds material compliance breaches.

The compliance function reports quarterly to the CEO. Whenever the compliance function reports to the BoD, the CEO shall be informed of the content of the report, if the BoD hasn't given any other instructions. Written reports/updates on the compliance plan is given to the Risk & Audit Committee at their scheduled meetings (quarterly). In addition, the compliance function compiles an annual report to the BoD on controls and actions taken during the year. The reports also includes evaluations made by the function and recommendations to the BoD. The compliance function informs the CEO of the content in the report to the BoD, if the BoD hasn't given any other instructions.

B.5 Internal Audit function

The internal audit function is appointed by the Board of the Directors. The role of the internal audit function can, similar as for the risk management system, be explained by the principle of lines of defence, which has been described under sections B3 and B4 above, and is responsible for assessing the appropriateness and functionality of Nordic Guarantee's internal controls and processes and if they are implemented and carried out properly and effectively.

The internal audit function shall also assess the effectiveness of the risk management, compliance and actuarial functions and verify that they fulfil their tasks and responsibilities. Furthermore, they shall review outsourced functions carried out by a third party. This includes audit of written agreements, internal rules for outsourcing and instructions for contractors and monitoring of their implementation.

The internal audit function shall propose an annual internal audit plan, based on the recommendations from the Risk and Audit Committee, which should be adopted by the Board. The plan must cover the essential audit areas and should include a plan for future years, within which all areas must be audited.

Independence and objectivity

The internal audit is appointed by and reports directly to the Board. The internal audit function is independent of the operations to be audited and the persons carrying out activities within the internal audit function shall not assume any responsibility for any other function.

The internal audit function is outsourced to a leading accounting and consultancy firm. The Chairman of the Board is internally responsible for this outsourcing. The outsourced internal auditor has no interests or business with NG that compromises function conducting audits in an independent and objective manner.

The absolute authority for management, internal information and internal controls lies with the Board. The audit and assessment carried out by the internal audit function does not relieve any of Nordic Guarantee's functions of their responsibility for internal controls.

B.6 Actuarial function

The actuarial function, is currently outsourced. A Board member is responsible for the outsourcing of this key function. The actuary reports to the Board of directors. The actuarial function shall assist the Board and CEO and report on its own initiative to them in matters relating to:

- methods, calculations and assessments of technical provisions for solvency purposes and financial accounting,
- evaluating insurance risks as well as
- reinsurance and risk mitigation techniques

The actuarial function shall coordinate and ensure the appropriateness of the calculations and assessments of the technical provisions. Regarding the calculation of the technical provisions, the actuarial function shall:

- Assess whether the information technology systems used to provide data for the calculation of technical provisions sufficiently support the actuarial and statistical procedures;
- Assess that the data used in the calculations are complete, relevant and correct;
- Ensure the appropriateness of the methodologies and underlying models used as well as the assumptions made in the calculation of technical provisions and that they are performed on homogeneous risk groups which reflect the nature of the underlying risks of the company;
- Assess the uncertainty associated with the central estimates of the technical provisions;
- Perform a run-off analysis where the development of the technical provision calculated for previous origin years is compared with the outcome;

The actuarial function shall also:

- Express an opinion about the underwriting policy regarding the sufficiency of the premiums to be earned to cover future claims along with expenses and regarding anti-selection;
- Express an opinion about the adequacy of reinsurance arrangements regarding the company's risk profile and underwriting policy, the reinsurance providers taking into account their credit standing, the expected cover under stress scenarios and the calculation of the amount recoverable from reinsurance contracts;
- Contribute to the effective implementation of the risk management system and to the ORSA process, and
- Update the company's technical guidelines and basis for calculations when needed.

The actuarial function shall, once a year, produce a written report to be submitted to the CEO and to the Board of directors. The report shall document the calculations of the technical provisions, the tasks performed during the year by the actuarial function and its findings and shall also provide recommendations as to how any deficiencies could be resolved.

During the period, there have been no changes to the tasks to be performed by the function.

B.7 Outsourcing

The policy establishes the requirements for the outsourcing of critical or important operational functions or activities such as*, inter alia*, key functions, IT and systems and claims handling and if the outsourcing complies with acts, FSA's regulations or other statutes. All of Nordic Guarantee's outsourced functions operate within Sweden's jurisdiction.

The BoD shall decide on outsourcing of operations and functions of major importance. The CEO is responsible for ensuring that the BoD has relevant and complete documentation for making an informed decision regarding outsourcing of operations or functions. The documentation should contain an analysis of the operation or the function which are subject for outsourcing.

The CEO can decide on outsourcing of other operations and functions that are not of major importance. The BoD and CEO retain full responsibility for operations even after they have been outsourced.

Operations and functions of critical and major importance are operations and functions that are necessary for conducting the Company's licensed operations, such as:

- Key functions
- IT and Systems
- Claims handling

Before the BoD and the CEO can decide on outsourcing of any operations, an impact analysis of the possible outsourcing shall be conducted and documented. Before outsourcing operations and functions of major importance the Company must ensure that:

- The quality of the system of governance does not get affected negatively
- The operational risk does not increase substantially
- The supervision by the FSA does not get affected negatively
- The policy holder's right to regularly get support from the Company does not get affected
- There are no potential conflicts of interests

Before the Company outsources any operations, both operations of major importance and other operations, the Company should ensure that:

1. the contractor will co-operate with the FSA regarding questions that are subject for the outsourcing agreement
2. the contractor gives the Company's internal audit and the FSA access to information regarding the outsourced operation
3. the contractor gives the FSA access to the contractor's facilities

If Nordic Guarantee outsources a key function, A responsible person shall always undergo an internal fit and proper assessment according to Nordic Guarantee's fit and proper policy for key functions and also undergo an external fit and proper assessment by the FSA, while the employees carrying out assignments within the outsourced function must undergo an internal fit and proper assessment.

The person responsible for the outsourced activity shall regularly, at least once a year, control the outsourced activity, the compliance with the written agreement of the outsourced operations and other relevant elements such as co-operation with Nordic Guarantee. Observed deviations should be reported to the CEO and serious breaches to the CEO and Compliance function. The CEO should take necessary action to manage the breach.

The following outsourced functions are deemed critical and important:

- The compliance function
- The internal audit function
- The actuarial function
- IT operations

All outsourced functions of critical or importance are based in Sweden and operates with in Swedish jurisdiction.

B.8 Any other information

Adequacy of the system of governance

The company considers the system of governance to be adequate in relation to the nature and scale and complexity of the business.

Any other material information

Other than what has been reported under this Section B, there is no other material information to report regarding the system of governance of the company.

C. Risk Profile

In this chapter, NG's risk profile is described as well as NG's measurement of risks. The risk profile on an overall level is presented, followed by a more detailed description and analysis of each major component within each risk category.

The SCR and the Minimum Capital Requirement ("MCR") have been calculated on the year-end figures for 2020 in accordance with the Solvency II standard model.

C.1 Underwriting risk

The Company's largest risk driver in 2020 continues to be the non-life underwriting risk, which is natural, as that is a desired risk and the company's core business. The company closely and continuously monitors insurance risks and large exposures.

The non-life underwriting risk contains premium and reserve risk and catastrophe risk.

Spreading the risks between module creates diversification effects.

Premium and reserve risk

Premium risk relates to future claims arising during and after the period for the solvency assessment. The risk is that the expenses plus the volume of losses for these claims are higher than the premiums received.

As premium risk is volume driven, and as growth is expected, we can assume this risk will increase when executing our business plan for 2021-2023. During the latest years, however, the ceding to reinsurers have increased, to enable growth at the same time as reducing the retained risk and the capital charge.

The reserve risk stems mainly from uncertainty in the level of the claims provisions. During the latest years, we have seen significant improvements in claims handling efficiency and hence a reduction in the number of open claims cases. Also, the increase in cessions to reinsurers has reduced the company's net claims reserves. As a result, there was a decrease in the reserve risk during 2020.

In 2020 there were changes in the parameters in the Solvency II standard model. The standard deviation for premium risk for the company's core credit and surety risk group increased from 12 percent to 19 percent which caused NG's premium risk to increase per default.

Catastrophe risk

The sub module man-made catastrophe risk (cat risk) is somewhat volume driven (the recession scenario in the standard model), and also dependent on reinsurance protection regarding large exposures. Since the second half of 2015, there has been changes to the reinsurance protection that reduces the catastrophe risk. It is important, however, to realise that mitigation by reinsurance contributes to the counterparty default risk. The company is exposed to large exposures, both on an aggregated level and on single risk level. To protect the balance sheet and the interests of policy holders, reinsurance is purchased.

The cat risk remained at the same level, as we did not see increases in the top exposures. The gross earned premium is expected to increase over the business plan period, which will make the recession scenario based catastrophe risk increase over time. The reinsurance arrangements enable NG to write large risks and grow in the markets yet limiting the non-life underwriting and reserve risk.

Risk concentration

The company has some risk concentration within in the underwriting risk, mainly towards the construction industry which is the main area of business for NG. This concentration is managed by reinsurance and development of the business plan including products, markets and services.

Risk mitigation

The principal methods for mitigating premium risks and the risk concentration are by reinsurance, diversification, prudent underwriting and follow-ups on regular basis linked to the strategy and financial planning process. The underwriting policy sets general principles, restrictions as well as roles and responsibilities for the underwriting process. The policy is supplemented with guidelines outlining in greater detail how to conduct underwriting within each business area.

The risk management function follows up on a quarterly basis and reports insurance risk and compliance with guidelines for risk appetite and risk tolerance to the Board.

C.2 Market risk

Market risk is defined as the risk arising from the level or volatility of market prices of financial instruments, which have an impact upon the value of assets and liabilities of the undertaking. Market risk consists of the following sub risk categories:

- **Interest rate risk**
  The sensitivity of the values of assets, liabilities and financial instruments to changes in the term structure of interest rates, or in the volatility of interest rates.

- **Spread risk**
  The sensitivity of the values of assets, liabilities and financial instruments to changes in the level or volatility of credit spreads over the risk-free interest rate term structure.

- **Currency risk**
  The sensitivity of the values of assets, liabilities and financial instruments to changes in the level or in the volatility of currency exchange rates.

- **Market risk concentrations**
  Additional risks stemming, either from lack of diversification in the asset portfolio, or from large exposure to default risk by a single issuer of securities or a group of related issuers.

- **Equity risk**
  The sensitivity of the values of assets, liabilities and financial instruments to changes in the level or in the volatility of market prices of equities

The main drivers for market risk in the company is equity risk, currency risk and concentration risk. This is the result of acquisitions of shares in Assetinsure and Keyhole during 2019. Equity risk and market concentration risk have been triggered, and also currency risk, mainly for the Australian investment. The investments are strategic for the purpose of distribution and financial gain. The increased capital requirement has been matched by an increase of the equity in Nordic Guarantee. .

Risk concentration

The concentration risk in the market risk module is now one of the main risk drivers, following the large investment in the Assetinsure.

The high charges for equity risk, currency risk and market concentration risk yield a substantial diversification effect within the market risk module as well as between modules.

Risk mitigation

The Investment policy is the principal document for managing NG's market risks. It sets guiding principles, for instance the prudent person principle, specific risk restrictions and decision-making structure for the investment activities.

The market risk is monitored and reported to the Risk & Audit Committee and the Board of Directors on a on a quarterly basis.

Prudent Asset Management

The primary aim for the asset management is to always have enough eligible capital to cover for technical provisions, including a buffer in accordance with the risk appetite policy statement. The asset management should always consider the level of risk in order to optimize the use of capital.

The strategy for the asset management must be compliant with laws and regulations, in particular with the Swedish Insurance Business Act.

Investments should be done in a prudent manner and primarily be done to secure the interests of policyholders and beneficiaries and can only be done in financial instruments and assets in which the risks can be identified, monitored, managed, controlled and reported by the company, and that can be considered in the ORSA.

C.3 Counterparty default risk (Credit risk)

Nordic Guarantee equates credit risk with counterparty default risk and defines the risk as of possible losses due to unexpected default, or deterioration in the credit standing, of the counterparties and debtors over the forthcoming twelve months. This risk category is separated into two categories:

1. **Counterparty default risk Type 1**
   The risk of losses due to reinsurers not meeting their commitments and the risk of default by banks holding NG deposits.

2. **Counterparty default risk Type 2**
   The risk of losses due to default by intermediaries and policy holders.

Risk concentration

The risk is mainly driven by large dependencies on reinsurers' ability to honour their commitments and pay claims. Nordic Guarantee has large exposures, and are dependent on support by reinsurers, especially, potential man-made catastrophe events pushes the level of counterparty default risk upwards.

The panel of reinsurers are, however, rated financially strong, and hence give more mitigation effect than what they contribute with, in terms of counterparty default risk. The considerable level of counterparty default risk on reinsurers derives from that NG protects very large exposures by ceding large shares of the risk to reinsurers. This can especially be seen in the man-made catastrophe risk sub-module, where the catastrophe scenarios are strongly mitigated by reinsurance arrangements.

The counterparty default risk is one of the desired risks of our risk strategy, and is therefore accepted as a large contributor to the capital requirement, but yet the company has limited appetite.

Risk mitigation

The main strategy for mitigating the credit risk is the reinsurance program and the underwriting policy.

The risk management function quarterly reports the counterparty default risk and compliance with the investment guidelines to the Board.

C.4 Liquidity risk

Liquidity risk is defined by Nordic Guarantee as the risk that the company is unable to realize investments and other assets in order to settle its financial obligations when they fall due. Liquidity in this context is the availability of funds, or certainty that funds will be available without significant losses, to honour all cash outflow commitments, as they fall due. These commitments are generally met through cash inflows, supplemented by assets readily convertible to cash.

The company's assets are heavily weighted towards readily available cash assets, and investments are placed in a way that they can be converted into cash quickly, and without any significant losses. The business is generally cash positive, as premiums are paid in advance.

Risk concentration

Nordic Guarantee assesses that the company does not have, any risk concentrations within liquidity risk.

Risk mitigation

Nordic Guarantee mitigation is stated in the investment policy and is approved by the Board of Directors. Nordic Guarantee's strategy is to have prudent amounts of cash and cash equivalents to be able to meet short-term insurance commitments.

The risk management function reports the liquidity risk and compliance with the investment guidelines quarterly to the Board and the CEO.

C.5 Operational risk

Nordic Guarantee defines operation risk as the risk of loss arising from inadequate or failed internal processes, or from personnel and systems, or from external events. The operational risk is separated into the following subcategories:

- **Product and process risk**
  The risk of losses due to established processes not working, not being known or, not being fit for purpose.

- **Personnel risk**
  The risk of losses due to the lack of clarity in responsibilities, inadequate skills in relation to the functions or that there is not enough staff in relation to the tasks. Other risks may include conflict of interest for staff as well as deviations from statutory duty of confidentiality.

- **Security risk**
  The risk of losses due to exposure to external or internal crime irregularities.

- **IT risk**
  The risk of losses due to IT systems not being available to a predefined extent or not being safe enough.

- **Legal risk and compliance risk**
  The risk of loss due to failure to comply with laws, rules and regulations.

Operational risk is an unwanted risk. The company's ambition is to minimize its exposure to this risk as far as reasonable. To totally eliminate operational risk is not possible, but prudent corporate governance and risk management processes will keep it on an acceptable level.

The company captures and measures the operational risk in risk assessment exercises, and through its incident reporting and management process. The most obvious operational risks in the company are the people related risks, such as key person dependencies, and the IT related risks. The company is reliant on functional IT systems, and back-up procedures. No material changes to these risks have been identified during the reporting period.

The operational risks are quantified as the higher of a premium-based risk component, and a provision-based risk component. It is NG's ambition to minimise operational risks as far as possible, since, in the company's risk strategy, these risks are considered unwanted.

Risk concentration

No significant risk concentrations have been identified for operational risk.

Risk mitigation

Nordic Guarantee's strategy for operational risk mitigation is achieved through:

- Control documents for risk management and supportive control documents regarding operational control
- Processes and routines for operational risk
- Limitations of risk appetite and / or risk as well as tolerance levels
- Process for incident reporting
- Continuity planning in the form of a contingency and recovery plan for key processes.

The risk management function reports incidents and operational risk quarterly to the Board and the CEO

C.6 Other material risks

Business risk

Business risk is defined as the risk of losses due to the effects of strategic decisions, poor earnings and rumours.

- **Strategic risk**
  The risk of the current and prospective impact on earnings or capital arising from adverse business decisions, improper implementation of decisions, or lack of responsiveness to industry changes.

- **Revenue risk**
  The risk of losses due to an unexpected decline in revenues, including volume declines or an unexpected increase in the cost of, for example, weak labour productivity.

- **Reputational risk**
  The risk of potential loss to the company through deterioration of its reputation or standing due to a negative perception of the company's image among customers, counterparties, shareholders and/or supervisory authorities.

The business risk is not quantified separately in the SCR and MCR calculations. The company does, however, control the business risks by applying a thorough strategic and business planning process, involving owners, Board, and management. The budget and forecast processes give possibilities to react to changes in business environment, and swiftly change strategic initiatives. A reduction in top line performance could impact earnings and impair cost ratios. This is a risk, which is known to all stakeholders, and is frequently reviewed, in order to take necessary actions when the situation demands it.

Concentration risk within the insurance business

Concentration risk for an insurer may arise with respect to investments in one geographical area, economic sector, or individual investments, or due to a concentration of business written within a geographical area, of a policy type, or of underlying risks covered. The investments in the company's portfolio are spread over all the Nordic countries as well as over Europe. It mainly consists of governmental bonds and bonds issued by international investment banks.

Since a majority of the policies are covering construction related performance and maintenance bonds, a downturn in that specific industry could have a negative effect on the company's business, both in terms of a decline in gross premiums written, and increased claims frequency and costs. There is a strategy, however, to diversify the portfolio, and spread the risks over a broader spectrum of industry fields and countries.

Risk Sensitivity

Following input from the Board, different stressed scenarios that are severe, but plausible have been defined and analysed during the ORSA process 2020. This stressed scenarios are applicable for all risk categories mentioned above in section C Risk profile. Four adverse scenarios were defined (based on the forecasted numbers for 2020):

Stressed Scenario #1: Adverse effects of Covid-19. A scenario, where we see increased default rates and consequently substantially increased claims ratios due to non-performance by companies severely affected by the pandemic. This development spills over on reinsurers that will suffer from downgrading in terms of credit quality and they will raise the premiums for excess of loss reinsurance treaties. A scenario like this would also affect the top line. If such a development is seen, it is likely that top line will decrease, if not automatically, at least intentionally, to adjust to a more unstable and volatile environment. Most likely the underwriting guidelines and the risk appetite would be adjusted to the new conditions.

Stressed Scenario #2: A scenario where we, for any reason, see increased default rates and consequently substantially increased claims ratios. As opposed to the Covid-19 affected scenario #1, we have anticipated in this scenario that the top line will stay on business plan levels. As a consequence of the poor claims results the commission rates from reinsurers drop and the XoL premium goes up. This effect is only to be seen in 2022 and 2023. Everything else is left unchanged.

Stressed Scenario #3: This is a scenario where we see a faster growth than expected. The growth in top line is unfortunately followed by increased claims ratios towards the latter part of the period. This is a combination of increased volatility in the markets and a market approach that is too heavily focused on top line growth.

Reverse stress tests

In addition to the scenarios described above, discussions have been held regarding reverse stress tests. No detailed calculations have been made regarding reversed stress tests. In the extreme event of large claims being made in combination with failure to collect on reinsurance recoveries could potentially reduce the own funds to a level where even MCR would be difficult to achieve. This could be the case if we were to write large policies for risks that are excluded from reinsurance, and claims are made on those. Such an event is, however, highly unlikely to happen. The company is aware of this risk, and thorough processes and controls are in place to prevent an event like that from happening.

Analysis of scenario effects on capital requirements, and capital base / own funds

In the stressed scenario #1, the adverse effects of Covid-19, described above under section 1.12, the most significant adverse change, compared to the business plan scenario, is the development of own funds. The SCR is reducing, as top line volumes drastically go down, making the premium reserve smaller, but the claims increase, as claims are going up. The scenario generates, and taking the solvency ratio down. It is, however, likely that actions will be taken during the course of the period to change the adverse development and avoid further deterioration. MCR coverage is never at jeopardy.

In the stressed scenario #2 with extreme increases in claims ratios, the effect on the solvency ratio will be severe for the three forward-looking years, but slowly recovering towards the end of the period. Also, in this scenario, the biggest difference compared to the business plan scenario is that own funds are reduced severely, even if the increase in SCR is fairly large. These low levels of solvency ratio will in this scenario, also trigger the contingent capital scheme to be activated. The MCR is never threatened.

The stressed scenario #3, with the more aggressive growth rate, described under section 1.12, will generate substantially higher SCRs than the normal scenario. The increased top line and claims reserves will drive the underwriting and reserve risk to substantially higher levels. At the same time own funds will be hit by increased claims ratios. Market risk will remain stable, whereas counterparty default risk will increase, due to increased premium reserves and higher claims volume being covered by reinsurance. The underwriting and reserving risk increases sharply due to the higher volumes. These levels trigger the contingent capital scheme to be activated and additional capital will be injected. The MCR is never threatened.

C.7 Any other information

There is no other material information to report regarding company's risk profile.

D. Valuation for Solvency Purposes

D.1 Assets

Valuation

The valuation of assets based on IFRS compared to Solvency II is shown in the following table (as of 2020-12-31):

Assets	IFRS	Revaluation	Solvency 2
Intangible assets	61 310	0	0
Deferred tax	8 245 878		8 245 878
Tangible assets	4 562 929		4 562 929
Financial investments	255 400 254		255 400 254
- where of corporate bonds	*4 493 851*		*4 493 851*
- where of collective investments	*147 344 478*		*147 344 478*
- equites (unlisted)	*103 561 925*		*103 561 925*
Loan	2 810 772		2 810 772
Reinsurers share of technical provisions	147 449 173	106 594 636	106 594 636
Insurance receivables	41 920 940		41 920 940
Reinsurance receivalbles	4 505 955		4 505 955
Cash and cash equivalents	34 504 139		34 504 139
Any other assets	30 009 358		30 009 358
Total assets	**529 470 709**		**488 554 862**

Intangible Assets

Intangible assets are valued at cost less accumulated amortisation according to IFRS. If an intangible asset can't be sold it should be valued at zero according to Solvency II.

Deferred tax

Deferred tax is calculated using the balance sheet method based on temporary differences between carrying amounts and tax bases of assets and liabilities. The valuation of deferred tax is based on how underlying assets or liabilities are expected to be realised or settled. Deferred tax is calculated applying the tax rates and tax rules adopted or adopted in practice as at the balance sheet date. Deferred tax assets for tax-deductible temporary differences and the carry-forward of losses are recognised only to the extent it is likely that it will be possible to utilise these items. The value of deferred tax assets is derecognised when it is no longer deemed likely that they can be utilised. Any future income tax arising in connection with dividends is recognised at the same time that the dividend is recognised as a liability. There is no difference between IFRS and Solvency II valuation.

Tangible fixed assets

Tangible fixed assets are recognised at cost after deduction of accumulated depreciation and any impairment, plus any appreciation. There is no difference between IFRS and Solvency II valuation.

Financial instruments and loan

Financial instruments and loan are recognised as assets in the balance sheet include fund units and interest-bearing securities. There is no difference between IFRS and Solvency II valuation.

Reinsurers' share of technical provisions.

The reinsurers' share of technical provisions is valued according to the same principles as the gross value of technical provisions. The valuation methods for the technical provisions are described in D2.

Receivables, cash and bank balances

Receivables, cash, bank balances and other prepaid expenses and accrued income are classified at fair value. There is no difference between IFRS and Solvency II valuation.

D.2 Technical provisions

Valuation of technical provisions

The technical provisions are calculated as the sum of a best estimate and a risk margin. The value of the technical provisions as at 2020-12-31 is shown in the following table:

Technical Provisions as at 2020-12-31 (KSEK)			
	Credit and suretyship insurance	Miscellaneous financial loss	Total
Best estimate	191 980	2 046	194 026
Riskmargin	13 031	139	13 170
Total	205 011	2 185	207 196

Principles and methods

The technical provisions shall cover the expected value of the cost to finalize incurred claims ("claims provision") and the expected claims cost for future claims in respect of contracts in force ("premium provision"). In addition to these two quantities, a risk margin corresponding to the additional amount that a company would require to take over and fulfil the obligations in the existing contracts, is added.

Best estimate

The claims provision and premium provision are valued on a best estimate basis, meaning the probability weighted average of future cash flows, discounted with the risk-free interest rate of the respective currency published by EIOPA. The payment patterns used in the calculations are derived with the chain ladder method applied on the company's own historical payment triangle data. The calculations of the best estimates are assessed separately for gross of reinsurance and for reinsurers' share.

Premium provision is the discounted probability weighted average of future cash inflows and cash outflows for contracts under risk where consideration is also taken to the administration costs for these contracts. The assessment of these expected future cashflows is based on the company's budgeted claims ratio and administrative cost ratio.

Claims provision consists of claim reserves for incurred and not yet settled claims and provision for claims handling costs. The claim reserves are calculated using the chain ladder method which depends on historical claims development data. Based on development factors and reported claims cost, the expected final claims cost is assessed, from which the claim reserve is calculated.

The provision for loss adjustment expenses is calculated partly based on historic data, partly by using an activity-based cost model taking into consideration the different activities needed to administer incurred but not paid claims and their respective costs. Also, this provision is discounted by using the risk-free rate term structure for the currency of the insurance contract.

The reinsurance recoverables are adjusted for counterparty default. The probability of default is considered constant during the whole run off period and is equal to the current rating of each counterparty.

Best estimate amounts to KSEK 207 196 and reinsurers' share to KSEK 106 595.

Risk margin

The risk margin is calculated as the discounted solvency capital requirement for all future run-off years, multiplied by the cost of capital rate given by the regulator, currently 6%. The calculation of the solvency capital requirement for future run-off years is made in accordance with method 2 of EIOPAs Guidelines on Valuation of Technical Provisions. Accordingly, the solvency capital requirement is assumed to decrease at the same rate as the sum of best estimates of premium reserves and claims reserves, net of reinsurance decrease.

When calculating the solvency capital requirement for each future run-off year the market risk is assumed to be nil. Counterparties are assumed to maintain the same rating during the whole run-off period. Only type 1 exposures relating to reinsurance is included in the counterparty risk calculation and the reinsurance recoverables are assumed to decrease at the same rate as the provisions gross of reinsurance. The discounting is performed by using the term structure for SEK.

The risk margin amounts to KSEK 13 170.

Reconciliation of the technical provisions between the financial accounting and Solvency II

The table below shows the amounts of provision held in the financial statements and the provisions calculated for solvency purposes and the differences between these.

Gross (SEK)	**IFRS**	**Solvency II**	**Difference**
Premium provision	187 084 584	112 325 276	-74 759 308
Claims provision	81 856 669	81 701 177	-155 492
Risk margin		13 170 147	13 170 147
Total	268 941 253	207 196 601	-61 744 652
Reinsurance recoverables (SEK)			
Premium provision	111 467 311	70 755 528	-40 711 782
Claims provision	35 944 310	35 887 864	-56 446
Adjustment counterparty default		-48 757	-48 757
Total	147 411 621	106 594 636	-40 816 985
Net (SEK)	121 529 632	100 601 965	-20 927 667

The total difference between the provisions net of reinsurance calculated for these purposes amounts to KSEK – 20 928.

There are primarily four reasons behind the differences between the two regimes and these are:

1. Different valuation principles for calculating the premium provision: The definition of unearned premiums items doesn't exist within Solvency II. Instead the premium provision described above is used. The effect of the different valuation principles used amounts to KSEK -33 247.

2. Discounting effect: The cash flows from the technical provisions calculated for solvency purposes are discounted with the risk-free rate term structure for the currency of the insurance contracts while the technical provisions shown in the financial report are undiscounted. The discounting effect amounts to KSEK -899.

3. Adjustment for counterparty default: Receivables from counterparties need to be adjusted for counterparty default. This affects both the receivables due to premium provision and claims provision from the reinsurers. The effect of the adjustment amounts to KSEK 49.

4. Risk margin: There is no risk margin in the financial accounts while the risk margin is part of the technical provisions calculated by Solvency II principles. The risk margin amounts to KSEK 13 170.

Specification of causes of the differences between the accounting regimes

Specification of causes	Difference net of reinsurance (KSEK)
Valuation principles	-33 247
Discounting effect	-899
Adjustment counterparty default	49
Risk margin	13 170
Total	**-20 928**

Degree of uncertainty linked to the assessment of the technical provisions

The calculation of the technical provisions is based on assumptions about future claims, which inevitably involves uncertainty. As regards the claims provision, it concerns claims that already have occurred and are known to the company. Therefore, the uncertainty is slightly less than for the premium provision, where future claims payments concern claims that have not yet occurred, and thus the uncertainty is considered being bigger. The fact that the company underwrites multiannual agreements, which implies that the premium provision extends over several years, also increases the degree of uncertainty.

All assumptions about future events involve uncertainty, not only about claim cost development but also assumptions about the risk-free interest rate and inflation. How the construction sector develops in general is also a source of uncertainty, especially in terms of premium provision.

In order to reduce uncertainty, the company has bought reinsurance protection to reduce the volatility of the claims development. In addition, the development of individual claims as well as claim portfolios are regularly monitored to enable adjustments of assumptions in the calculation models.

Other methods and principles

When calculating technical provisions, the company has not applied any of the following methods and principles set forth in the Insurance Business Act:

- matching adjustment
- volatility adjustment
- the transitional risk-free interest rate-term structure
- the transitional deduction

Recoverables from reinsurance contracts and special purpose vehicles

The Company has both proportional and non-proportional reinsurance cover. The adjustment of the reinsurers' share of technical provisions are adjusted for counterparty default is described under section "Best Estimate" above. No special purpose vehicle is used.

Material changes in the relevant assumptions

No material changes in the relevant assumptions made in the calculation of technical provisions have been made compared to the previous reporting period.

D.3 Other liabilities

The value of insurance, reinsurance, intermediaries and other payables is 14 190 KSEK in Statutory Balance Sheet. The value of the subordinated loan is 10 000 TSEK and the value of accrued expenses is 52 671 TSEK. No adjustment is required to these valuations for the valuation for solvency purposes as the amounts held under IFRS measurement principles are deemed to be approximations of fair value.

The valuation of liabilities based on IFRS compared to Solvency II is shown in the following table (as of 2020-12-31):

Liabilities	IFRS	Revaluation	Solvency 2
Insurance liabilities	7 061 481		7 061 481
Reinsurance liabilities	7 128 117		7 128 117
Subordinated liabilities	10 000 000		10 000 000
Any other liabilities	52 671 134		52 671 134
Total liabilities	76 860 731		76 860 731

Under IFRS 4, contracts that carry a significant insurance risk must be classified as insurance. Following a review of all products, the company decided that all products must be regarded as insurance. Actuarial provisions consist of provisions for unearned premiums and protracted risks, plus provisions for unsettled claims. For the differences between the valuation according to IFRS and Solvency II, please see Section D2 above.

Liabilities and other prepaid expenses and accrued income are valued at fair value in the annual report. There is no difference between IFRS and Solvency II valuation in this regard.

D.4 Alternative methods for valuation

The company does not use any alternative valuation methods for assets or liabilities.

D.5 Any other information

There is no other material information to report regarding the valuation of assets and liabilities for solvency purposes.

E. Capital Management

E.1 Own funds

NG has no debt financing other than a subordinated loan. The Company's own funds are primarily invested in cash deposits in bank accounts, in interest bearing assets and in associated companies. The ratio of eligible own funds to SCR should, according to the company's Risk Appetite Policy, be more than 120 %.

Equity in the Statutory Balance Sheet, KSEK:

Share capital	50,000
Statutory reserve	10,000
Restricted equity	60,000
Profit brought forward	94,572
Share premium reserve	11,150
Profit for the year	17,947
Non-restricted equity	123,669
Total Equity	183,669

The eligible amount of own funds to cover the SCR is 214,498 KSEK, 196,252 KSEK is tier 1 capital, 10,000 KSEK is tier 2 capital and 8,246 KSEK is tier 3 capital. The ratio of eligible own funds to SCR is 144,46 %.

Eligible Own funds to meet SCR, KSEK:

Ordinary share capital	50,000
Share premium reserve	11,150
Reconciliation reserve	135,102
Subordinated loan	10,000
An amount equal to the deferred tax assets	8,246
Total own funds	214,498

The eligible amount of own funds to cover the MCR is 203,922 KSEK, 196,252 KSEK is tier 1 capital and 7,670 KSEK is tier 2 capital. The ratio of eligible own funds to MCR is 531,73 %.

Eligible Own funds to meet MCR, KSEK:

Ordinary share capital	50,000
Share premium reserve	11,150
Reconciliation reserve	135,102
Subordinated loan	7,670
Total own funds	203,922

The difference between Total Equity in Statutory Balance sheet and Eligible Own funds to meet SCR according to Solvency II is 30,829 KSEK.

-40,855 KSEK relates to the Solvency II valuation of the reinsurance recoverable asset, 61,745 KSEK relates to the Solvency II valuation of the technical provision, including the added risk margin, 10,000 relates to the subordinated liability and -61 KSEK relates to intangible assets.

The difference between eligible own funds to meet SCR and eligible own fund to meet MCR is an amount equal to the deferred tax asset of 8,246 KSEK and an amount of 2,330 KSEK related to the subordinated liability.

E.2 Solvency Capital Requirement and Minimum Capital Requirement

The company uses the Solvency II standard formula to calculate the SCR and the MCR. The table below shows the SCR for each of the standard formula risk modules and the diversification effects within modules and between modules. On actual year-end numbers, the solvency ratio for 2020 was calculated to 144 percent.

SEK	**2020 Actual**
Market Risk	83 038 544
Interest Risk	-
Equity Risk	22 783 623
Property Risk	-
Spread Risk	4 375 175
Concentration Risk	70 542 798
Currency Risk	28 951 793
Diversification	- 43 614 845
Counterparty Default Risk	11 919 285
Type 1 exposures	4 476 196
Type 2 exposures	8 188 565
Diversification	- 745 476
Non-Life Underwriting Risk	89 617 462
Premium and Reserve Risk	71 768 995
Cat Risk	38 647 726
Diversification	- 20 799 258
Intangible Asset Risk	-
Diversification between modules	- 41 912 519
BSCR	**142 662 772**
Operational Risk	5 820 794
Adjustments	-
SCR	**148 483 566**
MCR	38 350 500
Own Funds	**214 497 530**
Surplus/Deficit	66 013 965
Solvency Ratio	**144,46%**

Inputs used to calculate the Minimum Capital Requirement

All the inputs described in Articles 248- 253 have been used, where, due to the limited volumes of the company's business, the absolute floor for the minimum capital requirement is applicable, and has been calculated according to article 253 paragraph 2.

Material change to the Solvency Capital Requirement and to the Minimum Capital Requirement

There has been no material change to the SCR and MCR over the reporting period.

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

This is not applicable to Nordic Guarantee.

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

There are no differences to report as Nordic Guarantee only uses the standard formula.

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

During the reporting period the company was fully compliant with minimum capital requirement and solvency capital requirement.

E.6 Any other information

There is no other material information to report regarding the capital management of Nordic Guarantee.

Appendix – QRT Templates 2020

S.02.01: Balance sheet

Always view C0020? SANT

Assets		Solvency II value C0010	Statutory accounts value C0020
Goodwill	R0010		0
Deferred acquisition costs	R0020		0
Intangible assets	R0030	0	61 310
Deferred tax assets	R0040	8 245 878	8 245 878
Pension benefit surplus	R0050	0	0
Property, plant & equipment held for own use	R0060	4 562 929	4 562 929
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	255 400 254	255 400 254
Property (other than for own use)	R0080	0	0
Holdings in related undertakings, including participations	R0090	0	0
Equities	R0100	103 561 925	103 561 925
Equities — listed	R0110	0	0
Equities — unlisted	R0120	103 561 925	103 561 925
Bonds	R0130	4 493 851	4 493 851
Government Bonds	R0140	0	0
Corporate Bonds	R0150	4 493 851	4 493 851
Structured notes	R0160	0	0
Collateralised securities	R0170	0	0
Collective Investments Undertakings	R0180	147 344 478	147 344 478
Derivatives	R0190	0	0
Deposits other than cash equivalents	R0200	0	0
Other investments	R0210	0	0
Assets held for index-linked and unit-linked contracts	R0220	0	0
Loans and mortgages	R0230	2 810 772	2 810 772
Loans on policies	R0240	0	0
Loans and mortgages to individuals	R0250	0	0
Other loans and mortgages	R0260	2 810 772	2 810 772
Reinsurance recoverables from:	R0270	106 594 636	147 449 173
Non-life and health similar to non-life	R0280	106 594 636	147 449 173
Non-life excluding health	R0290	106 594 636	147 449 173
Health similar to non-life	R0300	0	0
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	0	0
Health similar to life	R0320	0	0
Life excluding health and index-linked and unit-linked	R0330	0	0
Life index-linked and unit-linked	R0340	0	0
Deposits to cedants	R0350	0	0
Insurance and intermediaries receivables	R0360	41 920 940	41 920 940
Reinsurance receivables	R0370	4 505 955	4 505 955
Receivables (trade, not insurance)	R0380	0	0
Own shares (held directly)	R0390	0	0
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400	0	0
Cash and cash equivalents	R0410	34 504 139	34 504 139
Any other assets, not elsewhere shown	R0420	30 009 358	30 009 358
Total assets	**R0500**	488 554 862	529 470 709

Liabilities		Solvency II value	Statutory accounts value
Technical provisions — non-life	R0510	207 196 600	268 941 331
Technical provisions — non-life (excluding health)	R0520	207 196 600	268 941 331
Technical provisions calculated as a whole	R0530	0	
Best Estimate	R0540	194 026 453	
Risk margin	R0550	13 170 147	
Technical provisions — health (similar to non-life)	R0560	0	0
Technical provisions calculated as a whole	R0570	0	
Best Estimate	R0580	0	
Risk margin	R0590	0	
Technical provisions — life (excluding index-linked and unit-linked)	R0600	0	0
Technical provisions — health (similar to life)	R0610	0	0
Technical provisions calculated as a whole	R0620	0	
Best Estimate	R0630	0	
Risk margin	R0640	0	
Technical provisions — life (excluding health and index-linked and unit-linked)	R0650	0	0
Technical provisions calculated as a whole	R0660	0	
Best Estimate	R0670	0	
Risk margin	R0680	0	
Technical provisions — index-linked and unit-linked	R0690	0	0
Technical provisions calculated as a whole	R0700	0	
Best Estimate	R0710	0	
Risk margin	R0720	0	
Other technical provisions	R0730		0
Contingent liabilities	R0740	0	0
Provisions other than technical provisions	R0750	0	0
Pension benefit obligations	R0760	0	0
Deposits from reinsurers	R0770	0	0
Deferred tax liabilities	R0780	0	0
Derivatives	R0790	0	0
Debts owed to credit institutions	R0800	0	0
Financial liabilities other than debts owed to credit institutions	R0810	0	0
Insurance & intermediaries payables	R0820	7 061 481	7 061 481
Reinsurance payables	R0830	7 128 117	7 128 117
Payables (trade, not insurance)	R0840	0	0
Subordinated liabilities	R0850	10 000 000	10 000 000
Subordinated liabilities not in Basic Own Funds	R0860	0	0
Subordinated liabilities in Basic Own Funds	R0870	10 000 000	10 000 000
Any other liabilities, not elsewhere shown	R0880	52 671 134	52 671 134
Total liabilities	R0900	284 057 331	345 802 062
Excess of Assets over Liabilities	**R1000**	204 497 530	183 668 647

S.05.01: Premiums, claims and expenses by line of business

		Direct business and accepted proportional reinsurance												Accepted non-proportional reinsurance				Total Non-Life obligation
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0200
Premiums written																		
Gross — Direct Business	R0110	0	0	0	0	0	0	0	0	219 014 775	0	0	3 977 812					222 992 587
Gross — Proportional reinsurance accepted	R0120	0	0	0	0	0	0	0	0	2 792 855	0	0	0					2 792 855
Gross — Non-proportional reinsurance accepted	R0130													0	0	0	0	0
Reinsurers' share	R0140	0	0	0	0	0	0	0	0	116 867 110	0	0	994 453	0	0	0	0	117 861 563
Net	R0200	0	0	0	0	0	0	0	0	104 940 521	0	0	2 983 359	0	0	0	0	107 923 879
Premiums earned																		
Gross — Direct Business	R0210	0	0	0	0	0	0	0	0	181 779 498	0	0	69 352					181 848 850
Gross — Proportional reinsurance accepted	R0220	0	0	0	0	0	0	0	0	2 448 390	0	0	0					2 448 390
Gross — Non-proportional reinsurance accepted	R0230													0	0	0	0	0
Reinsurers' share	R0240	0	0	0	0	0	0	0	0	105 806 648	0	0	17 338	0	0	0	0	105 823 986
Net	R0300	0	0	0	0	0	0	0	0	78 421 241	0	0	52 014	0	0	0	0	78 473 254
Claims incurred																		
Gross — Direct Business	R0310	0	0	0	0	0	0	0	0	45 887 421	0	0	7 754					45 895 176
Gross — Proportional reinsurance accepted	R0320	0	0	0	0	0	0	0	0	0	0	0	0					0
Gross — Non-proportional reinsurance accepted	R0330													0	0	0	0	0
Reinsurers' share	R0340	0	0	0	0	0	0	0	0	21 754 543	0	0	1 939	0	0	0	0	21 756 481
Net	R0400	0	0	0	0	0	0	0	0	24 132 879	0	0	5 816	0	0	0	0	24 138 694
Changes in other technical provisions																		
Gross — Direct Business	R0410	0	0	0	0	0	0	0	0	0	0	0	0					0
Gross — Proportional reinsurance accepted	R0420	0	0	0	0	0	0	0	0	0	0	0	0					0
Gross — Non-proportional reinsurance accepted	R0430													0	0	0	0	0
Reinsurers' share	R0440	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net	R0500	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Expenses incurred	R0550	0	0	0	0	0	0	0	0	40 493 020	0	0	-540 459	0	0	0	0	39 952 561
Administrative expenses																		
Gross — Direct Business	R0610	0	0	0	0	0	0	0	0	60 387 638	0	0	-2 427					60 385 211
Gross — Proportional reinsurance accepted	R0620	0	0	0	0	0	0	0	0	0	0	0	0					0
Gross — Non-proportional reinsurance accepted	R0630													0	0	0	0	0
Reinsurers' share	R0640	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net	R0700	0	0	0	0	0	0	0	0	60 387 638	0	0	-2 427	0	0	0	0	60 385 211
Investment management expenses																		
Gross — Direct Business	R0710	0	0	0	0	0	0	0	0	0	0	0	0					0
Gross — Proportional reinsurance accepted	R0720	0	0	0	0	0	0	0	0	0	0	0	0					0
Gross — Non-proportional reinsurance accepted	R0730													0	0	0	0	0
Reinsurers' share	R0740	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net	R0800	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Claims management expenses																		
Gross — Direct Business	R0810	0	0	0	0	0	0	0	0	4 255 478	0	0	0					4 255 478
Gross — Proportional reinsurance accepted	R0820	0	0	0	0	0	0	0	0	0	0	0	0					0
Gross — Non-proportional reinsurance accepted	R0830													0	0	0	0	0
Reinsurers' share	R0840	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net	R0900	0	0	0	0	0	0	0	0	4 255 478	0	0	0	0	0	0	0	4 255 478
Acquisition expenses																		
Gross — Direct Business	R0910	0	0	0	0	0	0	0	0	-23 501 650	0	0	-538 032					-24 039 682
Gross — Proportional reinsurance accepted	R0920	0	0	0	0	0	0	0	0	-648 446	0	0	0					-648 446
Gross — Non-proportional reinsurance accepted	R0930													0	0	0	0	0
Reinsurers' share	R0940	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net	R1000	0	0	0	0	0	0	0	0	-24 150 096	0	0	-538 032	0	0	0	0	-24 688 128
Overhead expenses																		
Gross — Direct Business	R1010	0	0	0	0	0	0	0	0	0	0	0	0					0
Gross — Proportional reinsurance accepted	R1020	0	0	0	0	0	0	0	0	0	0	0	0					0
Gross — Non-proportional reinsurance accepted	R1030													0	0	0	0	0
Reinsurers' share	R1040	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net	R1100	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other expenses	R1200																	0
Total expenses	R1300																	39 952 561

S.05.02: Premiums, claims and expenses by country

		Home Country	Top 5 countries (by amount of gross premiums written) — non-life obligations					
		C0010	C0020	C0030	C0040	C0050	C0060	C0070
	R0010	SE: Sweden	DK: Denmark	ES: Spain	FI: Finland	IE: Ireland	NO: Norway	Total Top 5 and home country
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
Premiums written								
Gross — Direct Business	R0110	49 407 546	25 797 193	2 311 510	74 075 240	3 977 812	67 423 287	222 992 587
Gross — Proportional reinsurance accepted	R0120	0	0	2 792 855	0	0	0	2 792 855
Gross — Non-proportional reinsurance accepted	R0130	0	0	0	0	0	0	0
Reinsurers' share	R0140	26 911 424	13 705 215	2 773 893	40 144 720	994 453	33 331 858	117 861 563
Net	R0200	22 496 122	12 091 978	2 330 472	33 930 519	2 983 359	34 091 429	107 923 879
Premiums earned								
Gross — Direct Business	R0210	41 809 769	20 375 362	897 451	66 665 241	69 352	52 031 674	181 848 850
Gross — Proportional reinsurance accepted	R0220	0	0	2 448 390	0	0	0	2 448 390
Gross — Non-proportional reinsurance accepted	R0230	0	0	0	0	0	0	0
Reinsurers' share	R0240	24 241 211	12 142 224	2 562 132	37 612 599	17 338	29 248 481	105 823 986
Net	R0300	17 568 558	8 233 138	783 709	29 052 642	52 014	22 783 194	78 473 255
Claims incurred								
Gross — Direct Business	R0310	17 290 124	2 825 766	0	30 201 674	7 754	-4 430 143	45 895 176
Gross — Proportional reinsurance accepted	R0320	0	0	0	0	0	0	0
Gross — Non-proportional reinsurance accepted	R0330	0	0	0	0	0	0	0
Reinsurers' share	R0340	10 142 929	880 033	0	12 987 372	1 939	-2 255 791	21 756 481
Net	R0400	7 147 194	1 945 734	0	17 214 301	5 816	-2 174 351	24 138 694
Changes in other technical provisions								
Gross — Direct Business	R0410	0	0	0	0	0	0	0
Gross — Proportional reinsurance accepted	R0420	0	0	0	0	0	0	0
Gross — Non-proportional reinsurance accepted	R0430	0	0	0	0	0	0	0
Reinsurers' share	R0440	0	0	0	0	0	0	0
Net	R0500	0	0	0	0	0	0	0
Expenses incurred	R0550	20 062 476	4 353 150	342 495	12 713 735	-602 057	17 060 361	53 930 160
Other expenses	R1200							0
Total expenses	R1300							53 930 160

		Home Country	Top 5 countries (by amount of gross premiums written) — life obligations					
		C0150	C0160	C0170	C0180	C0190	C0200	C0210
	R1400	SE: Sweden						Total Top 5 and home country
		C0220	C0230	C0240	C0250	C0260	C0270	C0280
Premiums written								
Gross	R1410	0						0
Reinsurers' share	R1420	0						0
Net	R1500	0	0	0	0	0	0	0
Premiums earned								
Gross	R1510	0						0
Reinsurers' share	R1520	0						0
Net	R1600	0	0	0	0	0	0	0
Claims incurred								
Gross	R1610	0						0
Reinsurers' share	R1620	0						0
Net	R1700	0	0	0	0	0	0	0
Changes in other technical provisions								
Gross	R1710	0						0
Reinsurers' share	R1720	0						0
Net	R1800	0	0	0	0	0	0	0
Expenses incurred	R1900	0						0
Other expenses	R2500							0
Total expenses	R2600							0

S.17.01: Non-Life Technical Provisions

Direct business and accepted proportional reinsurance (C0020–C0090)

		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090
Technical provisions calculated as a whole	R0010	0	0	0	0	0	0	0	0
Direct business	R0020	0	0	0	0	0	0	0	0
Accepted proportional reinsurance business	R0030	0	0	0	0	0	0	0	0
Accepted non-proportional reinsurance	R0040								
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	R0050	0	0	0	0	0	0	0	0
Technical provisions calculated as a sum of BE and RM									
Best Estimate									
Premium provisions									
Gross — Total	R0060	0	0	0	0	0	0	0	0
Gross — Direct Business	R0070	0	0	0	0	0	0	0	0
Gross — accepted proportional reinsurance business	R0080	0	0	0	0	0	0	0	0
Gross — accepted non-proportional reinsurance business	R0090								
Total recoverable from reinsurance/SPV and Finite Re before the adjustment for expected losses due to counterparty default	R0100	0	0	0	0	0	0	0	0
Recoverables from reinsurance (except SPV and Finite Reinsurance) before adjustment for expected losses	R0110	0	0	0	0	0	0	0	0
Recoverables from SPV before adjustment for expected losses	R0120	0	0	0	0	0	0	0	0
Recoverables from Finite Reinsurance before adjustment for expected losses	R0130	0	0	0	0	0	0	0	0
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140	0	0	0	0	0	0	0	0
Net Best Estimate of Premium Provisions	R0150	0	0	0	0	0	0	0	0
Claims provisions									
Gross — Total	R0160	0	0	0	0	0	0	0	0
Gross — Direct Business	R0170	0	0	0	0	0	0	0	0
Gross — accepted proportional reinsurance business	R0180	0	0	0	0	0	0	0	0
Gross — accepted non-proportional reinsurance business	R0190								
Total recoverable from reinsurance/SPV and Finite Re before the adjustment for expected losses due to counterparty default	R0200	0	0	0	0	0	0	0	0
Recoverables from reinsurance (except SPV and Finite Reinsurance) before adjustment for expected losses	R0210	0	0	0	0	0	0	0	0
Recoverables from SPV before adjustment for expected losses	R0220	0	0	0	0	0	0	0	0
Recoverables from Finite Reinsurance before adjustment for expected losses	R0230	0	0	0	0	0	0	0	0
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240	0	0	0	0	0	0	0	0
Net Best Estimate of Claims Provisions	R0250	0	0	0	0	0	0	0	0
Total Best estimate — gross	R0260	0	0	0	0	0	0	0	0
Total Best estimate — net	R0270	0	0	0	0	0	0	0	0
Risk margin	R0280	0	0	0	0	0	0	0	0
Amount of the transitional on Technical Provisions									
TP as a whole	R0290	0	0	0	0	0	0	0	0
Best Estimate	R0300	0	0	0	0	0	0	0	0
Risk margin	R0310	0	0	0	0	0	0	0	0
Technical provisions - total									
Technical provisions - total	R0320	0	0	0	0	0	0	0	0
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default — total	R0330	0	0	0	0	0	0	0	0
Technical provisions minus recoverables from reinsurance/SPV and Finite Re- total	R0340	0	0	0	0	0	0	0	0
Line of Business: further segmentation (Homogeneous Risk Groups)									
Premium provisions — Total number of homogeneous risk groups	R0350	0	0	0	0	0	0	0	0
Claims provisions — Total number of homogeneous risk groups	R0360	0	0	0	0	0	0	0	0
Cash-flows of the Best estimate of Premium Provisions (Gross)									
Cash out-flows									
Future benefits and claims	R0370	0	0	0	0	0	0	0	0
Future expenses and other cash-out flows	R0380	0	0	0	0	0	0	0	0
Cash in-flows									
Future premiums	R0390	0	0	0	0	0	0	0	0
Other cash-in flows (incl. Recoverable from salvages and subrogations)	R0400	0	0	0	0	0	0	0	0
Cash-flows of the Best estimate of Claims Provisions (Gross)									
Cash out-flows									
Future benefits and claims	R0410	0	0	0	0	0	0	0	0
Future expenses and other cash-out flows	R0420	0	0	0	0	0	0	0	0
Cash in-flows									
Future premiums	R0430	0	0	0	0	0	0	0	0
Other cash-in flows (incl. Recoverable from salvages and subrogations)	R0440	0	0	0	0	0	0	0	0
Percentage of gross Best Estimate calculated using approximations	R0450	0,0000%	0,0000%	0,0000%	0,0000%	0,0000%	0,0000%	0,0000%	0,0000%
Best estimate subject to transitional of the interest rate	R0460	0	0	0	0	0	0	0	0
Technical provisions without transitional on interest rate	R0470	0	0	0	0	0	0	0	0
Best estimate subject to volatility adjustment	R0480	0	0	0	0	0	0	0	0
Technical provisions without volatility adjustment and without others transitional measures	R0490	0	0	0	0	0	0	0	0

Direct business and accepted proportional reinsurance (C0100–C0130) · Accepted non-proportional reinsurance (C0140–C0170) · Total Non-Life obligation (C0180)

		Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	Total Non-Life obligation
		C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
Technical provisions calculated as a whole	R0010	0	0	0	0	0	0	0	0	0
Direct business	R0020	0	0	0	0					0
Accepted proportional reinsurance business	R0030	0	0	0	0					0
Accepted non-proportional reinsurance	R0040					0	0	0	0	0
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	R0050	0	0	0	0	0	0	0	0	0
Technical provisions calculated as a sum of BE and RM										
Best Estimate										
Premium provisions										
Gross — Total	R0060	110 286 957	0	0	2 038 319	0	0	0	0	112 325 276
Gross — Direct Business	R0070	110 126 090	0	0	2 038 319					112 164 409
Gross — accepted proportional reinsurance business	R0080	160 867	0	0	0					160 867
Gross — accepted non-proportional reinsurance business	R0090					0	0	0	0	0
Total recoverable from reinsurance/SPV and Finite Re before the adjustment for expected losses due to counterparty default	R0100	69 933 666	0	0	821 862	0	0	0	0	70 755 528
Recoverables from reinsurance (except SPV and Finite Reinsurance) before adjustment for expected losses	R0110	69 933 666	0	0	821 862	0	0	0	0	70 755 528
Recoverables from SPV before adjustment for expected losses	R0120	0	0	0	0	0	0	0	0	0
Recoverables from Finite Reinsurance before adjustment for expected losses	R0130	0	0	0	0	0	0	0	0	0
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140	69 898 682	0	0	821 554	0	0	0	0	70 720 236
Net Best Estimate of Premium Provisions	R0150	40 388 275	0	0	1 216 765	0	0	0	0	41 605 040
Claims provisions										
Gross — Total	R0160	81 693 261	0	0	7 916	0	0	0	0	81 701 177
Gross — Direct Business	R0170	81 693 261	0	0	7 916					81 701 177
Gross — accepted proportional reinsurance business	R0180	0	0	0	0					0
Gross — accepted non-proportional reinsurance business	R0190					0	0	0	0	0
Total recoverable from reinsurance/SPV and Finite Re before the adjustment for expected losses due to counterparty default	R0200	35 885 926	0	0	1 939	0	0	0	0	35 887 864
Recoverables from reinsurance (except SPV and Finite Reinsurance) before adjustment for expected losses	R0210	35 885 926	0	0	1 939	0	0	0	0	35 887 864
Recoverables from SPV before adjustment for expected losses	R0220	0	0	0	0	0	0	0	0	0
Recoverables from Finite Reinsurance before adjustment for expected losses	R0230	0	0	0	0	0	0	0	0	0
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240	35 872 462	0	0	1 938	0	0	0	0	35 874 400
Net Best Estimate of Claims Provisions	R0250	45 820 799	0	0	5 978	0	0	0	0	45 826 777
Total Best estimate — gross	R0260	191 980 218	0	0	2 046 235	0	0	0	0	194 026 453
Total Best estimate — net	R0270	86 209 074	0	0	1 222 743	0	0	0	0	87 431 818
Risk margin	R0280	12 985 961	0	0	184 186	0	0	0	0	13 170 147
Amount of the transitional on Technical Provisions										
TP as a whole	R0290	0	0	0	0	0	0	0	0	0
Best Estimate	R0300	0	0	0	0	0	0	0	0	0
Risk margin	R0310	0	0	0	0	0	0	0	0	0
Technical provisions - total										
Technical provisions - total	R0320	204 966 179	0	0	2 230 421	0	0	0	0	207 196 600
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default — total	R0330	105 771 144	0	0	823 492	0	0	0	0	106 594 636
Technical provisions minus recoverables from reinsurance/SPV and Finite Re- total	R0340	99 195 035	0	0	1 406 929	0	0	0	0	100 601 965
Line of Business: further segmentation (Homogeneous Risk Groups)										
Premium provisions — Total number of homogeneous risk groups	R0350	0	0	0	0	0	0	0	0	
Claims provisions — Total number of homogeneous risk groups	R0360	0	0	0	0	0	0	0	0	
Cash-flows of the Best estimate of Premium Provisions (Gross)										
Cash out-flows										
Future benefits and claims	R0370	62 802 295	0	0	1 160 709	0	0	0	0	63 963 005
Future expenses and other cash-out flows	R0380	47 484 662	0	0	877 610	0	0	0	0	48 362 272
Cash in-flows										
Future premiums	R0390	0	0	0	0	0	0	0	0	0
Other cash-in flows (incl. Recoverable from salvages and subrogations)	R0400	0	0	0	0	0	0	0	0	0
Cash-flows of the Best estimate of Claims Provisions (Gross)										
Cash out-flows										
Future benefits and claims	R0410	75 389 032	0	0	7 916	0	0	0	0	75 396 948
Future expenses and other cash-out flows	R0420	6 303 567	0	0	662	0	0	0	0	6 304 229
Cash in-flows										
Future premiums	R0430	0	0	0	0	0	0	0	0	0
Other cash-in flows (incl. Recoverable from salvages and subrogations)	R0440	0	0	0	0	0	0	0	0	0
Percentage of gross Best Estimate calculated using approximations	R0450	0,0000%	0,0000%	0,0000%	0,0000%	0,0000%	0,0000%	0,0000%	0,0000%	
Best estimate subject to transitional of the interest rate	R0460	0	0	0	0	0	0	0	0	0
Technical provisions without transitional on interest rate	R0470	0	0	0	0	0	0	0	0	0
Best estimate subject to volatility adjustment	R0480	0	0	0	0	0	0	0	0	0
Technical provisions without volatility adjustment and without others transitional measures	R0490	0	0	0	0	0	0	0	0	0

S.19.01: Non-life insurance claims

Select triangle: 9: 9 and 21 Credit and suretyship insurance, SEK, 1: Original currency

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

	Development year																In Current year	Sum of years (cumulative)
Year	**0**	**1**	**2**	3	**4**	**5**	**6**	**7**	**8**	9	**10**	11	12	13	14	15 & +		
Prior																0	0	0
N-14	0	590 728	5 832 449	7 620 577	2 379 658	1 506 481	7 500	403 000	114 700	202 482	280 000	7 719 021	500	0	0		0	26 657 096
N-13	0	2 357 004	28 935 580	18 197 761	2 098 182	7 328 481	612 613	1 398 053	474 886	-129 260	115 237	56 582	0	0			0	61 445 119
N-12	0	17 743 664	28 978 005	15 175 676	17 785 166	3 730 518	89 592	4 499 314	-54 165	24 627	652 422	-47 063	-11 173				-11 173	88 566 582
N-11	0	8 620 597	27 263 081	6 343 498	1 054 501	4 317 297	1 712	652 980	25 255	0	-26 630	0					0	48 252 291
N-10	0	19 307 064	79 085 556	79 055 602	-5 999 819	63 436 290	2 272 174	27 464 935	1 343 845	4 411 411	-190 654						-190 654	270 186 405
N-9	0	14 250 250	14 000 660	10 255 679	5 355 227	494 787	1 383 499	1 068	0	-571 983							-571 983	45 169 187
N-8	0	4 828 464	51 246 918	2 659 619	2 712 281	5 090 089	11 216 950	214 317	470 665								470 665	78 439 304
N-7	0	7 958 411	3 129 145	320 514	2 071 116	9 456 972	13 907 137	97 919									97 919	36 941 213
N-6	0	2 658 755	7 906 742	-5 567 497	1 870 066	3 617 016	342 779										342 779	10 827 861
N-5	1 536 450	18 546 512	3 925 547	2 561 646	1 651 367	540 623											540 623	28 762 144
N-4	0	9 253 142	6 342 836	5 975 848	9 304 821												9 304 821	30 876 647
N-3	0	8 286 489	76 886 106	37 057 247													37 057 247	122 229 842
N-2	3 162 806	42 997 661	24 334 121														24 334 121	70 494 588
N-1	1 805 473	8 140 271															8 140 271	9 945 744
N	4 293 047																4 293 047	4 293 047
																Total	83 807 684	933 087 072

Reinsurance Recoveries received (non-cumulative)
(absolute amount)

	Development year																In Current year	Sum of years (cumulative)
Year	**0**	**1**	**2**	3	**4**	**5**	**6**	**7**	**8**	9	**10**	11	12	13	14	15 & +		
Prior																0	0	0
N-14	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0
N-13	0	0	0	3 109 235	2 695 436	9 080 964	-85 985	-4 156	299 183	49 959	9 572	0	0	0			0	15 154 208
N-12	0	0	1 291 792	14 066	1 879 378	12 169 083	528 816	7 029 738	346 116	-15 625	403 437	0	0				0	23 646 801
N-11	0	0	6 743 321	3 955 318	8 360 489	5 494 439	-5 109 056	489 320	-175 603	0	0	0					0	19 758 228
N-10	0	13 258 545	7 675 021	107 700 063	-5 111 392	32 397 362	20 610 417	15 467	1 565	0	0						0	176 547 048
N-9	0	8 690 062	845 297	847 815	2 240 714	-4 637 928	0	34 757	0	0							0	8 020 717
N-8	0	0	16 432 159	-374 827	481 238	5 716 923	457 536	0	0								0	22 713 029
N-7	0	0	29 378	0	-1 280 458	5 985 255	0	0									0	4 734 175
N-6	0	0	0	0	0	0	0										0	0
N-5	0	0	-400 260	360 158	213 632	153 634											153 634	327 164
N-4	0	1 973 928	6 786 224	1 567 089	2 209 851												2 209 851	12 537 092
N-3	0	4 047 361	37 027 974	45 197 720													45 197 720	86 273 055
N-2	1 559 600	21 483 628	11 836 923														11 836 923	34 880 151
N-1	897 712	4 274 269															4 274 269	5 171 982
N	2 077 370																2 077 370	2 077 370
																Total	65 749 767	411 841 019

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

	Development year																	
Year	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15 & +	In Current year	Sum of years (cumulative)
Prior																0	0	0
N-14	0	590 728	5 832 449	7 620 577	2 379 658	1 506 481	7 500	403 000	114 700	202 482	280 000	7 719 021	500	0	0		0	26 657 096
N-13	0	2 357 004	28 935 580	15 088 526	-597 254	-1 752 483	698 598	1 402 209	175 703	-179 219	105 665	56 582	0	0			0	46 290 911
N-12	0	17 743 664	27 686 213	15 161 609	15 905 788	-8 438 565	-439 224	-2 530 424	-400 281	40 252	248 985	-47 063	-11 173				-11 173	64 919 781
N-11	0	8 620 597	20 519 761	2 388 180	-7 305 988	-1 177 142	5 110 768	163 660	200 858	0	-26 630	0					0	28 494 064
N-10	0	6 048 519	71 410 535	-28 644 461	-888 428	31 038 929	-18 338 243	27 449 468	1 342 280	4 411 411	-190 654						-190 654	93 639 357
N-9	0	5 560 188	13 155 363	9 407 864	3 114 513	5 132 715	1 383 499	-33 689	0	-571 983							-571 983	37 148 471
N-8	0	4 828 464	34 814 759	3 034 446	2 231 043	-626 833	10 759 414	214 317	470 665								470 665	55 726 275
N-7	0	7 958 411	3 099 767	320 514	3 351 574	3 471 717	13 907 137	97 919									97 919	32 207 038
N-6	0	2 658 755	7 906 742	-5 567 497	1 870 066	3 617 016	342 779										342 779	10 827 861
N-5	1 536 450	18 546 512	4 325 807	2 201 488	1 437 735	386 989											386 989	28 434 980
N-4	0	7 279 214	-443 388	4 408 758	7 094 970												7 094 970	18 339 555
N-3	0	4 239 128	39 858 132	-8 140 473													-8 140 473	35 956 787
N-2	1 603 206	21 514 032	12 497 198														12 497 198	35 614 437
N-1	907 761	3 866 002															3 866 002	4 773 762
N	2 215 677																2 215 677	2 215 677
																Total	18 057 916	521 246 053

Gross undiscounted Best Estimate Claims Provisions
(absolute amount)

	Development year																
Year	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15 & +	Year end (discounted data)
Prior																0	0
N-14	0	0	0	0	0	0	0	0	0	0	7 955 178	0	0	0	0		0
N-13	0	0	0	0	0	0	0	0	0	-131 610	0	0	0	0			0
N-12	0	0	0	0	0	0	0	0	78 335	1 425 028	0	0	0				0
N-11	0	0	0	0	0	0	0	-241 867	0	0	0	-510					-509
N-10	0	0	0	0	0	0	9 652 449	474 699	-421 098	-2 195 235	41 779						41 700
N-9	0	0	0	0	0	888 857	170 273	915 751	931 196	986 073							984 206
N-8	0	0	0	0	5 399 906	9 431 718	1 986 648	1 891 007	2 178 636								2 174 511
N-7	0	0	0	19 893 911	26 191 783	22 307 599	725 749	172 657									172 331
N-6	0	0	3 542 170	4 557 530	5 386 212	1 903 238	510 247										509 281
N-5	0	6 414 138	1 310 112	294 417	1 091 418	3 178 501											3 172 483
N-4	420	7 073 671	20 696 699	17 038 714	4 190 593												4 182 658
N-3	835 402	73 198 333	59 548 473	19 021 790													18 985 776
N-2	8 549 861	44 009 333	32 521 931														32 460 355
N-1	-283 876	15 682 967															15 653 273
N	3 371 496																3 365 112
																Total	81 701 177

Undiscounted Best Estimate Claims Provisions — Reinsurance recoverable

(absolute amount)

	Development year																Year end
Year	**0**	**1**	**2**	3	**4**	**5**	**6**	**7**	**8**	9	**10**	11	12	13	14	15 & +	(discounted data)
Prior																0	0
N-14	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0
N-13	0	0	0	0	0	0	0	0	0	0	0	0	0	0			0
N-12	0	0	0	0	0	0	0	0	0	567 007	0	0	0				0
N-11	0	0	0	0	0	0	0	50	0	0	0	-224					-223
N-10	0	0	0	0	0	0	0	-675 123	-1 034 849	0	0						0
N-9	0	0	0	0	0	717	0	0	0	0							0
N-8	0	0	0	0	17 268 109	11 674	69 228	0	0								0
N-7	0	0	0	5 789 025	11 645 394	9 978 888	0	0									0
N-6	0	0	15 562	0	58	0	0										0
N-5	0	-1 110 455	110 164	2 765	185 444	699 587											698 230
N-4	2 410 882	1 635 675	4 690 795	3 815 311	998 846												996 909
N-3	428 303	38 640 137	58 878 736	9 659 600													9 640 872
N-2	3 973 713	19 708 998	15 503 108														15 473 051
N-1	-127 130	7 476 000															7 461 506
N	1 607 170																1 604 054
																Total	35 874 400

Net Undiscounted Best Estimate Claims Provisions

(absolute amount)

	Development year																Year end
Year	**0**	**1**	**2**	3	**4**	**5**	**6**	**7**	**8**	9	**10**	11	12	13	14	15 & +	(discounted data)
Prior																0	0
N-14	0	0	0	0	0	0	0	0	0	0	7 955 178	0	0	0	0		0
N-13	0	0	0	0	0	0	0	0	0	-131 610	0	0	0	0			0
N-12	0	0	0	0	0	0	0	0	78 335	858 021	0	0	0				0
N-11	0	0	0	0	0	0	0	-241 917	0	0	0	-286					-286
N-10	0	0	0	0	0	0	9 652 449	1 149 822	613 751	-2 195 235	41 779						41 700
N-9	0	0	0	0	0	888 139	170 273	915 751	931 196	986 073							984 206
N-8	0	0	0	0	-11 868 203	9 420 044	1 917 420	1 891 007	2 178 636								2 174 511
N-7	0	0	0	14 104 886	14 546 389	12 328 711	725 749	172 657									172 331
N-6	0	0	3 526 609	4 557 530	5 386 154	1 903 238	510 247										509 281
N-5	0	7 524 593	1 199 949	291 652	905 974	2 478 914											2 474 252
N-4	-2 410 462	5 437 997	16 005 904	13 223 403	3 191 747												3 185 749
N-3	407 099	34 558 196	669 737	9 362 190													9 344 903
N-2	4 576 148	24 300 335	17 018 823														16 987 304
N-1	-156 746	8 206 967															8 191 767
N	1 764 326																1 761 059
																Total	45 826 777

Gross Reported but not Settled Claims (RBNS)
(absolute amount)

Year	Development year 0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15 & +	Year end (discounted data)
Prior																0	0
N-14	0	0	6 433 818	4 904 234	1 308 751	3 409 998	324 665	303 175	53 560	300 000	8 000 000	0	0	0	0		0
N-13	0	17 857 985	13 589 800	7 256 810	1 981 658	3 422 198	1 509 891	316 347	13 212	-132 352	0	0	0	0			0
N-12	6 544 193	7 814 507	10 090 904	28 027 145	10 101 229	9 491 728	2 134 268	-50 209	78 776	1 137 315	0	0	0				0
N-11	3 303 043	5 345 827	4 631 026	4 145 970	6 048 390	2 465 515	154 843	-243 230	0	0	0	-361					-360
N-10	1 361 661	45 344 423	40 066 263	18 384 556	57 235 434	7 167 121	9 706 835	378 857	-332 911	-1 735 331	29 566						29 510
N-9	15 703 691	9 343 981	11 546 377	13 511 927	1 241 001	893 865	135 895	723 973	736 110	697 819							696 494
N-8	1 910 569	17 272 688	11 722 046	10 315 850	5 430 331	7 527 454	1 570 601	1 494 840	1 541 767								1 538 838
N-7	5 277 491	23 146 308	21 266 034	20 006 000	20 903 662	17 635 907	573 704	122 185									121 953
N-6	459 450	520 584	3 562 128	3 637 365	4 258 223	1 504 508	361 089										360 403
N-5	9 358 768	6 450 277	1 045 601	232 760	862 765	2 249 346											2 245 073
N-4	422	5 645 497	16 362 364	13 469 089	2 965 578												2 959 945
N-3	666 734	57 869 023	47 073 017	13 461 249													13 435 678
N-2	6 759 336	34 789 340	23 014 962														22 971 244
N-1	-224 404	11 098 446															11 077 364
N	2 385 924																2 381 392
																Total	57 817 533

Reinsurance RBNS Claims
(absolute amount)

Year	Development year 0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15 & +	Year end (discounted data)
Prior																0	0
N-14	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0
N-13	0	0	0	0	6 615 397	-668 574	623 867	431 081	-944	4 734	0	0	0	0			0
N-12	0	0	0	19 928 317	19 629 704	9 397 857	8 306 099	344 555	124 698	489 253	0	0	0				0
N-11	0	0	12 100 535	8 409 085	1 338 125	-4 191 471	555 033	32 503	0	0	0	0					0
N-10	0	41 966 055	49 783 840	17 717 870	42 827 469	20 730 922	-880 602	-582 544	-902 442	283	0						0
N-9	12 490 122	1 997 998	1 299 729	6 140 676	-2 987 164	1 473 506	0	0	0	0							0
N-8	0	2 126	3 029 515	6 633 897	17 812 629	10 073	60 370	0	0								0
N-7	0	3 416 883	5 478 547	5 767 430	10 048 458	8 702 111	0	0									0
N-6	0	9 914	2 612 930	0	51	0	0										0
N-5	0	1 101 782	95 057	2 411	164 552	519 921											518 910
N-4	0	1 411 374	4 090 618	3 385 487	742 325												740 882
N-3	369 570	33 696 214	52 245 600	7 178 850													7 164 888
N-2	3 465 285	17 488 630	11 521 646														11 499 237
N-1	-112 808	5 556 036															5 545 230
N	1 194 421																1 192 098
																Total	26 661 244

Net RBNS Claims
(absolute amount)

	Development year																Year end
Year	**0**	**1**	**2**	3	**4**	**5**	**6**	**7**	**8**	9	**10**	11	12	13	14	15 & +	**(discounted data)**
Prior																0	0
N-14	0	0	6 433 818	4 904 234	1 308 751	3 409 998	324 665	303 175	53 560	300 000	8 000 000	0	0	0	0		0
N-13	0	17 857 985	13 589 800	7 256 810	-4 633 740	4 090 772	886 024	-114 734	14 156	-137 086	0	0	0	0			0
N-12	6 544 193	7 814 507	10 090 904	8 098 828	-9 528 476	93 871	-6 171 831	-394 764	-45 922	648 062	0	0	0				0
N-11	3 303 043	5 345 827	-7 469 510	-4 263 115	4 710 265	6 656 986	-400 190	-275 732	0	0	0	-361					-360
N-10	1 361 661	3 378 368	-9 717 577	666 685	14 407 965	-13 563 801	10 587 437	961 401	569 531	-1 735 614	29 566						29 510
N-9	3 213 569	7 345 983	10 246 649	7 371 251	4 228 165	-579 641	135 895	723 973	736 110	697 819							696 494
N-8	1 910 569	17 270 562	8 692 531	3 681 953	-12 382 298	7 517 381	1 510 231	1 494 840	1 541 767								1 538 838
N-7	5 277 491	19 729 425	15 787 487	14 238 570	10 855 204	8 933 796	573 704	122 185									121 953
N-6	459 450	510 670	949 198	3 637 365	4 258 172	1 504 508	361 089										360 403
N-5	9 358 768	5 348 495	950 544	230 349	698 213	1 729 425											1 726 164
N-4	422	4 234 123	12 271 746	10 083 601	2 223 253												2 219 063
N-3	297 164	24 172 809	-5 172 583	6 282 398													6 270 790
N-2	3 294 051	17 300 710	11 493 316														11 472 007
N-1	-111 596	5 542 410															5 532 134
N	1 191 503																1 189 294
																Total	31 156 289

Inflation rates (only in the case of using methods that take into account inflation to adjust data)

	N-14	N-13	N-12	N-11	N-10	N-9	N-8	N-7	N-6	N-5	N-4	N-3	N-2	N-1	N
Historic inflation rate — total	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%
Historic inflation rate: external inflation	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%
Historic inflation rate: endogenous inflation	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%

	N+1	N+2	N+3	N+4	N+5	N+6	N+7	N+8	N+9	N+10	N+11	N+12	N+13	N+14	N+15
Expected inflation rate — total	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%
Expected inflation rate: external inflation	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%
Expected inflation rate: endogenous inflation	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%

Description of inflation rate used: 0

S.23.01: Own funds

		Total	Tier 1 — unrestricted	Tier 1 — restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Ordinary share capital (gross of own shares)	R0010	50 000 000	50 000 000		0	
Share premium account related to ordinary share capital	R0030	11 150 000	11 150 000		0	
Initial funds, members' contributions or the equivalent basic own — fund item for mutual and mutual-type undertakings	R0040	0	0		0	
Subordinated mutual member accounts	R0050	0		0	0	0
Surplus funds	R0070	0	0			
Preference shares	R0090	0		0	0	0
Share premium account related to preference shares	R0110	0		0	0	0
Reconciliation reserve	R0130	135 101 652	135 101 652			
Subordinated liabilities	R0140	10 000 000		0	10 000 000	0
An amount equal to the value of net deferred tax assets	R0160	8 245 878				8 245 878
Other items approved by supervisory authority as basic own funds not specified above	R0180	0	0	0	0	0

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

		Total
		C0010
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

Deductions		Total	Tier 1 — unrestricted	Tier 1 — restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Deductions for participations in financial and credit institutions	R0230	0	0	0	0	0

		Total	Tier 1 — unrestricted	Tier 1 — restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Total basic own funds after deductions	R0290	214 497 530	196 251 652	0	10 000 000	8 245 878

Ancillary own funds		Total	Tier 2	Tier 3
		C0010	C0040	C0050
Unpaid and uncalled ordinary share capital callable on demand	R0300	0	0	
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	0	
Unpaid and uncalled preference shares callable on demand	R0320	0	0	0
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330	0	0	0
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340	0	0	
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350	0	0	0
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360	0	0	
Supplementary members calls — other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370	0	0	0
Other ancillary own funds	R0390	0	0	0
Total ancillary own funds	**R0400**	0	0	0

		Total	Tier 1 — unrestricted	Tier 1 — restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Total available own funds to meet the SCR	**R0500**	214 497 530	196 251 652	0	10 000 000	8 245 878
Total available own funds to meet the MCR	**R0510**	206 251 652	196 251 652	0	10 000 000	

		Total	Tier 1 — unrestricted	Tier 1 — restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Total eligible own funds to meet the SCR	**R0540**	214 497 530	196 251 652	0	10 000 000	8 245 878
Total eligible own funds to meet the MCR	**R0550**	203 921 752	196 251 652	0	7 670 100	

		C0010
SCR	**R0580**	148 483 566
MCR	**R0600**	38 350 500
Ratio of Eligible own funds to SCR	**R0620**	144,46%
Ratio of Eligible own funds to MCR	**R0640**	531,73%

Reconciliation reserve		C0060
Excess of Assets over Liabilities	R0700	204 497 530
Own shares (held directly and indirectly)	R0710	0
Foreseeable dividends, distributions and charges	R0720	0
Other basic own fund items	R0730	69 395 878
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	0
Reconciliation reserve	**R0760**	135 101 652

		C0060
Expected profits included in future premiums (EPIFP) — Life business	R0770	0
Expected profits included in future premiums (EPIFP) — Non- life business	R0780	0
Total Expected profits included in future premiums (EPIFP)	**R0790**	0

S.25.01: Solvency Capital Requirement — Only SF

Article 112	Z0010	2: Regular reporting

		Net solvency capital requirement	Gross solvency capital requirement	Allocation from adjustments due to RFF and Matching adjustments portfolios	Only relevant for public disclosure: Simplifications	Only relevant for public disclosure: USP
		C0030	C0040	C0050	C0120	C0090
Market risk	R0010	83 038 544	83 038 544	0		
Counterparty default risk	R0020	11 919 285	11 919 285	0		
Life underwriting risk	R0030	0	0	0		
Health underwriting risk	R0040	0	0	0		
Non-life underwriting risk	R0050	89 617 462	89 617 462	0		
Diversification	R0060	-41 912 519	-41 912 519			
Intangible asset risk	R0070	0	0			
Basic Solvency Capital Requirement	R0100	142 662 772	142 662 772			

Calculation of Solvency Capital Requirement		C0100
Adjustment due to RFF/MAP nSCR aggregation	R0120	0
Operational risk	R0130	5 820 794
Loss-absorbing capacity of technical provisions	R0140	0
Loss-absorbing capacity of deferred taxes	R0150	0
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	0
Solvency Capital Requirement excluding capital add-on	**R0200**	**148 483 566**
Capital add-ons already set	R0210	0
Solvency capital requirement for undertakings under consolidated method	**R0220**	**148 483 566**

Other information on SCR		
Capital requirement for duration-based equity risk sub-module	R0400	0
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	0
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420	0
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	R0430	0
Diversification effects due to RFF nSCR aggregation for article 304	R0440	0
Method used to calculate the adjustment due to RFF/MAP nSCR aggregation	R0450	4: No adjustment
Net future discretionary benefits	R0460	0

Overall SCR

SCR for undertakings included via D and A	R0560	0
Solvency Capital Requirement	**R0570**	**148 483 566**

Calculation of loss absorbing capacity of deferred taxes

		C0109
Approach based on average tax rate	R0590	3: Not applicable as LAC DT is not used (in this case R0600 to R0690 are not applicable)

		Before the shock	After the shock	LAC DT
		C0110	C0120	C0130
DTA	R0600	0	0	
DTA carry forward	R0610	0	0	
DTA due to deductible temporary differences	R0620	0	0	
DTL	R0630	0	0	
LAC DT	R0640			0
LAC DT justified by reversion of deferred tax liabilities	R0650			0
LAC DT justified by reference to probable future taxable profit	R0660			0
LAC DT justified by carry back, current year	R0670			0
LAC DT justified by carry back, future years	R0680			0
Maximum LAC DT	R0690			0

S.28.01: Minimum Capital Requirement — Only life or only non-life insurance or reinsurance activity

		C0010
Linear formula component for non-life insurance and reinsurance obligations	R0010	**27 708 685**

		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	0
Income protection insurance and proportional reinsurance	R0030	0	0
Workers' compensation insurance and proportional reinsurance	R0040	0	0
Motor vehicle liability insurance and proportional reinsurance	R0050	0	0
Other motor insurance and proportional reinsurance	R0060	0	0
Marine, aviation and transport insurance and proportional reinsurance	R0070	0	0
Fire and other damage to property insurance and proportional reinsurance	R0080	0	0
General liability insurance and proportional reinsurance	R0090	0	0
Credit and suretyship insurance and proportional reinsurance	R0100	86 209 074	104 940 521
Legal expenses insurance and proportional reinsurance	R0110	0	0
Assistance and proportional reinsurance	R0120	0	0
Miscellaneous financial loss insurance and proportional reinsurance	R0130	1 222 743	2 983 359
Non-proportional health reinsurance	R0140	0	0
Non-proportional casualty reinsurance	R0150	0	0
Non-proportional marine, aviation and transport reinsurance	R0160	0	0
Non-proportional property reinsurance	R0170	0	0

		C0040
Linear formula component for life insurance and reinsurance obligations	R0200	**0**

		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	
Obligations with profit participation — future discretionary benefits	R0220	0	
Index-linked and unit-linked insurance obligations	R0230	0	
Other life (re)insurance and health (re)insurance obligations	R0240	0	
Total capital at risk for all life (re)insurance obligations	R0250		0

Overall MCR calculation		C0070
Linear MCR	R0300	27 708 685
SCR	R0310	148 483 566
MCR cap	R0320	66 817 605
MCR floor	R0330	37 120 891
Combined MCR	R0340	37 120 891
Absolute floor of the MCR	R0350	38 350 500
Minimum Capital Requirement	**R0400**	**38 350 500**