# Länsförsäkringar AB

## Solvency and financial condition of the insurance operations

# 2022

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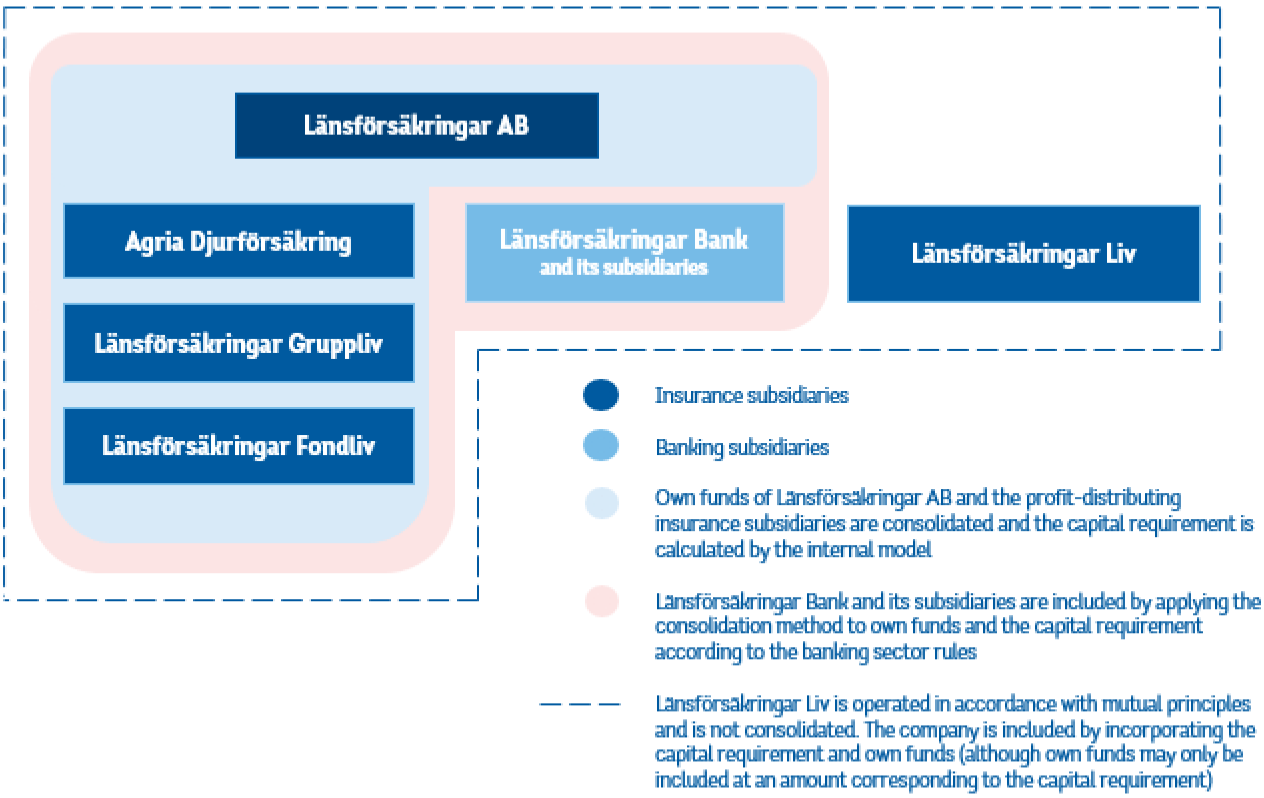
# Insurance operations at group level

# Introduction

Länsförsäkringar Liv is a subsidiary of Länsförsäkringar AB and is operated according to mutual principles. This means that the policyholders of Länsförsäkringar Liv have the right to receive any surplus in the operations while at the same time bearing the risk for any deficit. Länsförsäkringar Liv's capital requirement is included in the capital requirement at group level, but for own funds only an amount corresponding to the capital requirement is included in own funds at group level since the surplus capital in Länsförsäkringar Liv cannot be distributed to the Parent Company Länsförsäkringar AB. Länsförsäkringar Liv is also treated differently than the profit-distributing insurance subsidiaries in certain other respects because the company is operated according to mutual principles. The group reporting to be submitted must include information on Länsförsäkringar Liv in certain specifications. Each section of this report states whether or not the information on Länsförsäkringar Liv is included. The differences between how Länsförsäkringar Liv is included in the group under the solvency rules of the Swedish Insurance Business Act (IBA) are highly significant compared with the rules for the financial statements. Länsförsäkringar Liv is not consolidated in the Annual Report for the Länsförsäkringar AB Group. The value of the shares is recognised at an amount corresponding to the company's share capital.

The IBA's rules on groups include, in a certain sense, credit institutions. For Länsförsäkringar AB, this means, for example, that the IBA's solvency rules for groups stipulate that the capital position of Länsförsäkringar Bank and its subsidiaries is to be included in own funds and the capital requirement at group level. This is to take place by applying the rules on own funds and capital requirement for credit institutions. Länsförsäkringar Bank and its subsidiaries is included in the group under the IBA's rules on solvency by what is referred to in the Act as a "consolidation method" but which does not entail full consolidation of the Länsförsäkringar Bank Group's assets and liabilities. In this way, the concept of "group" in the IBA and in the Solvency II balance sheet at group level differ in significant respects from the consolidation of both the insurance operations and the banking operations that takes place in the Annual Report for the Länsförsäkringar AB Group.

**Figure 1. Länsförsäkringar AB's insurance operations at group level**



Accordingly, there are material differences between the concept of "group" in the IBA and the concept of "Group" in the Swedish Annual Accounts Act. The term "group" is used henceforth in this report for the group of companies that is encompassed by the IBA's rules on groups.

It is also the case that the group featuring Länsförsäkringar AB as the Parent Company that is encompassed by the IBA's rules for groups consists of the same companies as those included in the Länsförsäkringar AB Group under the accounting regulations. The operational governance of the companies in the Länsförsäkringar AB Group is adapted to meet both the IBA's rules on groups and the rules on groups found in legislation for banks and credit institutions. Consequently, it is sometimes appropriate for descriptions of the insurance operations at group level here to use the term "the Länsförsäkringar AB Group," which thus means the same companies as those included under the IBA's concept of group.

## Note to the reader

This Solvency and Financial Condition Report (SFCR) contains information about the insurance operations conducted within the Länsförsäkringar AB Group. The Report encompasses Länsförsäkringar AB and its subsidiaries at group level, and each individual insurance subsidiary of Länsförsäkringar AB. Accordingly, the Report is written as a single, joint SFCR. The Report has been prepared in accordance with the public disclosure requirements for a solvency and operations report in the Swedish Insurance Business Act (2010:2043)[1], the Commission Delegated Regulation[2] and EIOPA's guidelines[3].

The Swedish version of the SFCR includes all of the insurance subsidiaries. This English version includes the insurance operations at group level and Agria Djurförsäkring since Agria conducts insurance operations outside of Sweden. All of the insurance operations are described at group level first, followed by Agria.

[1] https://www.riksdagen.se/sv/dokument-lagar/dokument/svensk-forfattningssamling/forsakringsrorelselag-20102043_sfs-2010-2043

[2] http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=OJ%3AL%3A2015%3A012%3ATOC

[3] https://eiopa.europa.eu/publications/eiopa-guidelines/guidelines-on-reporting-and-public-disclosure

# About the Länsförsäkringar Alliance

Länsförsäkringar comprises 23 local and customer-owned regional insurance companies and the jointly owned Länsförsäkringar AB and its subsidiaries. Customers are provided with a complete offering of banking, insurance, pension and real-estate brokerage services through the regional insurance companies. The regional insurance companies are owned by the insurance customers. There are no external shareholders, and meeting customer needs and requirements is always the primary task. The Länsförsäkringar Alliance has 3.9 million customers and 8,500 employees.

Through its distinct role in the Länsförsäkringar Alliance's value chain, Länsförsäkringar AB contributes to increasing competitiveness and reducing costs for joint development. In turn, this creates possibilities for the regional insurance companies to be successful in their respective markets. The Länsförsäkringar AB Group comprises the Parent Company Länsförsäkringar AB, the subsidiaries Agria Djurförsäkring, Länsförsäkringar Gruppliv, Länsförsäkringar Fondliv, Länsförsäkringar Liv and Länsförsäkringar Bank as well as the subsidiaries of these companies. Länsförsäkringar Liv and its subsidiaries are not consolidated in the Group since the company is operated according to mutual principles.

## Summary

Länsförsäkringar AB and its subsidiaries are commissioned by the regional insurance companies to conduct joint banking, non-life insurance, pension and life-assurance operations, strategic development activities and to provide service in areas that generate economies of scale and efficiency. All to create conditions for the regional insurance companies to develop the offering close to their customers.

The Parent Company Länsförsäkringar AB underwrites health care, accident and health and commercial special insurance and international reinsurance. Länsförsäkringar AB also manages the Länsförsäkringar Alliance's total reinsurance cover. Agria Djurförsäkring ("Agria") is the Länsförsäkringar Alliance's specialist company for pet and crop insurance. Länsförsäkringar Gruppliv underwrites group life assurance cover and occupational group life insurance. Länsförsäkringar Fondliv underwrites life assurance and pension savings primarily with fund management and a smaller portion of guarantee management. Regarding the effect on the war in Ukraine, Länsförsäkringar has identified a number of areas that may be impacted. Despite the volatility of the financial markets, the Länsförsäkringar AB Group as an insurance group continues to have a strong capital position and is considered highly able to manage any additional volatility. The technical result for the group amounted to SEK 1,563 M (1,480).

The technical result for the Parent Company Länsförsäkringar AB was SEK 217 M (206). The improvement in earnings was mainly due to lower claims costs in assumed reinsurance and strong sales in personal risk and commercial insurance. Agria's technical result amounted to SEK 523 M (423). The strong trend of owning a pet or horse slowed slightly as society reopened and more people are returning to more normal routines in the workplace and in schools. Despite uncertainty in the world, sales levels for pet insurance were stable for all types of animals. Länsförsäkringar Fondliv's technical result amounted to SEK 758 M (775). The decline in profit was mainly due to lower income as a result of uncertainty in the financial markets in 2022. Länsförsäkringar Grupplivs technical result declined to SEK 64 M (76), attributable to a decrease in investment return.

The group's business activities are primarily conducted in Sweden. Agria also conducts operations in Denmark, Finland, France, Ireland, the Netherlands, Norway, the UK and Germany.

The group's investment return excluding Länsförsäkringar Liv amounted to -3.3% (8.9). Equities performed weakly during the year, contributing -2.6 percentage points (4.3). Properties made a contribution of 0.1 of a percentage point (3.1), with unlisted properties reporting a positive return, while listed properties yielded a negative return. Alternative investments contributed 0.5 of a percentage point (1.2), with the largest contribution from unlisted forestry. The fixed-income portfolio contributed -1.3 percentage points (0.3), mainly from Swedish interest rates that provided the most negative contribution.

**Own funds**

**SEK 59,099 M**

**Capital requirements**

**SEK 41,836 M**

The future trend in the Länsförsäkringar AB Group's earnings is closely linked to the drivers and trends in the business environment that affect future customer requirements and thereby the Group's operations, business model and development needs. Rapid technological advances are creating new conditions, while at the same time significant changes and innovation are needed to leverage the opportunities that are emerging. Expertise and the technical environment must be adapted to support rapid development so as to meet customers' evolving needs.

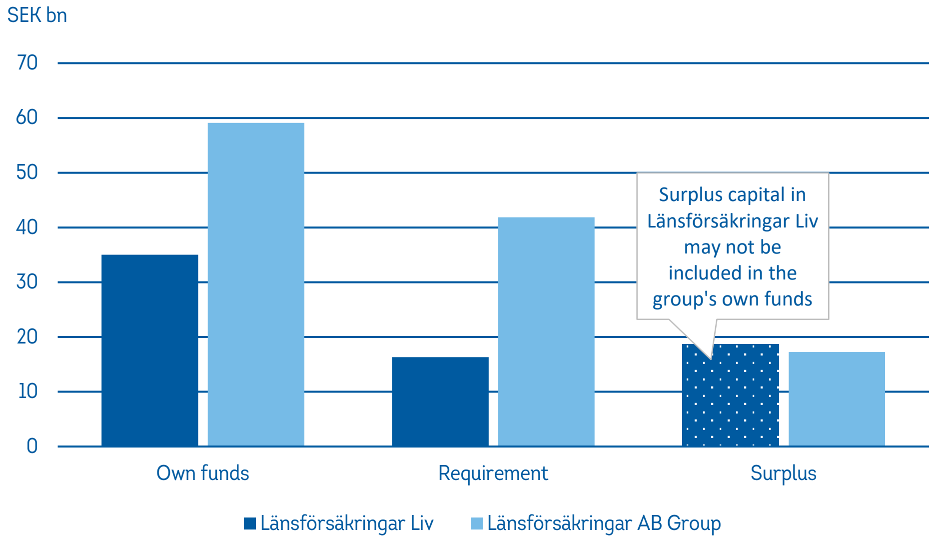
Sustainability is a fundamental element of future developments, and has played a part in Länsförsäkringar's operations since the very beginning when the first regional insurance company was founded more than 200 years ago. Länsförsäkringar's products and services must not only strengthen the business but must also contribute to the sustainable development of society. The Länsförsäkringar AB Group will continue to pursue its climate-smart vision with the climate target for the operations to become climate-positive by 2045.

Länsförsäkringar AB and its subsidiaries have a healthy financial position. Financial strength is primarily measured by comparing own funds with the solvency capital requirement. The comparison shows the group's ability to fulfil its commitments to policyholders and other creditors even when the group's financial position is very highly stressed. Own funds at group level are by law to be higher than the solvency capital requirement at group level.

The Länsförsäkringar AB Group calculates the solvency capital requirement by using a partial internal model at group level and at solo level for Länsförsäkringar AB, Länsförsäkringar Fondliv, Agria and Länsförsäkringar Liv. A standard formula is used at solo level for Länsförsäkringar Grupppliv. At group level, the capital requirement is also included for Länsförsäkringar Bank, calculated in accordance with applicable capital requirement rules for banks and credit institutions.

Own funds at group level amounted to SEK 59.1 billion at year-end and comprise Tier 1 capital. The capital requirement amounted to SEK 41.8 billion, which exceeds the regulatory requirement by a healthy margin and represents surplus capital of SEK 17.3 billion. Länsförsäkringar Liv is included in the calculation of own funds and the capital requirement, but excluding its surplus capital. Länsförsäkringar Liv's surplus capital amounted to SEK 18.7 billion at year-end.

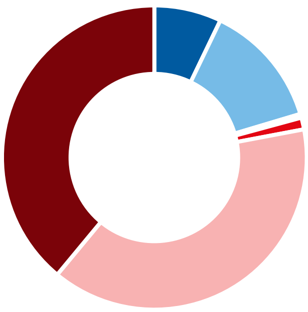
**Figure 2. Own funds and capital requirement for Länsförsäkringar AB and its subsidiaries, 31 Dec 2022**




Surplus capital at group level increased SEK 2.6 billion year-on-year. Own funds declined SEK 6.1 billion during the year, mainly due to the change in the revaluation of the technical provisions, primarily attributable to Länsförsäkringar Fondliv, but also lower eligible Tier 2 capital in Länsförsäkringar Bank. The capital requirement declined SEK 3.5 billion during the year, mainly due to a lower capital requirement for market risk and life-assurance risk. The surplus capital in Länsförsäkringar Liv fell SEK 2.6 billion, mainly due to earnings for the period and bonuses paid.

The risk profile for Länsförsäkringar AB and its subsidiaries at group level is dominated by the market risk in the traditional life-assurance and unit-linked insurance operations as well as the banking operations' credit risk from lending. The life-assurance and unit-linked insurance operations also bring life-assurance risk, while the non-life insurance risk deriving from the non-life insurance operations is moderate after applying reinsurance. Operational risks, such as security risks, cyber risks and IT risks have increasingly become focal points as have risks associated with money laundering and the financing of terrorism. Climate risk is a relatively new type of risk that has been added to the risk profile and the emergence of new types of risk, emerging risks, is continuously monitored.

**Figure 3: Länsförsäkringar AB and its subsidiaries' risks by category, 31 Dec 2022**




In calculating the solvency capital requirement, the company's assets and liabilities are valued for solvency purposes, which differs from the financial statements. Under the Solvency II regulations, assets and liabilities are to be measured at market value, which entails that the company is to make certain revaluations. In the group's case, the valuation resulted in a reduction in both the assets and liabilities. This is attributable to the separate valuations of the subsidiaries.

Länsförsäkringar AB's Board assumes the overall responsibility for the organisation and administration of the company and the Group and for assessing and making decisions on issues of material significance and of an overall nature relating to the company's and the Group's operations. The Board appoints the President and CEO, adopts an appropriate operating organisation as well as the goals and strategies of the operations, and ensures that efficient systems are in place for internal control and risk management. The Board has established a Risk and Capital Committee, an Audit Committee, a Non-life Insurance Committee and a Remuneration Committee. These Committees do not generally have any decision-making mandates, and instead support the Board and prepare decisions in their relevant areas. The President and CEO of Länsförsäkringar AB is responsible under the Swedish Companies Act for the daily management and operations of Länsförsäkringar AB. As the CEO of the Länsförsäkringar AB Group, the President assumes the same responsibility for the Group. Länsförsäkringar AB's Group management comprises the Presidents and heads of the various business units.

A Group-wide corporate-governance system, with an internal-governance and -control system that includes a risk-management system and regulatory compliance, has been established in the Länsförsäkringar AB Group. The risk-management system includes a Group-wide *Own Risk and Solvency Assessment (ORSA),* the overall aim of which is to ensure that own funds are and remain sufficient for bearing the risks associated with realising the business plan. Internal control aims to ensure that the organisation is efficient and fit for its purpose, that operations are conducted in accordance with decided strategies in order to achieve established targets, that financial accounting and reporting are reliable, that information systems are managed and operated efficiently and that there is a strong capability to identity, measure, monitor and manage risks as well as full regulatory compliance. No material changes were made to the corporate governance system during the year.

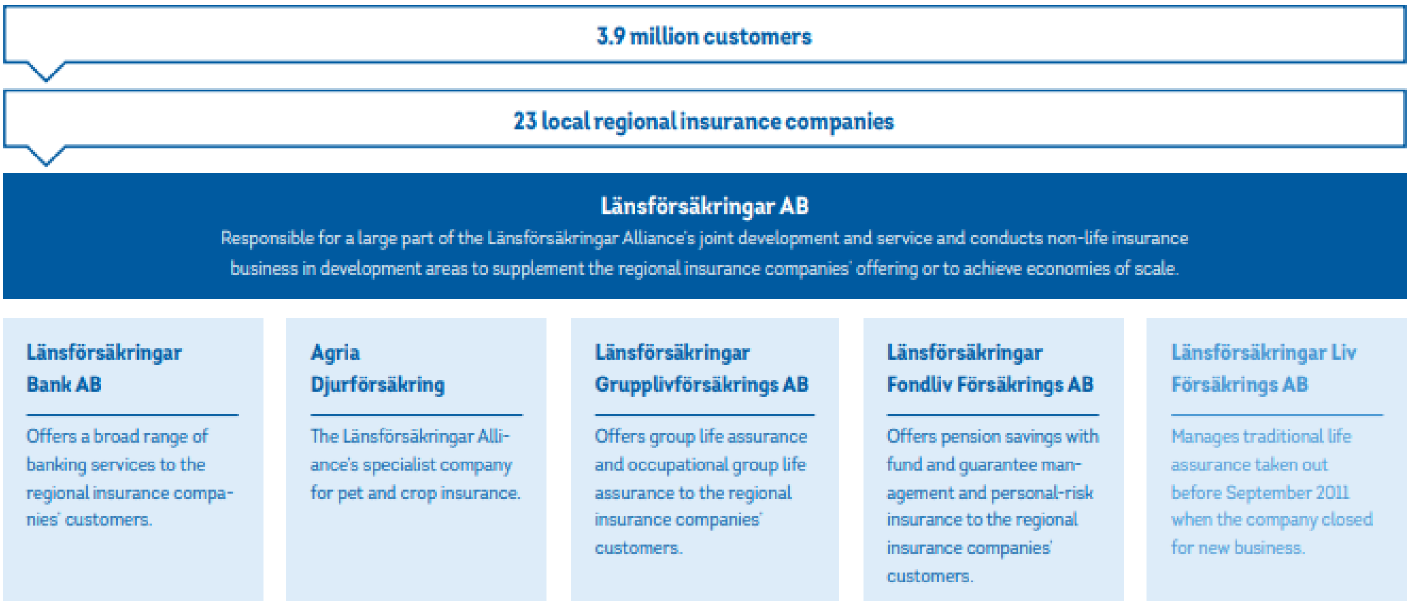
# A. Business and Performance

## A.1 Business

### A.1.1 About Länsförsäkringar AB

**Ownership structure**
Länsförsäkringar AB is wholly owned by the 23 customer-owned regional insurance companies, together with 14 local insurance companies. The regional insurance companies and the Länsförsäkringar AB Group jointly comprise the Länsförsäkringar Alliance. The Länsförsäkringar AB Group comprises the Parent Company Länsförsäkringar AB with a number of directly and indirectly owned subsidiaries, as described below. The business operations of the Länsförsäkringar AB Group are those deemed by the Länsförsäkringar Alliance as best suited to be run jointly. Most of the Länsförsäkringar Alliance's development and service operations are coordinated with Länsförsäkringar AB, with shared priorities.

**Figure A1(1): Ownership structure of Länsförsäkringar AB Group, 31 Dec 2022**



## Regional insurance companies' participating interests in Länsförsäkringar AB

**Table A1(1): Regional insurance companies' participating interests in Länsförsäkringar AB, 31 Dec**

| Shareholdings in Länsförsäkringar AB | Number of shares* | | | |
|---|---|---|---|---|
| **Company** | **A** | **B** | **C** | **Share of equity, %** |
| Länsförsäkringar Skåne | 141,849 | 882,046 | – | 9.8 |
| Länsförsäkringar Stockholm | 129,212 | 802,382 | – | 8.9 |
| Länsförsäkringar Östgöta | 114,155 | 663,463 | – | 7.5 |
| Dalarnas Försäkringsbolag | 104,708 | 609,639 | – | 6.9 |
| Länsförsäkringar Göteborg och Bohuslän | 87,010 | 605,143 | 821 | 6.6 |
| Länsförsäkringar Älvsborg | 100,176 | 581,374 | – | 6.5 |
| Länsförsäkringar Bergslagen | 86,351 | 495,089 | – | 5.6 |
| Länsförsäkringar Jönköping | 82,812 | 474,021 | – | 5.3 |
| Länsförsäkringar Uppsala | 73,298 | 424,791 | – | 4.8 |
| Länsförsäkringar Västerbotten | 57,195 | 330,919 | – | 3.7 |
| Länsförsäkringar Halland | 56,785 | 329,857 | – | 3.7 |
| Länsförsäkringar Södermanland | 58,117 | 323,139 | – | 3.7 |
| Länsförsäkringar Göinge-Kristianstad | 49,982 | 322,347 | – | 3.6 |
| Länsförsäkringar Kalmar län | 56,717 | 295,878 | – | 3.4 |
| Länsförsäkringar Gävleborg | 60,058 | 281,083 | – | 3.3 |
| Länsförsäkringar Skaraborg | 64,058 | 253,172 | – | 3 |
| Länsförsäkringar Västernorrland | 50,186 | 257,122 | – | 2.9 |
| Länsförsäkringar Jämtland | 35,795 | 226,453 | – | 2.5 |
| Länsförsäkring Kronoberg | 36,701 | 203,130 | – | 2.3 |
| Länsförsäkringar Värmland | 31,160 | 202,208 | – | 2.2 |
| Länsförsäkringar Norrbotten | 16,960 | 127,878 | – | 1.4 |
| Länsförsäkringar Blekinge | 23,088 | 120,500 | – | 1.4 |
| Länsförsäkringar Gotland | 16,305 | 74,315 | – | 0.9 |
| 14 local insurance companies | – | – | 5,134 | 0 |
| **Total number of shares** | **1,532,678** | **8,885,949** | **5,955** | **100** |

* Class A shares carry ten votes and Class B and C shares carry one vote.

## Affiliated companies and branches

Länsförsäkringar AB (publ) 502010-9681

### Wholly owned subsidiaries, including branches, of Länsförsäkringar AB (publ)

- *Försäkringsaktiebolaget Agria (publ), 516401-8003*
  - Agria Dyreforsikring in Denmark, branch
  - Försäkringsaktiebolaget Agria (publ), branch in Finland
  - Agria Dyreforsikring in Norway, branch
  - Försäkringsaktiebolaget Agria (publ), branch in France
  - Agria Forsakring in the UK, branch
  - Försäkringsaktiebolaget Agria (publ), branch in Germany
  - Försäkringsaktiebolaget Agria (publ), branch in Ireland
  - Agria Pet Insurance Ltd, Company nr 04258783, Aylesbury (wholly owned subsidiary of Agria)
  - Capstone Financial Services Ltd, Company nr 451193, Cork, Ireland (wholly owned subsidiary of Agria)
  - Agria Vet Guide AB, 559132-0451 (wholly owned subsidiary of Agria)
- *Länsförsäkringar Grupplivförsäkrings AB, 516401-6692*
- *LF Sak Fastighets AB, 556683-6416*
- *Länsförsäkringar Fondliv Försäkrings AB (publ), 516401-8219*
- *Länsförsäkringar Bank AB (publ), 516401-9878*
  - Länsförsäkringar Fondförvaltning AB (publ), 556364-2783 (wholly owned subsidiary of Länsförsäkringar Bank)

- Länsförsäkringar Hypotek AB (publ), 556244-1781 (wholly owned subsidiary of Länsförsäkringar Bank)
  - Wasa Kredit AB, 556311-9204 (wholly owned subsidiary of Länsförsäkringar Bank)
- *Länsförsäkringar Liv Försäkrings AB (publ), 516401-6627*
  - Länsförsäkringar Komplement AB, 556660-1257 (wholly owned subsidiary of Länsförsäkringar Liv)

Refer also to the quantitative reporting template (referred to below as "QRT") s.32.01 in Appendix 1 for more detailed information about the companies included in the group.

**Consolidation methods for calculations at group level**
The Swedish Financial Supervisory Authority (Finansinspektionen, FSA) has granted permission for Länsförsäkringar AB's subsidiary Länsförsäkringar Liv, which is operated according to mutual principles, to be included in the group calculations using the deduction and aggregation method, method 2 according to Article 233 of Directive 2009/138/EC. This entails that the company's solvency situation in the group calculation is handled differently to other companies in the group. The other companies in the group are included in the calculations using a consolidation method, method 1 according to Article 230 of Directive 2009/138/EC. Subsidiaries in the other financial sector, Länsförsäkringar Bank and its subsidiaries, are consolidated by applying method 1 according to Article 335 (e) of Commission Delegated Regulation (EU) 2015/35.

**Financial supervision and external auditors**
The FSA is the home supervisory authority in Sweden that is responsible for the financial supervision under the insurance-operation rules of the Länsförsäkringar AB Group and all of the insurance companies (solo companies) included in the Länsförsäkringar AB Group.

Finansinspektionen: www.fi.se
Postal address: Finansinspektionen, Box 7821, SE-103 97 Stockholm, Sweden
Street address: Brunnsgatan 3 in central Stockholm

**External auditors**
Länsförsäkringar AB: Patrick Honeth, Deloitte AB
Försäkringsaktiebolaget Agria: Petter Hildingson, Deloitte AB
Agria Vet Guide AB: Petter Hildingson, Deloitte AB
Länsförsäkringar Grupplivförsäkrings AB: Henrik Nilsson, Deloitte AB
Länsförsäkringar Fondliv Försäkrings AB: Henrik Nilsson, Deloitte AB
Länsförsäkringar Liv Försäkrings AB: Henrik Nilsson, Deloitte AB
Länsförsäkringar Bank AB: Patrick Honeth, Deloitte AB
Länsförsäkringar Fondförvaltning AB: Malin Lüning, Deloitte AB
Länsförsäkringar Hypotek AB: Patrick Honeth, Deloitte AB
Wasa Kredit AB: Patrick Honeth, Deloitte AB

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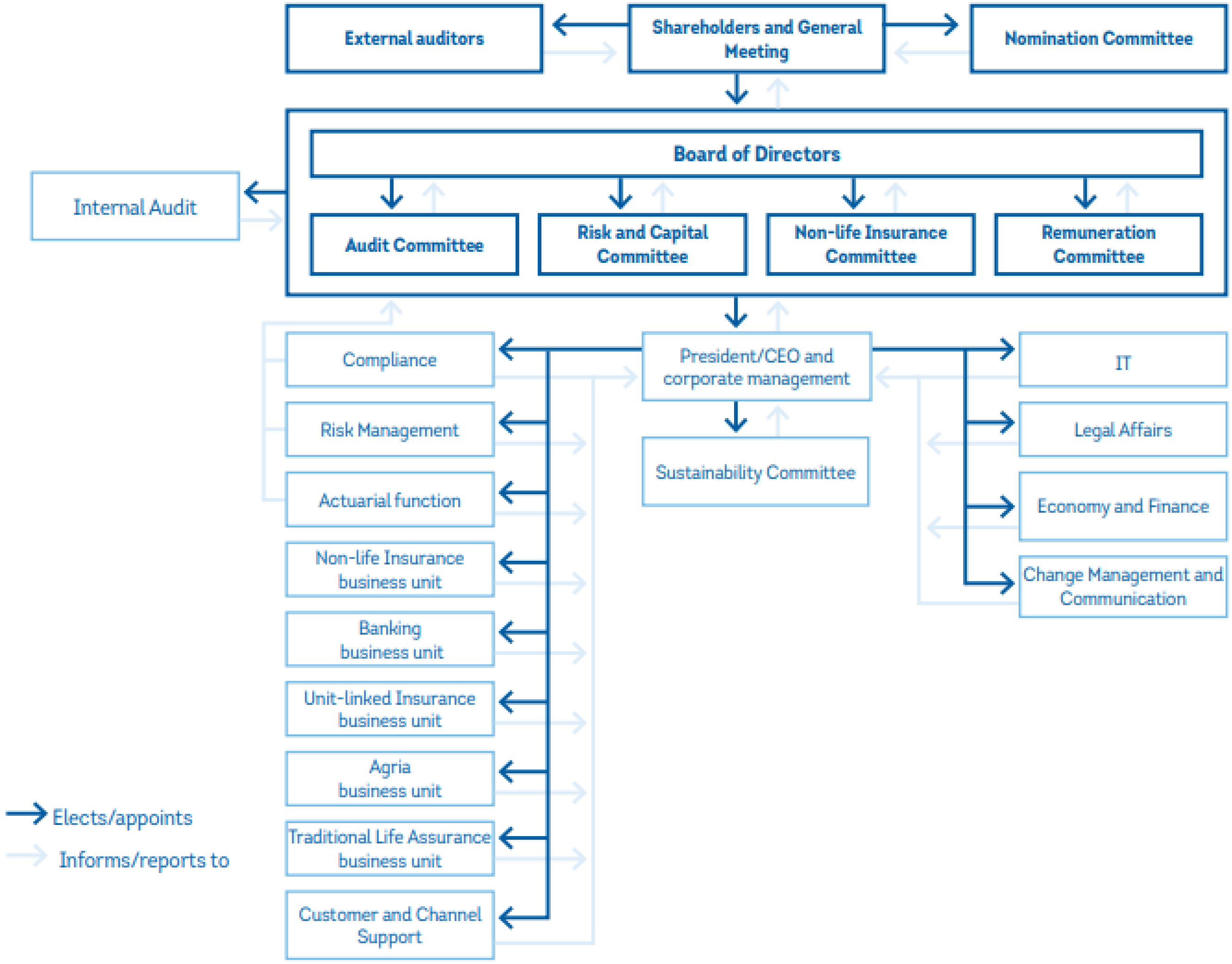
Rehnsgatan 11
SE-113 79 Stockholm
Telephone +46 75 246 20 00
info.stockholm@deloitte.se

**Organisation**
The Board of Länsförsäkringar AB establishes an operating organisation for the Länsförsäkringar AB Group with an appropriate and transparent organisational structure, a clear distribution of responsibilities and duties between the various company bodies and between the so-called lines of defence, and a clear decision and reporting procedure. An internal-control system is integrated into the operating organisation, including a regulatory-compliance system and a risk-management system. Economies of scale, for example, are guaranteed within the framework of the organisation via Group-wide functions and outsourced operations, continuity management and contingency plans, efficient systems for reporting and transferring information, information security, management of conflicts of interest and ensuring that Board members and employees are suited to their tasks.

The operating organisation ensures that systems, resources and procedures are in place that are suitable for conducting the business activities in accordance with applicable regulations. The responsibilities and duties in the operating organisation are clearly stipulated to ensure a distribution of responsibilities, that important duties are performed and that double work is avoided. Work methods and processes are efficient and based on established responsibilities.

**Figure A1(2): Länsförsäkringar AB Group's operating organisation, 31 December 2022**

**Länsförsäkringar AB's governance structure**




## Group-wide functions and outsourced operations

The distribution of work in the Länsförsäkringar AB Group is a key tool for achieving economies of scale in terms of both finance and expertise. It is also a method of implementing effective and proactive governance within the Länsförsäkringar AB Group. The operating organisation with the business activities conducted in the business units and Group-wide functions in the Parent Company was established based on this approach.

Outsourcing operations to external parties is also a key tool for achieving economies of scale in terms of both finance and expertise. Outsourcing takes place in both Länsförsäkringar AB and in the subsidiaries.

## Operations by geographic area and insurance lines

The following table illustrates the group's operations specified by geographic area and insurance lines.

**Table A1(2): Operations per geographic area, 31 Dec 2022**

| | Länsförsäkringar AB | Agria | Länsförsäkringar Gruppliv | Länsförsäkringar Fondliv | Länsförsäkringar Liv |
|---|---|---|---|---|---|
| Sweden | √ | √ | √ | √ | √ |
| Denmark | | √ | | | |
| Finland | | √ | | | |
| France | | √ | | | |
| Ireland | | √ | | | |
| Netherlands | | √ | | | |
| Norway | | √ | | | |
| UK | | √ | | | |
| Germany | | √ | | | |

**Table A1(3): Operations per insurance line, 31 Dec 2022**

| | Länsförsäkringar AB | Agria | Länsförsäkringar Gruppliv | Länsförsäkringar Fondliv | Länsförsäkringar Liv |
|---|---|---|---|---|---|
| **Insurance operations** | | | | | |
| Health care | √ | | | | |
| Accident and health | √ | | | | |
| Motor | √ | | | | |
| Motor third-party liability | √ | | | | |
| Marine, air and cargo | √ | | | | |
| Commercial | √ | | | | |
| Property, other property* | | √ | | | |
| Liability | √ | | | | |
| Legal expenses | √ | | | | |
| Credit and guarantees | √ | | | | |
| Direct insurance, foreign risks | √ | √ | | | |
| Assumed reinsurance | √ | √ | | | |
| **Life-assurance operations** | | | | | |
| Unit-linked insurance | | | | √ | |
| Defined-contribution traditional insurance | | | | √ | √ |
| Premium exemption | | | | √ | √ |
| Accident and health insurance | | | | √ | |
| Health insurance | | | | | √ |
| Invalidity benefit insurance and health | | | | | √ |
| Group life assurance | | | √ | | |

* Comprises pet and crop insurance in Agria.

**Significant business events during the reporting period**

Mathias Collén became the new President and CEO of Länsförsäkringar AB on 13 December 2022 after Fredrik Bergström stepped down from the role on 14 February 2022. In connection with this, Malin Rylander Leijon, who most recently served as the CFO of Länsförsäkringar AB, was Acting President and CEO for Länsförsäkringar AB until 12 December 2022. Jonas Ekegren was appointed Acting CFO of Länsförsäkringar AB on 15 February 2022. Mathias has worked at Länsförsäkringar since 2014, most recently as President of Länsförsäkringar Fondliv.

Caesar Åfors decided at Länsförsäkringar AB's general meeting on 6 May 2022 to step down from his role of Chairman of Länsförsäkringar AB. Maria Engholm, the former Deputy Chairman of Länsförsäkringar AB, was elected the new Chairman. Maria Engholm is the President of HSB MälarDalarna and also the Chairman of Dalarnas Försäkringsbolag.

Expanded transfer rights were introduced on 1 July 2022, which provide higher value for customers since a larger share of capital can be transferred. Länsförsäkringar Fondliv is well positioned to manage the effects of expanded transfer rights in terms of both the effect on the customer market and the capital position. The company took out reinsurance for cancellation risk during the year.

Agria's applications for a third-party branch in the UK and application to establish a branch office in Ireland were approved in 2022.

Heightened geopolitical tension following Russia's invasion of Ukraine combined with an energy crisis and rising inflation has had a negative impact on the global economy, resulting in higher interest rates, weaker stock markets and lower growth prospects. Regarding the effect on the war, Länsförsäkringar AB has identified a number of areas that may be impacted. Despite the volatility of the financial markets, the companies in the Länsförsäkringar AB Group continue to have a strong capital position and are considered highly able to manage any additional volatility.

### A.1.2 Internal transactions

Transactions between Group companies are of both a non-recurring nature and take place on a continuous basis.

Non-recurring transactions comprise the acquisition and divestment of assets and similar transactions. These are limited in scope. Non-recurring transactions are based on written agreements and their scope complies with market standards and terms.

Transactions of a continuous nature include goods and services provided within the Länsförsäkringar AB Group and to the regional insurance companies for carrying out development projects and service. Transactions of this nature are to follow established routines as below.

Pricing for service and development activities within the Länsförsäkringar Alliance is based on direct and indirect costs according to use or consumption.

The business operations of the Länsförsäkringar AB Group excluding Länsförsäkringar Liv are conducted for profit-making purposes to enable Länsförsäkringar AB to distribute returns through value growth and dividends to the regional insurance companies, whose profits in turn accrue to the non-life insurance collective. For Länsförsäkringar Liv's operations, conducted in mutual form, customers are entitled to the surplus that is generated, which is why the company does not pay dividends.

Transfers of capital within the Länsförsäkringar AB Group are regulated in internal policies and primarily take place in the form of Group contributions, dividends and capital contributions. Subsidiaries in the Group pay dividends to the Parent Company if the company's capital strength is considered to exceed set medium-term targets and the amount of the dividend is determined so that the actual capitalisation level after payments of dividends is at the set target level. Target levels for the company's capital strength are established under the framework of the Group-wide Own Risk and Solvency Assessment (ORSA) and are approved by the Board of each company.

The following table shows the significant internal transactions conducted between subsidiaries and Parent Companies in the Länsförsäkringar AB Group in 2022.

**Table A1(4): Significant internal transactions**

| TSEK | 2022 | Balance at end of report-period |
|---|---|---|
| Länsförsäkringar AB's Group contributions to Länsförsäkringar Fondliv | 60,000 | - |
| Agria's Group contributions to Länsförsäkringar AB | 350,000 | - |
| Agria's Group contributions to Agria Vet Guide | 35,000 | - |
| Agria's shareholders' contributions to Capstone Financial Services | 22,069 | - |
| Agria Pet Insurance's dividend to Agria | 49,347 | - |
| Länsförsäkringar Gruppliv's Group contributions to Länsförsäkringar AB | 50,000 | - |
| Länsförsäkringar Gruppliv's dividends to Länsförsäkringar AB | 35,000 | - |
| Länsförsäkringar Bank's Group contributions to Länsförsäkringar AB | 400,000 | - |
| Länsförsäkringar Bank's dividends to Länsförsäkringar AB | 396,271 | - |
| Länsförsäkringar Bank's shareholders' contributions to Länsförsäkringar Hypotek | 198,500 | - |
| Länsförsäkringar Hypotek's Group contributions to Länsförsäkringar Bank | 250,000 | - |
| Länsförsäkringar Fondliv's dividends to Länsförsäkringar AB | 690,000 | - |

## A.2 Underwriting Performance

The following section provides commentary on the technical result for the Länsförsäkringar AB Group excluding Länsförsäkringar Liv and Länsförsäkringar Bank. For information about earnings deriving from Länsförsäkringar Bank, refer to section *A.4 Earnings from other operations*.

### A.2.1 Technical result during reporting period

**Performance analysis**

The technical result for the group amounted to TSEK 1,562,641 (1,480,457), with the largest contribution from unit-linked insurance in Länsförsäkringar Fondliv (TSEK 771,228) and pet and crop insurance in Agria (TSEK 387,160).

The technical result for the Parent Company Länsförsäkringar AB was TSEK 216,926 (206,309). The improvement in earnings was mainly due to strong sales in personal risk and commercial insurance and positive results from previous year's claims reserves in assumed reinsurance.

Agria's technical result was TSEK 522,738 (423,481). The strong trend of owning a pet or horse slowed slightly as society reopened and more people are returning to more normal routines in the workplace and in schools. Despite uncertainty in the world, sales levels for pet insurance remained stable for all types of animals.

Länsförsäkringar Fondliv's technical result was TSEK 758,474 (775,135). The decline in profit was mainly due to lower income as a result of uncertainty in the financial markets in 2022.

Länsförsäkringar Grupplív's technical result declined to TSEK 64,404 (75,532). The claims costs were lower but a decrease in investment return resulted in a declined result. The company's portfolio of life assurance is relatively small and a natural variation in mortality can therefore result in variations in the claims outcome between years.

The following table show the technical result per material insurance line, according to IFRS, for the group.

**Table A2(1): Technical result per insurance line**

| TSEK | 2022 | 2021 |
|---|---:|---:|
| **Insurance operations** | | |
| Accident and health | 115,904 | 82,554 |
| Health care | -13,385 | 20,023 |
| Commercial | 24,873 | 23,139 |
| Liability | 19,752 | 129,285 |
| Motor third-party liability | -32,328 | -10,528 |
| Motor | -9,682 | 10,803 |
| Marine, air and cargo | 8,846 | 1,502 |
| Direct insurance, foreign risks | 172,773 | 144,540 |
| Total assumed reinsurance | 109,625 | -52,775 |
| Other property | 352,502 | 281,081 |
| Other insurance classes | -9,117 | 165 |
| **Total technical result, non-life insurance operations** | **739,763** | **629,790** |
| **Life-assurance operations** | | |
| Unit-linked insurance | 771,228 | 842,704 |
| Defined-contribution traditional insurance | 9,882 | -1,594 |
| Premium exemption | -37,177 | -41,561 |
| Accident and health insurance | 14,541 | -24,414 |
| Group life assurance | 64,404 | 75,532 |
| **Total technical result, life-assurance operations** | **822,878** | **850,667** |
| **Total technical result** | **1,562,641** | **1,480,457** |

**Technical result per material geographic area**

The group's business activities are primarily conducted in Sweden. Agria also conducts operations in Denmark, Finland, France, Ireland, the Netherlands, Norway, the UK and Germany. Only Agria conducts operations in branches outside the home country of Sweden.

Growth was strong in the international operations, particularly in the UK and Norway. The UK delivered strongly positive earnings, and the earnings in Norway made a clear improvement. Earnings also improved in Denmark and Finland.

Investments continue to be made in building up new markets. Irish company Capstone Financial Services Ltd, which has operations in Ireland and the Netherlands, was acquired in 2022.

Refer to the QRT form s.05.01 and s.05.02 in Appendix 1 for information about income and expenses per line of business in accordance with Solvency II and geographic area.

The following table presents the technical result per material geographic area.

**Table A2(2): Technical result per material geographic area**

| TSEK | 2022 | 2021 |
|---|---|---|
| Home country (Sweden) | 1,392,306 | 1,338,057 |
| Denmark | 15,808 | -6,972 |
| Finland | -16,762 | -20,609 |
| France | -37,895 | -26,405 |
| Norway | 114,867 | 54,061 |
| UK | 153,887 | 150,443 |
| Germany | -60,615 | -8,118 |
| Ireland | 1,045 | - |
| **Total technical result** | **1,562,641** | **1,480,457** |

## A.3 Investment Performance

The following section provides commentary on the earnings from investments for the Länsförsäkringar AB Group excluding Länsförsäkringar Liv and Länsförsäkringar Bank.

### A.3.1 Income and expenses per class of asset

The Länsförsäkringar AB Group's investment return attributable to the insurance operations' and Parent Company's assets decreased to -3.3% (8.9) due to a negative market trend.

Equities performed weakly during the year, contributing -2.6 percentage points (4.3). Properties made a contribution of 0.1 of a percentage point (3.1), with unlisted properties reporting a positive return, while listed properties yielded a negative return. Alternative investments contributed 0.5 of a percentage point (1.2), with the largest contribution from unlisted forestry. The fixed-income portfolio contributed -1.3 percentage points (0.3), mainly from Swedish interest rates that provided the most negative contribution.

Investment income recognised in profit or loss includes expenses for other financial expenses and revaluations of the annuity reserve and are not included in the recognised investment return ratio.

Investment income per class of asset as recognised in the financial statements is presented below, with comments on the relationship with the recognised return of -3.3% (8.9).

**Table A3(1): Income and expenses per class of asset**

| Class of asset 2022 (TSEK) | Income | Expenses | Earnings |
|---|---|---|---|
| Shares and participations | 340,983 | -743,592 | -402,609 |
| Bonds and other interest-bearing securities, and bank balances | 67,573 | -369,073 | -301,500 |
| Derivatives | 37,264 | -84,176 | -46,912 |
| Shares and participations in associated companies | 2,881 | 0 | 2,881 |
| Exchange-rate gains/losses, net | 0 | -80,718 | -80,718 |
| Other financial expenses (not included in return ratio) | 0 | -22,405 | -22,405 |
| Value-preserving interest rate, annuity reserve (not included in return ratio) | 0 | -24,474 | -24,474 |
| Revaluation of annuity reserve (not included in return ratio) | 49,425 | 0 | 49,425 |
| **Total return according to income statement** | **498,126** | **-1,324,438** | **-826,312** |

| Class of asset 2021 (TSEK) | Income | Expenses | Earnings |
|---|---|---|---|
| Shares and participations | 1,665,910 | -4,549 | 1,661,361 |
| Bonds and other interest-bearing securities, and bank balances | 62,973 | -29,951 | 33,022 |
| Derivatives | 11,804 | -9,693 | 2,111 |
| Shares and participations in associated companies | 0 | -24,631 | -24,631 |
| Exchange-rate gains/losses, net | 9 | -69,793 | -69,784 |
| Other financial expenses (not included in return ratio) | 0 | -15,816 | -15,816 |
| Value-preserving interest rate, annuity reserve (not included in return ratio) | 0 | -8,220 | -8,220 |
| Revaluation of annuity reserve (not included in return ratio) | 0 | -7,336 | -7,336 |
| **Total return according to income statement** | **1,740,696** | **-169,989** | **1,570,707** |

### A.3.2 Gains and losses impacting equity

Unrealised changes in the value of shares and participations presented in other comprehensive income in 2022 amounted to TSEK -1,480. Owner-occupied property is recognised by applying the revaluation technique, which entails a market valuation with revaluations recognised in other comprehensive income.

The table below shows the gains and losses on financial assets and liabilities impacting equity through the statement of other comprehensive income.

**Table A3(2): Gains and losses impacting equity**

| 2022 (TSEK) | Income | Expenses | Earnings |
|---|---|---|---|
| **Change in fair value of financial assets** | | | |
| Shares and participations | 0 | 1,480 | 1,480 |
| **Cash flow hedges** | | | |
| Change in value for the period | 0 | 0 | 0 |
| **Owner-occupied property** | | | |
| Revaluation of owner-occupied property | 0 | 0 | 0 |
| **Comprehensive income for the year** | **0** | **1,480** | **1,480** |

| 2021 (TSEK) | Income | Expenses | Earnings |
|---|---|---|---|
| **Change in fair value of financial assets** | | | |
| Shares and participations | 0 | 1,569 | 1,569 |
| **Cash flow hedges** | | | |
| Change in value for the period | 0 | 0 | 0 |
| **Owner-occupied property** | | | |
| Revaluation of owner-occupied property | 0 | 0 | 0 |
| **Comprehensive income for the year** | **0** | **1,569** | **1,569** |

### A.3.3 Investments in securitised products

Not applicable.

## A.4 Performance of other activities

#### Leases

Länsförsäkringar AB Group's leases mainly comprise rent for office premises and IT. The Länsförsäkringar AB Group's losses on leases amounted to TSEK 41 (-51) for the reporting period. The loss was mainly attributable to costs for premises.

Finance lease activities are also conducted on the Länsförsäkringar Bank Group's behalf by the subsidiary Wasa Kredit AB.

#### Länsförsäkringar Bank AB

Länsförsäkringar Bank offers banking services to private individuals, agricultural customers and small businesses. Sales, advisory services and customer service are carried out through the branches of the regional insurance companies and via digital channels and by telephone. Deposits and certain lending operations are conducted in Länsförsäkringar Bank, while most of the lending and funding operations are conducted through the subsidiary Länsförsäkringar Hypotek AB. The subsidiary Länsförsäkringar Fondförvaltning AB offers mutual funds. The subsidiary Wasa Kredit AB offers financing services to corporate customers and private individuals – primarily leasing, renting and hire purchase. Business volumes in banking operations in 2022 decreased to SEK 820 billion (841), driven by lower fund volumes due to lower market values.

#### Income and expenses

**Table A4(1): Länsförsäkringar Bank Group income and expenses**

| TSEK | 2022 | 2021 |
|---|---|---|
| Net interest income | 5,527,905 | 4,740,603 |
| Net commission | -507,793 | -330,690 |
| Operating expenses | -2,510,319 | 2,522,648 |
| Operating profit | 2,066,528 | 2,296,199 |

# A.5 Any other information

**Significant events after the end of the year**

Mathias Collén was elected member and Chairman of the Board of Länsförsäkringar Fondliv from 1 January 2023. In connection with Mathias Collén stepping down from his position as President of Länsförsäkringar Fondliv, Mattias Nordin was appointed Acting President of Länsförsäkringar Fondliv from 1 January 2023. Sara Rindevall was appointed President of Länsförsäkringar Fondliv from 1 April 2023, replacing Mattias Nordin as President.

On 1 January 2023, Niclas Ward became the President of Länsförsäkringar Grupplív. Former President Per Widemar stepped down from his role as President on 16 June 2022. Linda Sandén Jidling served as President between 16 June and 31 December.

On 20 January 2023, the FSA approved the Länsförsäkringar Bank Group's application to use new probability of default (PD) models. This approval also includes a transition from the Standardised Approach to the IRB Approach for the class of exposures to corporates in Wasa Kredit. The decision means that all of the bank's PD models will be replaced by new models. The effect of the implementation is that the new models entail a slight increase in the total risk exposure amount (REA), which will be reported from the first quarter of 2023. Länsförsäkringar Bank has announced the early redemption of subordinated debt (Tier 2 capital loans) on the first possible redemption date in accordance with the terms of the loans. Redemption will take place on the first redemption date, which is 1 March 2023. This subordinated debt has already been deducted from own funds as per 31 December 2022.

In February 2023, Agria took over the role of insurer of Capstone's operations in Ireland and in the Netherlands. At the same time, the former brand Petinsure was changed to Agria Petinsure in the Irish market, and Zoopo in the Dutch market changed name to Agria Dierenverzekering.

Jonas Ekegren took office as the CFO of Länsförsäkringar AB on 21 February 2023.

The bonus rate for Länsförsäkringar Liv's traditional management forms of New Trad and Old Trad was raised from 1 March 2023. The bonus rate was raised from 1% to 4% for both forms of management. The increase was a result of the healthy return on investment assets for both forms of management at the start of 2023.

There is no other material information about the company's operations and earnings to report.

# B. System of Governance

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

### B.1.1 Responsibilities of the Board of Directors and Committees

**Board of Directors**

The Board is responsible for the organisation and administration of the company and decisions on issues of material significance and of an overall nature relating to the company's operations. The Board appoints, evaluates and dismisses the President, adopts an appropriate operating organisation as well as the goals and strategies of the operations, and ensures that efficient systems are in place for internal control and risk management.

The Board is to continuously remain informed about the performance of the company to be able to continuously assess the company's financial situation and position. The Board must also regularly manage and evaluate the company's risk development and risk management. During the year, the Board regularly reviews the earnings and sales trends, investment income, financial position and capital position, risk trends, etc., in relation to the business plan and forecasts. The Board receives regular reports from the control functions and continuously monitors the company's current matters with authorities. The Board of Länsförsäkringar AB, given the company's capacity as Parent Company of a group, has the same duties, where relevant, from a group perceptive.

The Boards of Länsförsäkringar AB, Länsförsäkringar Liv, Länsförsäkringar Fondliv and Agria have established a Risk and Capital Committee and an Audit Committee. Länsförsäkringar AB has also established a Non-life Insurance Committee. All companies except for Länsförsäkringar Gruppliv have also established a Remuneration Committee. The duties of the Committees are determined by the Board in its separate formal work plans for the committees. None of the Committees has any general decision-making mandate.

**Risk and Capital Committee**

The Risk and Capital Committee supports the Board in risk and capital adequacy issues and serves as a forum for analysing and holding in-depth discussions on the company's and the Group's level of risk and capital requirements. The Committee prepares and discusses these matters ahead of Board decisions on the issues. The Committee reports on its work, observations and standpoints to the Board.

**Audit Committee**

The Audit Committee is responsible for preparing the Board's work in accordance with the provisions of the Swedish Companies Act (2005:551) and the Regulation (EU) No 537/2014 of the European Parliament and of the Council on such matters as financial reporting, auditors' independence and the selection procedure when procuring auditors. In addition, the Audit Committee is responsible for preparing the Regular Supervisory Reports (RSR) and Solvency and Financial Condition Reports (SFCR) and the Board's work on monitoring the effectiveness of the corporate governance system, which includes governance and control and the internal control of operational risks. The Committee reports on its work, observations and standpoints to the Board.

**Remuneration Committee**

The Remuneration Committee prepares issues on remuneration of corporate management, and, for Länsförsäkringar AB, remuneration of employees with overall responsibility for any of the company's control functions, and prepares decisions for measures to monitor application of the remuneration policy. The Committee reports on its work, observations and standpoints to the Board.

**Non-life Insurance Committee**

The Non-life Insurance Committee is to prepare matters concerning risk-taking and profitability in the non-life insurance operations, and serve as a forum for analysis and in-depth discussions into Länsförsäkringar AB's non-life insurance business, including product management, underwriting and distribution of insurance, reinsurance and claims handling. The Committee reports on its work, observations and standpoints to the Board.

### B.1.2 Responsibilities of central functions

**Independent audit function – Internal Audit**

The function (refer also to section B.5) is an independent review function that supports the Board in the evaluation of the corporate governance system, including the organisation's risk management, governance and controls. The function also audits and evaluates the reliability of the financial reporting. Internal Audit works on behalf of the Board and in accordance with the instruction adopted by the Board. Based on its reviews and recommendations, Internal Audit evaluates and assures that the operations' overall internal governance and control systems are conducted in an efficient manner, that the overall reporting to the Board provides a true and fair view of the operations, that the operations are conducted in accordance with applicable internal and external regulations, and in compliance with the Board's decisions. Regular risk reports are submitted to the Audit Committee and to the Board, when necessary.

**Independent Risk Management function – Risk Management**
The function is responsible for independent risk control (refer also to section B.3.1) and provides support for the President, management and operating units in fulfilling their responsibility to conduct operations with a high level of risk control. Regular risk reports are submitted to the President, and, where applicable, the Risk and Capital Committee, the Audit Committee and to the Board.

**Regulatory compliance function – Compliance**
The function is an independent control function (refer also to section B.4.2) responsible for monitoring and controlling regulatory compliance in the licensable operations. The function identifies and reports on risks that may arise as a result of non-compliance with regulations and provides recommendations for action to relevant personnel, the President and the Board.

Compliance provides support and recommendations to the companies on regulatory compliance risks in the licensable operations. Compliance ensures that operations are informed about new and amended regulations, conducts follow-ups to ensure that the necessary training is implemented and takes part in the implementation of training.

Regular compliance risk reports and a description of actions taken are submitted to the President and, when appropriate, the Audit Committee and the Board.

**Actuarial function**
The Actuarial function is responsible for coordinating and ensuring the quality of the technical calculations and investigations and assisting the Board and President in actuarial matters. The Actuarial function is also responsible for reporting, on its own initiative, to the Board and President on matters pertaining to methods, calculations and assessments of the technical provisions, the valuation of insurance risks, reinsurance cover and other risk-reduction techniques. The Actuarial function is also to contribute to the company's risk-management system. Actuarial reports are submitted to the President and the Board. The Actuarial function of Länsförsäkringar AB is also responsible for actuarial matters at group level.

### B.1.3 Material changes to the corporate governance system
No material changes have taken place to the corporate governance system during the reporting period.

### B.1.4 Information on remuneration of Boards and employees

**Board fees**
Remuneration of Board members is paid in accordance with the resolution of the Annual General Meeting in the form of fees. Fees are not paid to salaried employees of the Länsförsäkringar AB Group or to employee representatives.

**Remuneration policy and remuneration model**
The Board of Länsförsäkringar AB adopts a remuneration policy every year that is approved by the Boards of the subsidiaries. The remuneration policy stipulates the bases and principles for remuneration in the Länsförsäkringar AB Group and how it is to be adopted.

The basis of the remuneration model is that it must contribute to generating favourable conditions for the Länsförsäkringar AB Group to satisfactorily perform its mission from the owners. The remuneration model must be compatible with, and promote sound and efficient risk management and counteract excessive risk-taking, while conforming to the Group's long-term interests, business strategy, risk culture, targets and values. Furthermore, the reimbursement system for employees of the insurance companies who are employed in insurance distribution is to be structured in a manner that does not inhibit the ability of the insurance company to satisfy the fundamental requirements regarding insurance distribution. Employees are to have market-based employment terms and the principles for remuneration of employees are not to discriminate on the basis of gender, ethnic background, age, disability or any other factor.

The base of the remuneration model comprises fixed remuneration in the form of a fixed cash monthly salary.

In addition to cash remuneration, the Länsförsäkringar AB Group may offer benefits to employees in the form of, for example, discounts on company products, company cars, collectively agreed lunch subsidies and health care benefits. Pension and severance terms and conditions generally follow collective agreements. The Länsförsäkringar AB Group may, within the framework of the remuneration principles adopted by the Annual General Meeting, agree on separate pension and severance terms and conditions for senior executives.

The Boards decide on remuneration of employees who are members of corporate management and, for Länsförsäkringar AB, also employees who have overall responsibility for the control functions. The Board is to appoint a Remuneration Committee from within its ranks, assigned with the duties as described in section B.1.1.

**Main features of systems for supplementary pensions or early retirement pensions**
The systems for supplementary pensions or early retirement pensions follow collective agreements.

### B.1.5 Material transactions between shareholders, persons with significant influence in the company and members of the administration, management or supervisory body

The only material transactions during the reporting period were with shareholders. The following table provides information on material transactions with direct and indirect shareholders specified by company.

**Table B1(1): Material transaction with direct and indirect shareholders specified by company**

| TSEK | 2022 |
|---|---|
| **Länsförsäkringar AB** | |
| Länsförsäkringar AB services sold to regional insurance companies (owner) | 2,512,738 |
| Länsförsäkringar AB services purchased from regional insurance companies (owner) | 99,255 |
| *of which net income of transactions with the regional insurance companies in reinsurance pools* | *266,816* |
| Länsförsäkringar AB's Group contributions to Länsförsäkringar Fondliv (subsidiary) | 60,000 |
| Länsförsäkringar AB's dividend to owners | 1,751,330 |
| **Agria** | |
| Agria services purchased from Länsförsäkringar AB (owner) | 196,455 |
| Agria's Group contributions to Länsförsäkringar AB (owner) | 350,000 |
| Agria's Group contributions to Agria Vet Guide (subsidiary) | 35,000 |
| Agria's capital contributions to Capstone Financial Services (subsidiary) | 22,069 |
| Agria Pet Insurance dividends to Agria (owners) | 49,347 |
| **Länsförsäkringar Grupppliv** | |
| Länsförsäkringar Grupppliv services purchased from Länsförsäkringar AB (owner) | 56,685 |
| Länsförsäkringar Grupppliv's Group contributions to Länsförsäkringar AB (owner) | 50,000 |
| Länsförsäkringar Grupppliv's dividends to Länsförsäkringar AB (owner) | 35,000 |
| **Länsförsäkringar Fondliv** | |
| Länsförsäkringar Fondliv services purchased from regional insurance companies | 1,082,735 |
| Länsförsäkringar Fondliv services purchased from Länsförsäkringar AB (owner) | 319,238 |
| Länsförsäkringar Fondliv's dividends to Länsförsäkringar AB (owner) | 690,000 |
| **Länsförsäkringar Bank** | |
| Länsförsäkringar Bank's dividends to Länsförsäkringar AB (owner) | 396,271 |
| Länsförsäkringar Bank's Group contributions to Länsförsäkringar AB (owner) | 400,000 |
| Länsförsäkringar Bank's contributions to Länsförsäkringar Hypotek (subsidiary) | 198,500 |
| Länsförsäkringar Bank services purchased from regional insurance companies | 795,985 |
| Länsförsäkringar Bank services purchased from Länsförsäkringar AB (owner) | 616,201 |
| **Länsförsäkringar Hypotek** | |
| Länsförsäkringar Hypotek's Group contributions to Länsförsäkringar Bank (owner) | 250,000 |
| **Länsförsäkringar Liv** | |
| Länsförsäkringar Liv services purchased from Länsförsäkringar AB (owner) | 72,793 |

## B.2 Fit and proper requirements

The Board members and certain executives of the Länsförsäkringar AB Group's companies must be fit and proper for the duties that are intended to perform. These fit and proper requirements encompass knowledge, skills and experience, good repute, integrity, any conflicts of interest, and the ability to commit sufficient time for the assignment.

Regarding the Board, Länsförsäkringar AB's Nomination Committee is responsible for submitting proposals, in consultation with the President and CEO of Länsförsäkringar AB, on such issues as Board members in the Länsförsäkringar AB Group's insurance companies except Länsförsäkringar Grupppliv. The Nomination Committee is to assess whether the Board has a suitable composition that ensures that the overall competence necessary for the company are in place and that each of the Board members appointed by the General Meeting and by the trade organisation are suitable for their Board appointments. Regarding the proposal of Board members for Länsförsäkringar Grupppliv, the President and CEO of Länsförsäkringar AB has the same tasks as the Nomination Committee.

Based on the company's operations, stage of development and other circumstances, the suitability assessment of Board members also considers relevant training and experience, as well as professional experience in senior positions. In addition to the knowledge, skills and experience of individual Board members, the Board is assessed in its entirety to ensure that it possesses the competence required for leading and managing the company. The competence requirements include competence in the financial markets, insurance operations, insurance distribution, regulatory requirements, strategic planning and understanding of business strategy, business model and business plan, risk management, corporate governance, financial analyses and actuarial analyses.

The assessment of fit and proper President, Executive Vice President and branch representatives is performed by the Board, while for other executives subject to particular suitability requirements, relevant managers are responsible for assessing whether an individual is fit and proper. Such an assessment is to be performed in recruitment processes based on a requirements specification prepared for the position in question and every year giving consideration to the duties to be performed.

These fit and proper assessments also consider good repute, any conflicts of interest, and the ability to commit sufficient time for the assignment.

Assessments of whether Board members and certain executives are fit and proper are to be carried out in accordance with applicable guidelines for such assessment when a new Board member or a person in an above-mentioned position takes office. Assessments are also to be conducted annually, and when necessary, to ensure that these individuals are, at any given time, fit and proper to carry out their duties. In addition, a new fit and proper assessment is to be performed if an event occurs that could entail a change to the assessment of whether a person is fit and proper.

If a function subject to special suitability requirements is outsourced, the contractor performing the function is to be subject to a fit and proper assessment as is the client manager at the company in the Länsförsäkringar AB Group that outsourced the function.

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

## B.3.1 Risk management system

The Länsförsäkringar AB Group's risk-management system is defined as the strategies, processes, procedures, internal rules, limits, controls and reporting procedures needed to ensure that the companies in the Group are able to continuously identify, measure, monitor, govern, manage, report and have control over the risks to which the companies are, or could be expected to become, exposed to, and the interdependence of these risks.

The risk-management system is illustrated and described in figure B3(1).

**Figure B3(1): Länsförsäkringar AB Group's risk-management system**

The Group's risk-management system is described in the Group directive and a Group-wide risk policy adopted by the Board of Länsförsäkringar AB and approved by the Board of each subsidiary. Based on this Group-wide risk-management system, each subsidiary has prepared its own individual rules for managing company-specific risks. This approach and the coordinated risk control within the entire Group ensure that the risk-management system is consistently implemented in all of the companies.

The system comprises an integrated part of the organisational structure and decision-making processes and helps the business to meet its targets with a higher degree of certainty. In addition to risk management in the operations, it also encompasses the independent Risk Management function. The Compliance and Actuarial functions also play key roles in risk management.

**Responsibilities and roles**

The Board is ultimately responsible for ensuring that an effective risk-management system is in place and adopting frameworks for risk management based on internal rules in the form of governance documents.

The President and CEO is responsible for incorporating these governance documents as adopted by the Board into the operations, and for setting more detailed rules for the risk-management system.

The Chief Risk Officer Group (CRO Group) is responsible for the design of the risk-management system and coordination within the Länsförsäkringar AB Group, while each manager in the Länsförsäkringar AB Group is responsible for the risks in their own operations. All employees also have an individual responsibility for working towards a healthy risk culture by complying with internal rules on the Group's risk-management system.

The CRO Group and the Head of Risk Management at Länsförsäkringar AB lead the Risk Management function that in the organisational structure is directly under the President and CEO of Länsförsäkringar AB and is thus independent from the other operations. The Risk Management function is responsible for the independent risk control, which includes identifying, measuring, monitoring, governing and reporting risks in the company's and the Group's operations. The function reports directly to the President and CEO and, when appropriate, the Risk and Capital Committee, Audit Committee and the Board. The function supports the Board, President and CEO and other members of management in ensuring that the operations are conducted with a high degree of risk management and risk control.

The Actuarial function helps ensure the efficient operation of the risk-management system, for example, by ensuring that the calculations for capital requirements for insurance risks are correct and by assisting the Board and President in matters regarding reinsurance cover and other risk-reduction techniques. The Compliance function identifies and reports on risks that may arise as a result of non-compliance with regulatory requirements.

**Strategies, processes and reporting**

The risk strategy is an integrated component of operational governance and is based on the business strategy. The overall risk strategy for the Länsförsäkringar AB Group is that the operations are to be conducted following a conscious risk-taking approach to enable the business strategy to be realised without jeopardising the Group's solvency. The estimated risk level and the organisation's expertise in managing specific risks are taken into consideration in decisions on, for example, the products that the company offers, the customer groups to which sales are directed, the instruments that the company's assets are invested in and how the operations are otherwise conducted.

Prospective analyses in the form of own risk and solvency assessments (ORSA), recovery plans and internal capital and internal liquidity adequacy assessment processes are performed every year. Ongoing activities include handling known risks and identifying new risks. Internal models are used in the first instance to quantitatively measure risks. The regulatory capital requirements are also supplemented with other risk measures and stress tests. Some risk types, such as operational risk and business risk, are mainly assessed on a qualitative basis. Qualitative risk measurement makes use of an overall assessment of the risk's potential consequences for the operations and the probability or frequency of the risk occurring. Control activities are performed regularly and incidents are continuously reported and monitored.

A complete report of all risks in the company's operations is submitted every quarter to, where appropriate, the Risk and Capital Committee, Audit Committee and Board.

**Partial internal model**

In May 2016, Länsförsäkringar AB and its insurance subsidiaries received permission from the FSA to calculate the solvency capital requirement for insurance operations using a partial internal model. Capital requirements for most market risks, non-life insurance risks and health-insurance risks are calculated using an internal model, whereas other types of risk are calculated by applying the standard formula. The partial internal model is described in more detail in *section E. Capital management (financing).*

Since the partial internal model is used jointly by several companies in the Länsförsäkringar AB Group (except Länsförsäkringar Grupppliv) and is thus an internal group model, the following shared management model is applied.

- The Board of each company is responsible for ensuring that systems are in place that ensure the model functions correctly, is appropriate and provides a satisfactory expression for the company's risk profile. The Board decides on new models and material further development of the model.

- The President of each company is responsible for ensuring that the model is integrated into the company's risk-management system and ORSA and forms the basis of business decisions and strategic standpoints. The President of each company and the CRO Group are also members of the Decision Group for the partial internal model. The Decision Group is a preparatory group for Board decisions on new models or material further developments to the model.
- The CRO Group and the Head of Risk Management at Länsförsäkringar AB are responsible for designing and carrying out calculations in the partial internal model and for testing and validating the model every year. The CRO Group is the Chairman of the Management Group, comprising experts and representatives from the business activities in all relevant companies. The Management Group has a mandate to decide on minor further developments to the partial internal model.

Changes to the partial internal model that involve material further development require the approval of the FSA. A new model requires that a new application be submitted to the FSA.

Further development includes, alongside changes to calculation methods, changes to the companies' risk profiles, changes to the governance of the internal model and major changes to IT systems that impact the model. The management model only encompasses the internal model, meaning that changes to calculations using the standard formula are not included.

The internal model is validated at least once a year by an independent function in Risk Management in Länsförsäkringar AB. The purpose of the validation is to ensure that the model encompasses all material risks that it is intended to measure, that the selected methods are suitable, that assumptions are reasonable and inputs are correct, that the calculation results from the model are used appropriately in the operations and that the model and the company's use of the model meet all regulatory requirements.

### B.3.2 Own Risk and Solvency Assessment (ORSA)

The overall aim of an ORSA is to ensure that own funds are and remain sufficient for bearing the risks associated with realising the business plan. Accordingly, the ORSA is based on risk and is part of the risk-management system and its starting point is the work on the business plan. Both risks identified using the internal model and other risks are to be analysed and described. The results of the analysis are to lead to potential modifications of the business plan in order to maintain an acceptable risk level aligned with the risk strategy.

The business planning and ORSA are conducted in parallel and form part of the companies' and the Group's operational governance. The Board discusses and adopts the business plan and the ORSA once a year and the Risk and Capital Committee and the Board conduct regular monitoring. In the event of exceptional circumstances, the entire ORSA, or specific elements of it, may be carried out an extra time during the year, known as an extraordinary ORSA.

An ORSA is prepared for each of the Länsförsäkringar AB Group's insurance companies and for the Länsförsäkringar AB insurance group.

The Länsförsäkringar AB Group has an overall Group-wide process for performing ORSAs and the companies base their ORSA on a shared macro-economic base or alternative scenario, but apply their own process in certain areas. The main stages of the ORSA process are described below.

A joint description of the business environment for a base scenario and an alternative scenario for the Länsförsäkringar AB Group is producing containing courses of events and associated quantified trends in financial and macroeconomic variables. Risks arising in the operations and the management of them are described.

The base scenario forms the starting point of the ORSA. The base scenario covers the three-year business plan horizon and provides a forecast of the performance of the balance sheet and income statement under IFRS as well as the capital requirement and own funds under the insurance rules. Data is made up of business-environment descriptions, forecast instructions and the forecasts prepared for trends in business volumes. The alternative scenario covers the same areas as the base scenario but shows a significantly less favourable trend in the business environment.

A Group-wide stress test is defined that is carried out in the company and the Group. The company also decides on supplementary stress tests so that the company's analysis is sufficiently complete. Results are calculated for each stress test as regards to the outcome of own funds and the capital requirement as if the stress had occurred.

An analysis is also conducted as to whether the capital requirement calculations produced from risk calculations using the partial internal model (or the standard formula for Länsförsäkringar Grupppliv) reflect the risk profile. Furthermore, consideration is also given to capital requirements resulting from risks not included in the calculations using the partial internal model (or the standard formula for Länsförsäkringar Grupppliv), the results from the alternative negative scenario, stress tests and the analysis of potential capital measures and risk-reducing measures.

The solvency requirement is thus determined by taking into account regulatory requirements, including buffers for negative events for example, taking into consideration risks that are difficult to quantify and any other specific circumstances.

The ORSA is summarised in a report to the Board and the FSA. The completes ORSAs are also to be documented by reproducing assumptions, calculation methods and results, and experience feedback is noted for each ORSA to improve the process.

# B.4 Internal control system

### B.4.1 Internal control system

The internal-control system is shared by the Länsförsäkringar AB Group and is part of the governance of the company and the Group. Internal control aims to ensure that the organisation is efficient and fit for its purpose, that operations are conducted in accordance with decided strategies in order to achieve established targets, that financial accounting and reporting are reliable, that information systems are managed and operated efficiently and that there is a strong capability to identity, measure, monitor and manage risks as well as full regulatory compliance. Risk and capital control and capital planning are a part of the internal control. The internal control process encompasses all parts of the organisation, including outsourced operations, and must be an integral part of the organisational structure and decision-making processes. Internal control is based on a system with a strong culture of risk and regulation, with three lines of defence.

The *first line of defence* is the operations. The first line of defence includes responsibility for the operation's risks and regulatory compliance and the operations are responsible for ensuring that control processes for monitoring are in place, implemented and reported.

Controls are to be built into critical processes, and shortcomings or deviations are to be reported. Each manager is to ensure that material risks in their areas of operation are identified and managed. These managers are also to ensure that risk-management controls are prepared and that these controls are documented. All managers are also to ensure that follow-ups and controls are performed. Such follow-ups and controls are to ensure that the operations are reasonably reflected in the reports to superior managers and, where appropriate, other stated functions.

The internal control comprises the work of the ongoing operations on formulating targets, risk identification, risk indicators, key controls, self-assessments and reporting.

The internal-control system is described in Länsförsäkringar AB's Group directive adopted by the Board of Länsförsäkringar AB and approved by the Board of each subsidiary. The subsidiaries prepare more detailed procedures for internal control and reporting based on the Group-wide internal-control system, including reporting processes. In this way, it can be assured that the internal-control system is performed consistently in all companies in the Group.

To support the internal-control process, a compliance function and an independent Risk Management function are in place and form the *second line of defence* along with the Actuarial function. There is also an internal audit function that serves as the *third line of defence*.

### B.4.2 Compliance function

Those responsible for the Compliance function are employed in each insurance company and independent of the operations that are controlled but, in terms of organisational structure, are also part of the central compliance function of Länsförsäkringar AB. The Compliance function controls the first line of defence and reports on the results of its controls directly to the President, and, where appropriate, the Audit Committee and the Board. The Compliance function is to have the resources, authorities and expertise required for carrying out its duties. The Compliance function is also to have access to the information necessary for performing its duties.

# B.5 Internal audit function

Those responsible for the independent audit function are employed in each insurance company and independent of the operations that are audited but that, in terms of organisational structure, are also part of the central Internal Audit function of Länsförsäkringar AB. Internal Audit examines and evaluates both the first and second lines of defence and reports on the results of its audits directly to, where appropriate, the Audit Committee and the Board, which forms part of ensuring independence and objectivity. Internal auditors are to be objective in performing their duties and are to avoid conflicts of interest, and the function is to be assigned sufficient resources and granted access to the information required for completing its duties. Internal Audit also has documented procedures for rotating auditors to different assignments and procedures that ensure that internally recruited internal auditors do not, within a reasonable time period, examine areas of the business that they previously worked in so as to avoid conflicts of interest.

# B.6 Actuarial function

The heads of the Actuarial function are, within the organisation, affiliated to each insurance subsidiary and independent from the operations that are controlled. The Actuarial function submits reports to the President and Board and, when necessary, the Audit Committee. The Actuarial function is to be assigned sufficient resources and granted access to the information required for completing its duties.

# B.7 Outsourcing

### B.7.1 Governance documents for outsourcing agreements

The Board of Länsförsäkringar AB has adopted a Group-wide policy regarding outsourced operations, which has been approved by the Boards of the subsidiaries. The policy stipulates the Group-wide principles that Länsförsäkringar AB and the other licensable companies in the Group are to comply with when managing outsourced operations in order to ensure that the management approach is as standardised as possible within the Group, and to ensure the companies' compliance with the requirements of the outsourcing agreements in the external rules.

The policy provides a general description of the process that is to be followed from preparations prior to outsourcing to the discontinuation of the assignment. An assessment of the company's requirements and suitability for outsourcing is first performed based on such factors as risk, cost and efficiency, and taking into account the requirements of internal and external regulations. Potential contractors are subsequently evaluated to ensure that they have the requisite know-how, resources and permits for performing the operations. The company also prepares a suitable structure for governing, controlling and monitoring the outsourced operations, which includes drawing up plans for ensuring business continuity and how the company can return to performing the outsourced operations itself or outsource them to another contractor. The assignment is regulated in a written outsourcing agreement that meets the relevant outsourcing regulations. The policy also describes the preparation and decision-making process before, during and after discontinuation of the assignment and, where applicable, reporting to the FSA.

Each insurance company prepares its own governance documents within the framework of the policy that regulates the outsourcing of operations in more detail. In addition, Länsförsäkringar AB has prepared guidelines for how it engages sub-suppliers to ensure that Länsförsäkringar AB's outsourcing of operations performed on behalf of the subsidiaries is conducted in adherence with the applicable rules.

### B.7.2 Outsourced operations of material significance

Länsförsäkringar AB has outsourced the operations and functions of material significance stated below.

**Table B7(1): Outsourced operations of material significance, 31 Dec 2022**

| Operations | Jurisdiction of the contractor |
|---|---|
| Asset Management | Sweden |
| Claims adjustment and claims administration | Sweden |
| Independent medical insurance advice regarding accident and health insurance | Sweden |
| Development, management and operation of systems/applications | Sweden, Ireland, India |
| IT security services | Sweden, US |
| IT test services | Sweden |
| Output services | Sweden |
| Scanning services and document management | Sweden |
| Communication platforms | Sweden |

# B.8 Any other information

### B.8.1 Description of the corporate governance system

The corporate governance system is considered to be effective and appropriate given the nature, scope and complexity of the risks inherent in the operation, and is thus deemed to ensure healthy and responsible governance and control of the Group and its subsidiaries.

### B.8.2 Other information

There is no other material information.

# C. Risk Profile

The Länsförsäkringar AB Group conducts business activities in banking, insurance and pensions and its customers are mostly private individuals and small companies.

The risk profile for Länsförsäkringar AB and its subsidiaries at group level is dominated by the market risk in the traditional life-assurance and unit-linked insurance operations as well as the banking operations' credit risk from lending. The life-assurance and unit-linked insurance operations also bring life-assurance risk, while the non-life insurance risk deriving from the non-life insurance operations is moderate after applying reinsurance. Operational risks, such as security risks, cyber risks and IT risks have increasingly become focal points as have risks associated with money laundering and the financing of terrorism. Climate risk is a relatively new type of risk that has been added to the risk profile and the emergence of new types of risk, emerging risks, is continuously monitored.

The following factors characterise the Länsförsäkringar AB Group's current risk-taking:

- The operations are conducted in Sweden, Except for Agria, which has pet insurance business in Sweden, Norway, Denmark, Finland, the UK, France, Germany, Ireland and the Netherlands. All 23 regional insurance companies broker the Group's products, which thereby creates a geographic distribution throughout Sweden. The operations primarily focus on private individuals and small and medium-sized businesses, directly or mediated by the regional insurance companies, and have few major commitments entailing risk with large companies.

- The management of insurance capital in the traditional life-assurance operations gives rise to various types of market risks. In the unit-linked insurance operations, the policyholders primarily bear the market risks, but since the trend in insurance capital is governed by the company's earnings, the company is also exposed to market risk. The risks in the investment assets managed by the Group's companies for own account are held at a low level.

- Loans in the banking operations primarily pertain to households and to a smaller extent to agriculture and businesses. Low loan-to-value ratios, combined with a well-diversified geographic spread and local presence, are the core pillars in ensuring that the loan portfolio maintains high credit quality. The regional insurance companies cover 80% of the provision requirement in the Bank Group (excluding Wasa Kredit) on the date when an impairment is identified, by means of an off-set against accrued distribution remuneration.

- The Länsförsäkringar Bank Group's cash flow is characterised by customers who are primarily retail customers together with well-known, larger flows in the financing activities. The Bank Group's management of liquidity risk is based on highly diversified funding regarding investor base, instruments, currencies and maturities, and a satisfactory liquidity reserve comprising securities with very high liquidity and credit quality, and deposits with the Riksbank and the Swedish National Debt Office. The business activities of the insurance companies are based on premiums being paid in advance and being managed until insurance compensation is to be paid out.

- For the traditional life-assurance operations, correct assumptions about the life expectancy of policyholders are important in order to ensure that the technical provisions are sufficient for fulfilling guaranteed commitments. If unit-linked life assurance customers buy back or transfer their insurance policies to other companies, the long-term profitability of the unit-linked life assurance operations will be negatively affected.

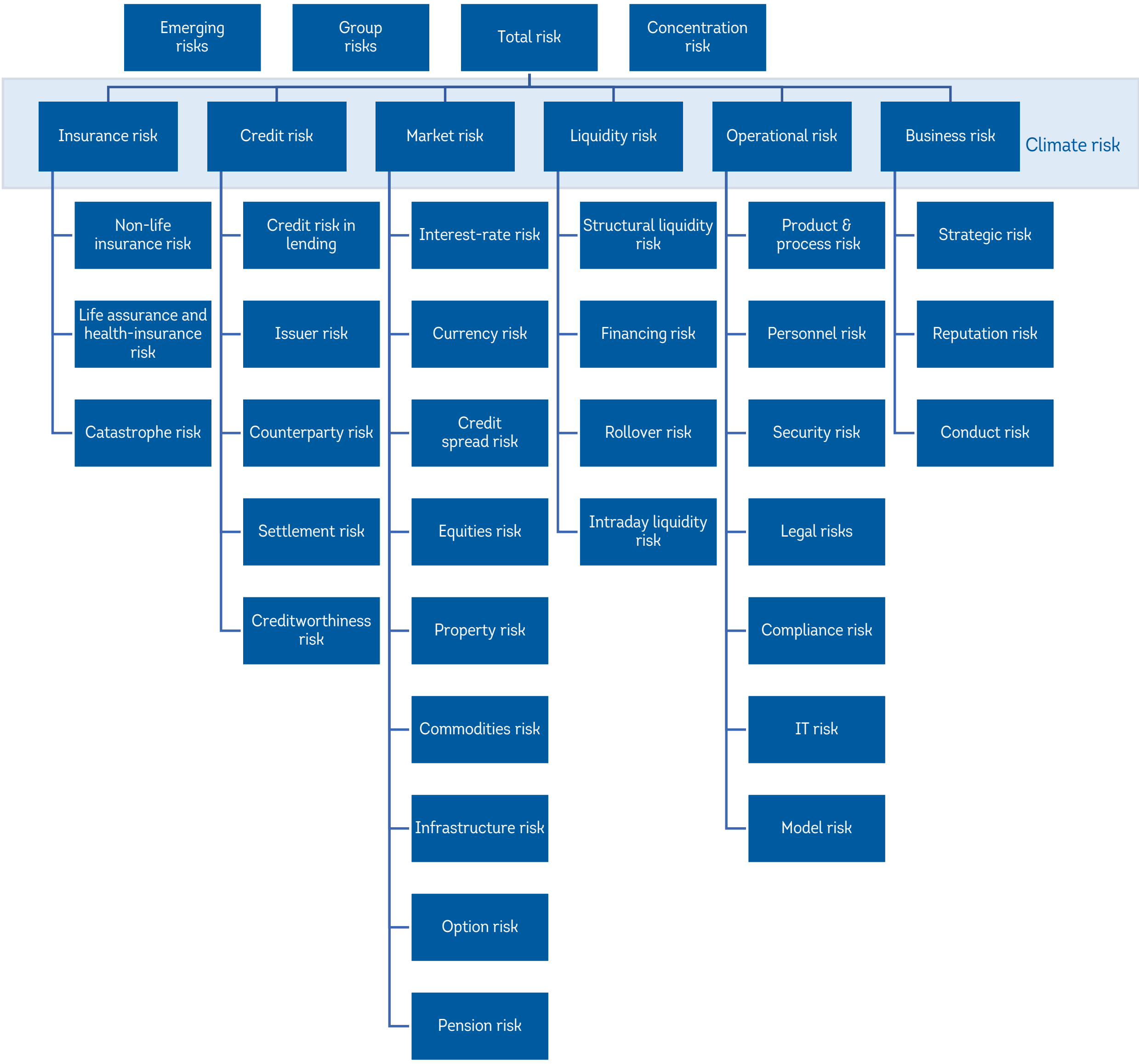
- The non-life insurance operations are well-diversified, including pet insurance, health care, accident and health insurance, some commercial insurance and international reinsurance.  The risks taken in non-life insurance are reinsured, where deemed appropriate, and extensive reinsurance operations are conducted on behalf of the Länsförsäkringar Alliance.

- Operational risk in the day-to-day operations includes a variety of process risks and the subsidiaries' products and services may be associated with different types of product risks. Security risks, for example, external crime and internal fraud cannot be completely avoided and as digitisation increases greater focus has been directed to cyber risks and IT risks. Compliance risks are continuously in focus, particularly risks associated with money laundering and financing of terrorism, which are the areas actively worked on by the banking operations and the unit-linked insurance operations.

- Climate risk represents a financial risk in the form of potential impact on the insurance business, lending and investments for the Länsförsäkringar AB Group. Länsförsäkringar AB works on climate risk based on both the impact of the operations on the climate and the climate's impact on the operations.

Länsförsäkringar AB applies a joint risk division and definitions of risks to which the operations are exposed. An outline is provided in figure C(1). *A number of risks in the figure are attributable to the banking operations.*

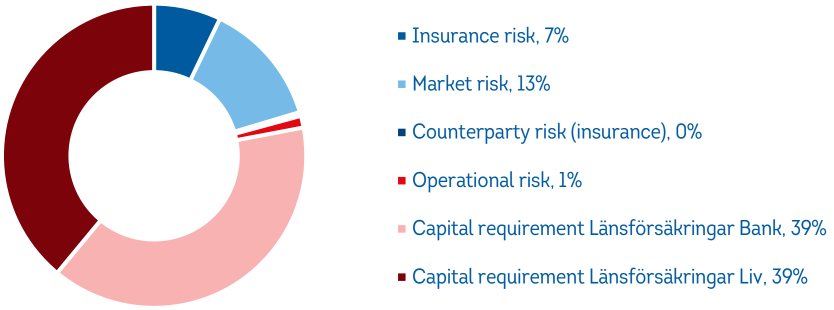
**Figure C(1): Specification of the risks to which the operations are exposed**



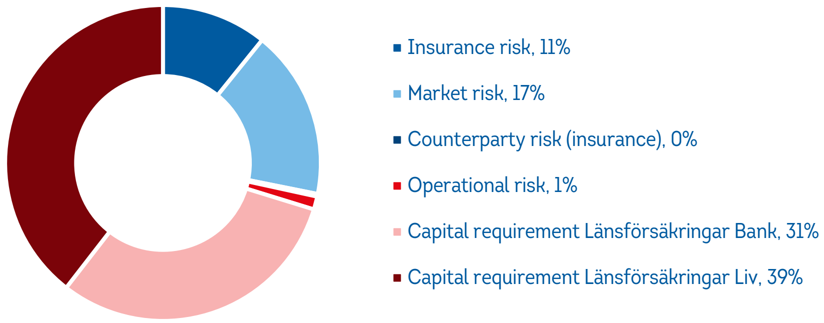

The following figure illustrates the relative specification of the Länsförsäkringar AB Group's solvency capital requirement at group level under the insurance rules on 31 December 2022 compared with the preceding year-end. The positive value growth trend in the equities markets and a positive inflow of premiums and capital to the unit-linked insurance operations contributed primarily to the capital requirements for market risk and life-assurance risk increasing relatively more than the capital requirements for the banking operations.

**Figure C(2): Länsförsäkringar AB's capital requirement under the insurance rules for groups, 31 Dec 2022 compared with 31 Dec 2021**

**31 Dec 2022**




**31 Dec 2021**



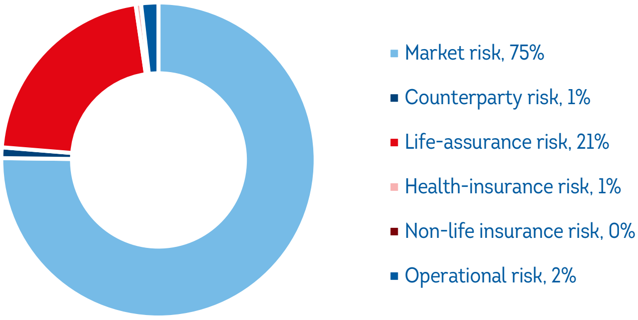

The Länsförsäkringar Bank Group is subject to the sector rules under the Capital Requirements Directive CRD 2013/36/EU and the Regulation CRR (EU) 575/2013, and presents its Pillar III report information about the risks to which its consolidated situation is exposed, which is why no additional commentary on these matters is presented in this report. The Länsförsäkringar Bank Group's capital requirements are specified by type of risk in "Capital requirements Länsförsäkringar Bank Group" in figure C(3).

Länsförsäkringar Liv is operated in accordance with mutual principles and is not consolidated in the Länsförsäkringar AB insurance group. The solvency capital requirements for risks in Länsförsäkringar Liv are included in the Länsförsäkringar AB Group's solvency capital requirements in accordance with the deduction and aggregation method, with the consent of the FSA. Länsförsäkringar Liv's capital requirements are specified by type of risk in "Capital requirements Länsförsäkringar Liv" in figure C(3).

**Figure C(3): Capital requirements in Länsförsäkringar Liv and Länsförsäkringar Bank specified by type of risk, 31 Dec 2022**

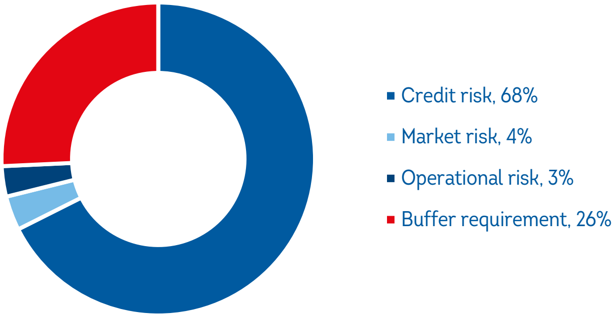
**31 Dec 2022**

**Capital requirement Länsförsäkringar Liv**




**31 Dec 2022**

**Capital requirement Länsförsäkringar Bank**




General commentary on the risk profile for Länsförsäkringar AB and its consolidated insurance subsidiaries is presented below. Länsförsäkringar AB and its consolidated insurance subsidiaries include the Parent Company Länsförsäkringar AB and the insurance subsidiaries Agria, Länsförsäkringar Gruppliv and Länsförsäkringar Fondliv.

# C.1 Underwriting risk[4]

Underwriting risk ("insurance risk" below) refers to the risk of losses arising due to a negative deviation in technical provisions or the valuation of the insurance commitment. The Länsförsäkringar AB Group's insurance risk includes non-life insurance risk, life-assurance and health-insurance risks that arise in insurance subsidiaries.

- Non-life insurance risk refers to the risk of losses arising due to claims costs being higher than expected.
- Life-assurance risk and health-insurance risk refer to the risk of losses in connection with the insurance of a specific person's life and health.
- Catastrophe risk refers to the risk of losses arising due to natural disasters, epidemics or disasters caused by human activities leading to very large claims payments.

### C.1.1 Risk exposure

Exposure to non-life insurance risk arises in the Parent Company and the insurance subsidiaries Agria and Länsförsäkringar Grupp-liv. Premium risk is the largest risk in non-life insurance risk, followed by reserve risk and cancellation risk.

The exposure to life-assurance risks primarily derives from the operations in Länsförsäkringar Fondliv, and to a lesser extent from group and occupational group life insurance in Länsförsäkringar Grupppliv and annuities in Länsförsäkringar AB. Länsförsäkringar Fondliv's product range has two different management forms: fund management that entails that customers decide the investment orientation and risk level themselves; and guarantee management which is traditional management whereby the company is responsible for the investment orientation and a portion of the customer's savings are guaranteed. Unit-linked insurance operations comprise about 97% of total managed assets. The dominating life-assurance risk derives from the unit-linked insurance operations and the risk of customers choosing to transfer their insurance capital.

The exposure to health-insurance risk derives from health care insurance and group health and group accident insurance in Länsförsäkringar AB, and from health and premium exemption as well as from accident and financial disability insurance in Länsförsäkringar Fondliv.

The Länsförsäkringar AB Group has low exposure to catastrophe risk for its own account. Länsförsäkringar AB manages common reinsurance cover for the Länsförsäkringar Alliance for which Länsförsäkringar AB assumes a certain level of risk for its own account for selected parts. Länsförsäkringar AB is also exposed to some catastrophe risk in internally assumed reinsurance.

A measure of the exposure to insurance risk is the expected present value of the future cash flows from all insurance contracts. The measure reflects the company's commitments to its customers and corresponds to the best estimate under the IBA. Table C1(1) shows the consolidated best estimate for the Länsförsäkringar AB and its consolidated insurance subsidiaries net, meaning after reinsurance, based on data from the consolidated insurance subsidiaries. Data was collected from each company's insurance and claims system.

The trend in best estimate for non-life insurance and health-insurance risk follows the performance of the business. The best estimate in non-life insurance can normally be expected to fluctuate slightly, related to the time variation of payment streams, the trend in the portfolio and other, sometimes random, factors. The fluctuation during the year is not deemed to be material.

Table C1(2) shows the net best estimate per company compared with the preceding year-end. The decline in 2022 was primarily attributable to changes in the value of the unit-linked insurance capital due to the downturn in the stock markets during the year.

[4] Underwriting risk is known internally in the Länsförsäkringar AB Group as Insurance risk.

**Table C1(1): Exposure to insurance risk, 31 Dec 2022. The table shows the net best estimate, after ceded reinsurance**

| Best estimate, net (TSEK) | Parent Company Länsförsäkringar AB | of which: Agria | of which: Länsförsäkringar Gruppliv | of which: Länsförsäkringar Fondliv |
|---|---|---|---|---|
| Non-life insurance risk | 2,762,691 | 592,430 | 0 | 0 |
| Health-insurance risk | 1,235,377 | 0 | 0 | 293,565 |
| Life-assurance risk | 183,573,736 | 0 | 105,583 | 183,236,570 |
| *of which, unit-linked insurance* | *177,995,116* | *0* | *0* | *177,995,116* |
| **Total** | **187,571,804** | **592,430** | **105,583** | **183,530,134** |

**Table C1(2): Change in net best estimate for the period**

| Best estimate, net (TSEK) | 31 Dec 2022 | 31 Dec 2021 |
|---|---|---|
| Non-life insurance risk | 2,762,691 | 2,705,174 |
| Health-insurance risk | 1,235,377 | 1,335,641 |
| Life-assurance risk | 183,573,736 | 204,415,794 |
| *of which, unit-linked insurance* | *177,995,116* | *198,710,471* |
| **Total** | **187,571,804** | **208,456,608** |

### C.1.2 Risk concentration

As seen in table C1(1), the Länsförsäkringar AB Group conducts diversified operations in non-life, life assurance and health insurance. The market for Länsförsäkringar AB's insurance subsidiaries is primarily Sweden, but Agria has branches and conducts sales in Norway, Denmark, Finland, the UK, France, Germany, Ireland and the Netherlands.

Länsförsäkringar AB conducts well-diversified business, including pet insurance, health care, accident and health insurance, some commercial insurance and international reinsurance. The business is divided into 26 reporting classes that make the operations highly diverse with few or minor elements of risk concentration inherent in non-life insurance risk. The subsidiary Agria's business comprises insurance for pets (dogs, cats and other pets), horses, livestock and crop insurance. Operations in the Länsförsäkringar Gruppliv subsidiary are concentrated to purely death benefit insurance that, with well-differentiated groups of policyholders, represents all of society.

Länsförsäkringar AB's main risk concentration in insurance risk comprises assumed reinsurance from individual regional insurance companies. Länsförsäkringar AB assumes reinsurance from these individual companies in a number of pools and subsequently immediately retrocedes the risk back to the regional insurance companies. Examples of risks that are reinsured through pool arrangements are property damage, accidents and motor insurance.

Länsförsäkringar Fondliv conducts unit-linked insurance operations and offers various forms of pension savings and risk insurance that can be taken out together with savings insurance. Länsförsäkringar Fondliv primarily targets private individuals and small and medium-sized businesses. A geographic distribution throughout Sweden is created since all 23 regional insurance companies broker the company's products. As a result, Länsförsäkringar Fondliv's individual concentrations of life-assurance and health-insurance risk are considered to be limited.

### C.1.3 Risk-reduction techniques

**Reinsurance**

Länsförsäkringar AB has insured itself against the risk of very large claims through ceded reinsurance. The company's own costs per claim incident, retention, and the limit up to which the reinsurance covers the costs per claim incident – or cover – vary from product to product. The limits per counterparty and limits for retention are managed through governance documents and also the use of reinsurers is limited to companies with high credit ratings. Reinsurance for motor third-party liability and accident insurance is managed through the Länsförsäkringar Alliance's shared reinsurance cover, intra-group reinsurance with a number of pool solutions, which in turn is protected with external reinsurance cover.

Since the introduction of free transfer rights on 1 July 2022, Länsförsäkringar Fondliv reinsures the future profit that would be lost in the event of extensive cancellations in unit-linked insurance and the company also reinsures morbidity and mortality risks.

Agria's reinsurance cover comprises an important tool in providing protection from large individual claim incidents and high total claims costs in the more volatile businesses in the company.

The efficiency of reinsurance cover is monitored by the Actuarial function and reported to the Boards of the companies every year.

**Other risk-reduction techniques**
Other factors that affect risks are the product composition including diversification, structure of insurance terms and conditions, underwriting limits, risk selection rules and risk inspections. The Actuarial function checks to ensure that the selection of risks is suitable by regularly monitoring the adequacy of the premiums and examining underwriting guidelines.

### C.1.4 Risk sensitivity
Table C1(3) shows the sensitivity of the Länsförsäkringar AB Group's own funds to changes in the claims frequency or the size of the average claim or momentary external transfers from Länsförsäkringar Fondliv.

**Table C1(3): Sensitivity analysis, insurance risk**

| Effect on own funds (TSEK) | 31 Dec 2022 | 31 Dec 2021 |
|---|---|---|
| 10% increased claims frequency or average claim in the Parent Company Länsförsäkringar AB | -148,954 | -140,459 |
| 10% increased claims frequency or average claim in Agria | -301,577 | -281,076 |
| 10% momentary external transfer from Länsförsäkringar Fondliv | -1,239,159 | -1,698,187 |

### C.1.5 Use of special purpose vehicles
The Länsförsäkringar AB Group does not make use of special purpose vehicles in accordance with Article 211 of the Solvency II Directive.

## C.2 Market risk
Market risk pertains to the risk of loss arising that is directly or indirectly caused by changes in the level or volatility in the market price of assets, liabilities and financial instruments, including losses caused by shortcomings in the matching between assets and liabilities.

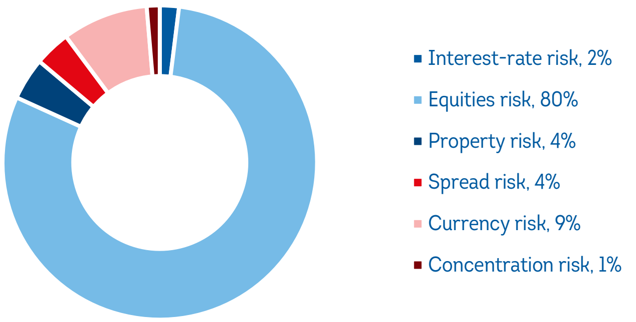
The dominant risk at group level is market risk attributable to Länsförsäkringar Liv. Market risk for Länsförsäkringar AB and its consolidated insurance subsidiaries primarily arises in Länsförsäkringar Fondliv's unit-linked insurance operations, but also through asset management in the Parent Company Länsförsäkringar AB. Market risk deriving from Länsförsäkringar Bank is described in the company's Pillar III report.

### C.2.1 Risk exposure
Market risks in the Länsförsäkringar AB Group's investment assets for own account are moderately high and primarily derive from the Parent Company's investments in mainly bonds, properties and equities funds. The Group's main exposure to market risk derives from the fact that earnings in the unit-linked insurance operations in Länsförsäkringar Fondliv are sensitive to trends in fund values, which are largely affected by the share price trend. Länsförsäkringar Fondförvaltning's earnings are also impacted by the share price trend. Market risk is also inherent in insurance liabilities by provisions being discounted by the market interest rate. The Länsförsäkringar AB Group's assets and liabilities, excluding Länsförsäkringar Liv and Länsförsäkringar Bank, are presented in table D1(1).

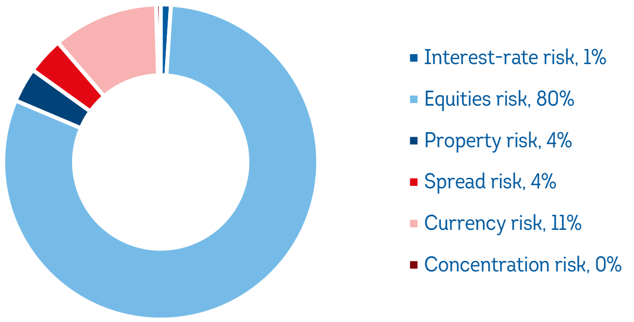
Exposure to market risk is measured as the solvency capital requirement for net market risk in assets and liabilities including diversification effects. The Länsförsäkringar AB Group's solvency capital requirement at group level is presented in table E2(1). The solvency capital requirement for market risk amounted to TSEK 6,818,180 on 31 December 2022 and is specified by type of risk in market risk as shown in figure C2(1). Falling stock markets in 2022 contributed to lowering the capital requirement for market risk. Since the introduction of free transfer rights on 1 July 2022, Länsförsäkringar Fondliv reinsures the future profit that would be lost in the event of extensive cancellations, which also contributed to lowering the company's capital requirement for market risk.

**Figure C2(1): Solvency capital requirement for net market risk in assets and liabilities including diversification effects**

**31 Dec 2022**

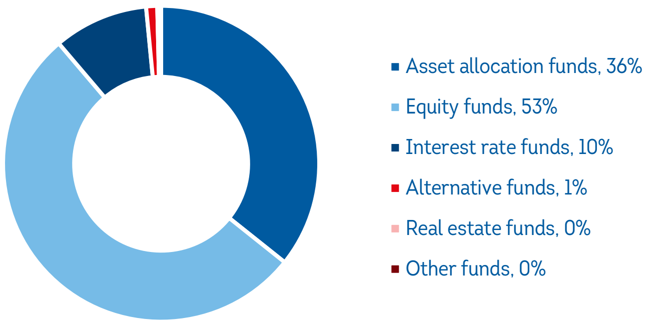



**31 Dec 2021**




Future earnings in the unit-linked insurance operations are dependent on the performance of the unit-linked insurance assets in the insurance capital and the specification of these on 31 December 2022 is shown in figure C2(2).

**Figure C2(2): Unit-linked insurance assets, 31 Dec 2022**




Price information for valuation and information on credit quality has been obtained from several different accepted external sources. External appraisers are engaged to value illiquid assets, such as properties and forests. Theoretic valuations also occur, mainly for currency futures. For liabilities, the exposure corresponds to the best estimate of liabilities to policyholders.

More detailed commentary on the market risks of interest-rate risk, equities risk, property risk, credit-spread risk and currency risk is provided below.

### Interest-rate risk

Interest-rate risk is defined as the risk of losses arising due to changes in market interest rates.

The interest-bearing asset portfolios include interest-rate risk from covered bonds, government bonds, sustainability-focused bonds, fixed-income funds and derivative instruments. Interest-rate risk is also found in insurance liabilities by provisions being discounted by a yield curve stipulated by the supervisory authority. In the future, interest-rate risk will be affected by EIOPA's proposal to change the extrapolation method in the 2020 review of the Solvency II regulations.

At year-end, the Länsförsäkringar AB Group's insurance companies had no material contracts linked to IBORs, but believes that exposure to IBORs may exist in the property companies and in the public and private loan funds owned by the Group. The banking operations' primary exposure to IBORs currently comprises contracts that refer to Stibor and Euribor. There are also relationships with USD Libor and Nibor. The Group has no significant exposure to any of the rates that will disappear in the near future and more long-term developments are being monitored.

### Equities risk
Equities risk is defined as the risk of losses arising due to changes in share prices.

Länsförsäkringar AB is exposed to equities risk mainly through Länsförsäkringar Fondliv, since the unit-linked insurance capital (approximately 79% of which comprises holdings in various equities funds) affects the company's future earnings. Guarantee management's investments in funds and fund units in the trading book, which the company holds to facilitate customer fund trading, also give risk to equities risk. Länsförsäkringar Fondliv's equities exposure primarily derives from Swedish, European and US equities.

### Property risk
Property risk is the risk of losses arising due to changes in property prices. The property prices are primarily an effect of the assumptions made on, for example, applicable yield requirements, rental levels and vacancy rates.

Länsförsäkringar AB is exposed to property risk mainly through the Parent Company Länsförsäkringar AB's and Länsförsäkringar Fondliv's participations in Humlegården Fastigheter AB.

### Credit-spread risk
Credit-spread risk is defined as the risk of losses arising due to changes in the swap spread over the swap rate that are not attributable to gap or basis risk, and are a result of, for example, changes in credit quality.

Länsförsäkringar AB and its consolidated insurance subsidiaries are exposed to credit-spread risk through their holdings in interest-bearing instruments, for example, Swedish mortgage bonds, sustainability-focused bonds of primarily investment grade quality, and public and private loan funds.

### Currency risk
Currency risk is defined as the risk of losses arising due to exchange-rate fluctuations.

Länsförsäkringar AB and its consolidated insurance subsidiaries face currency exposure from insurance liabilities and investment assets as well as from the Bank Group's funding in other currencies. Currency risk is managed using currency and cross-currency interest rate swaps, refer to section *C.2.3 Risk-reduction techniques*.

**Table C2(1): Net exposure* by currency in each company, 31 Dec 2022**

| Currency (TSEK) | Parent Company Länsförsäkringar AB | of which: Agria | of which: Länsförsäkringar Grupppliv | of which: Länsförsäkringar Fondliv |
|---|---|---|---|---|
| USD | 1,162,737 | 96,920 | 18,322 | 680,477 |
| EUR | 559,227 | 46,337 | 4,002 | 182,585 |
| DKK | 199,211 | 24,944 | 401 | 10,684 |
| GBP | 153,341 | 92,728 | 867 | 34,163 |
| NOK | 117,896 | 81,972 | 73 | 1,936 |
| CHF | 111,136 | 8,531 | 1,618 | 43,110 |
| JPY | 97,645 | 7,515 | 1,418 | 41,315 |
| CAD | 19,486 | 207 | 39 | 2,094 |
| INR | 10,989 | 0 | 0 | 0 |
| KRW | -10,574 | 0 | 0 | 0 |
| Other currencies | -43,357 | 297 | 56 | 1,500 |
| **Total** | **2,377,738** | **359,451** | **26,796** | **997,863** |

* Net after taking into account derivatives, assets and liabilities.

**Option risk**
Option risk refers to the risk of losses arising due to opportunities to change the level and timing of cash flows. Option risk is included as part of other market risks.

**Pension risk**
Pension risk refers to the risk of losses arising due to fluctuations in the market value of defined-benefit pension plans.

**Investments in accordance with the prudent person principle**
Insurance assets are invested in the best interests of the policyholders and the management of the companies' own assets is conducted in the best interests of the owners, meaning ultimately the interests of the local regional insurance companies and the interests of customers. In turn, this imposes demands on ensuring adequate expertise and following clear, structured and documented processes that take into account prudence, risk diversification and the situation in the financial markets.

Investments are made only in assets that can be fairly valued and whose risks can be identified, measured, managed, monitored and reported. The main asset classes are interest-bearing securities, equities, alternative investments and property. Derivative instruments are utilised in the management of investment assets in order to reduce risks or enhance management efficiency.

Insurance contracts in Länsförsäkringar Fondliv's guarantee management form extend over long periods and technical provisions are thus less sensitive to interest-rate fluctuations. The degree of matching between assets and commitments together with forecasts of the insurance operations' performance are therefore taken into account and assets are invested with respect to the nature and term of the commitments.

Matching deviations between assets and liabilities are identified by performing Asset Liability Management (ALM) analyses of duration gaps, curve risks, currency risks and other market risks. The largest matching risks are found in Länsförsäkringar Liv.

Investment assets are kept at prudent levels if they are not traded on a regulated market and contain a significant element of model valuation whose valuation is not based on observable market data, or have a lack of liquidity or transparency. Directly owned properties, unlisted shares, private equity, private debt, infrastructure and forests are examples of investment assets for which assessments of prudent levels are performed that take into account the strength of the balance sheet and the company's commitments in each individual case.

Risk exposure, capital requirements and available capital are continuously monitored and reported to the Board every quarter or more often if dictated by the circumstances.

### C.2.2 Risk concentration
Concentration risk pertains to the risk of the company's risk exposure not being sufficiently diversified, leading to a single exposure, homogeneous group of exposures or a specific market event threatening the solvency of the company or its financial position.

The dominating portion of the Länsförsäkringar AB Group's market risk is found in the insurance companies' investment assets. Market risks can also be found to a lesser extent in the Parent Company Länsförsäkringar AB's investment assets and in the Länsförsäkringar Bank Group. The main asset classes in portfolio management are interest-bearing securities, equities, property and alternative investments.

Concentration risk in market risk is deemed to be small in relation to other market risks. However, from time to time, there may be individual investments that may comprise a certain concentration of market risk. Information about material exposures to individual companies/groups of companies and financial institutions is presented in section C.7.

### C.2.3 Risk-reduction techniques
The main risk-reduction techniques applied to the management of directly owned assets are diversification and the use of derivatives.

**Diversification**
The companies' investments are spread over several classes of assets and segment in these classes, leading to exposure to various risk factors that react in different ways to fluctuations in the financial markets. This means that as a whole the portfolio is less sensitive to market fluctuations than its portfolio components. The diversification effect is modelled using the internal model that Länsförsäkringar AB has had approved by the FSA to use in calculations of the solvency capital requirement and is regularly measured as an integrated part of these calculations. Changes in investments and derivatives positions are followed up by simulating the risks of proposed portfolios, including diversification, before implementation. Furthermore, the organisation applies a special process for the approval of new investment assets that aims to highlight and manage potential risks prior to investments in a new class of asset, type of instrument or fund.

**Reducing market risk by using derivatives**

Derivative instruments are utilised in the management of investment assets in order to reduce risks or enhance management efficiency. Derivatives are cleared via central counterparties or managed using credit support annexes (CSAs) with counterparties with high credit quality.  Each new type of derivative instrument undergoes an approval process before it can be used in management. In connection with this, assurances are made that there is understanding of the characteristics of the instruments in the relevant parts of the organisation, that valuations, risk measurement and follow-ups are satisfactory and that risks are adequately identified.

Fixed-income futures are used in management to reduce interest-rate risk. Using these instruments helps to enhance the efficiency of portfolio management by reducing the interest-rate sensitivity without needing to sell the underlying bonds, and thus any coupons and excess returns can be kept. The effect of these derivative strategies is continuously monitored by measuring the interest-rate duration and interest-rate sensitivity of the portfolio.

Management makes regular use of derivative instruments to reduce currency risk in the portfolio. This means that the company can consider established limits on currency exposure without having to refrain from investing in desirable assets that have a different currency risk than SEK. Currency exposure (total and to individual currencies) is monitored continuously.

Management also has the possibility to make use of equity index derivatives when necessary.

### C.2.4 Risk sensitivity

The impact on own funds of a selection of other sensitivity measures for market risks is presented in the table C2(2) below. For Länsförsäkringar Fondliv, the indirect effect that lower share prices, higher credit spreads or interest-rate effects have on future earnings in the unit-linked insurance operations are also included in the sensitivity in the table.

**Table C2(2): Sensitivity to market risks, effect on own funds, 31 Dec 2022**

| Sensitivity measures* (TSEK) | Parent Company Länsförsäkringar AB | of which: Agria | of which: Länsförsäkringar Grupppliv | of which: Länsförsäkringar Fondliv |
|---|---|---|---|---|
| 1% higher interest rate | 131,959 | -8,721 | -548 | 95,036 |
| 1% lower interest rate | -145,068 | 8,801 | 541 | -103,663 |
| 10% lower share prices | -1,389,082 | -31,982 | -6,011 | -1,247,812 |
| 10% strengthening of SEK | -229,817 | -28,540 | -2,128 | -99,786 |
| 1% higher credit spread | -169,667 | -16,219 | -2,412 | -133,182 |
| 10% lower property prices | -256,545 | 0 | 0 | 0 |

* Net change in value of investment assets, future earnings from unit-linked insurance operations and technical liabilities.

## C.3 Credit risk

Credit risk pertains to the risk of losses arising due to counterparties being unable to fulfil their undertakings and of any collateral provided not covering the receivable. This report describes the Länsförsäkringar AB Group's credit risk, which derives from ceded reinsurance, counterparties in financial derivatives, bank balances and holdings in loan funds.

Credit risk deriving from Länsförsäkringar Bank is described in the company's Pillar III report.

### C.3.1 Risk exposure

The Parent Company's and insurance subsidiaries' exposure to counterparty-related credit risks primarily arises from ceded reinsurance, counterparties in financial derivatives, from bank balances, issuers of securities and holdings in loan funds.

The insurance subsidiaries take out reinsurance to avoid assuming greater individual liability than that stated in the insurance guidelines and reinsurance policy of each subsidiary. Reinsured risks instead become the responsibility of the reinsurers. However, there is the risk that the reinsurer is unable to fulfil its obligations, which in such a case revert to become a liability for the company to meet.

Derivatives are purchased to protect items in the balance sheet against, for example, interest-rate risk, equities risk and currency risk and entail that the counterparty undertakes, through derivative contracts, to compensate for negative results arising from changes in, for example, market interest rates, share prices or exchange rates. As a result, a receivable from the counterparty may arise in the event of market changes. Credit risk pertains to the risk of losses arising due to counterparties being unable to fulfil their undertakings and that part of the receivable can thus not be paid.

The table below presents the Parent Company's and the consolidated insurance subsidiaries' total counterparty risk to derivatives and reinsurance including collateral received expressed as market values. The calculation uses consolidated data from the securities system of the Group-wide Asset Management Unit and from the actuarial systems of the consolidated insurance subsidiaries.

In addition to the exposure below, the group had as per 31 December 2022 guarantee commitments of TSEK 30,540 and contingent liabilities of TSEK 37,234,514, of which TSEK 35,403,578 was attributable to Länsförsäkringar Liv and the Länsförsäkringar Bank Group. Of the total contingent liabilities, TSEK 11,774,012 comprised investment commitments and TSEK 21,752,691 was loans approved but not disbursed in the Länsförsäkringar Bank Group.

**Table C3(1): Exposure to counterparty-related credit risks per credit rating step, 31 Dec 2022**

| Credit quality step (TSEK) | 31 Dec 2022 | 31 Dec 2021 |
|---|---|---|
| **Cash** | **Net exposure** | **Net exposure** |
| AA | 28,757 | 21,666 |
| A | 5,231,738 | 3,722,802 |
| BBB or lower | 165,290 | 115,973 |
| **Total** | **5,425,785** | **3,860,440** |
| **Financial derivatives** | **Net exposure** | **Net exposure** |
| AA | 0 | 3,646 |
| A | 5,355 | 3,698 |
| BBB or lower | 1,428 | 0 |
| Clearing via central counterparty | 312 | 304 |
| **Total** | **7,095** | **7,648** |
| **Reinsurance** | **Net exposure** | **Net exposure** |
| Regional insurance companies | 5,901,270 | 6,354,232 |
| AA | 348,610 | 627,826 |
| A | 313,496 | 829,664 |
| BBB or lower | 17,200 | 102,474 |
| **Total** | **6,580,576** | **7,914,197** |

## C.3.2 Risk concentration

The largest potential loss if an external counterparty in financial derivatives or bank accounts were to default was TSEK 2,742,883 at year-end, and the largest potential loss if a reinsurance counterparty were to default was TSEK 361,755. As presented in table C3(1) above, most of the exposure has a credit quality step of A or higher. Information about material exposures to individual companies/groups of companies and financial institutions is presented in section C.7.

## C.3.3 Risk-reduction techniques

The credit risk that arises through counterparties in financial derivatives is primarily reduced by diversifying the counterparties used by the company for trading in financial derivatives and bank balances. Credit risk is managed by limits for derivative exposures per counterparty, and by standardised collateral agreements signed with all counterparties regarding OTC derivatives. The size of the permitted exposure depends on the credit rating of the counterparty.

Credit risk from counterparties in ceded reinsurance is limited in the first instance by selecting counterparties with high credit ratings and by applying limits for maximum exposure to each counterparty.

Holdings in loan funds include mortgage funds. Credit risk in mortgage funds is reduced by diversification since a large number of loans is issued by the fund. The fund's lending is targeted at mortgage customers with low LTV ratios whose collateral far exceeds the size of the mortgage, which reduces credit risk.

## C.3.4 Risk sensitivity

As presented in table C3(1), most of the exposure for credit risk from counterparties has a credit quality step of A or higher. Exposure to credit risk in other receivables is not deemed to be material since the past history of these other receivables shows a low incidence of default receivables and no losses have been confirmed.

# C.4 Liquidity risk

Liquidity risk is defined as the risk that payment commitments cannot be fulfilled due to insufficient cash funds.

Liquidity risk for Länsförsäkringar Bank is described in the company's Pillar III report information.

## C.4.1 Risk exposure

For the Länsförsäkringar AB Group's insurance companies, the lack of liquidity could lead to the companies not being able to fulfil their commitments to customers and stakeholders, that these commitments can only be fulfilled by raising funding at significantly higher costs than usual or by divesting assets below their market value. Funding opportunities for the insurance companies are restricted by Chapter 4, Item 6 of the Swedish Insurance Business Act. The business activities of the insurance companies are based on premiums being paid in advance and being managed until insurance compensation is to be paid out. The liquidity risk in the insurance subsidiaries is closely related to the investment assets in the companies' investment portfolios, including liquidity requirements for signed derivative agreements.

Management of liquidity risk is based on management taking place in each subsidiary and in the Parent Company of Länsförsäkringar AB, rather than at Group level. The nature of the operations differs between the banking and insurance operations and there are legal restrictions on for the scope of internal loans. The subsidiaries also have clear rules regarding how assets are to be deposited to ensure that they are readily available to the company and can thus be realised as needed. In practice, liquidity risk is primarily an issue for the Länsförsäkringar Bank Group.

The Parent Company Länsförsäkringar AB's liquidity risks are low since premiums are received in advance and large individual claims and payouts outside normal cash flows are known well in advance of when they fall due. The Parent Company's liquidity is mainly affected by dividends and Group contributions from subsidiaries, any requirements for contributions to be made to subsidiaries and dividends to owners. To meet liquidity requirements, the Parent Company maintains cash and cash equivalents, which at year-end amounted to TSEK 2,660,861.

Länsförsäkringar Fondliv's liquidity is relatively stable, since fund units are divested in line with payments being made to policyholders. The company's liquidity was primarily affected by fund changes and costs for the sale. Liquidity risk is managed by continuously adjusting the need for cash and surplus liquidity based on established liquidity forecasts for the payment of securities transactions and claims payments and, where necessary, other inward and outward payments, such as premiums and operating expenses. The majority of the funds in the trading book are liquid in the short term and purchases on behalf of the insured are not performed until payment has been received for the sales transaction.

The insurance subsidiaries sign collateral agreements with counterparties in financial derivatives. The agreements require that collateral be pledged for derivatives that have a negative value for the company in question. This collateral is pledged in the form of cash funds that are transferred to the counterparties, thus entailing a certain liquidity risk. For derivatives with positive values for the company, collateral is received which can reduce this risk.

The specification of investment assets per class of asset with various liquidity is presented in the table C4(1). The total amount of the expected gain included in the group's future premiums amounted to TSEK 850,837 on 31 December 2022.

**Table C4(1): Specification of assets per liquidity class, 31 Dec 2022, as a percentage of total investment assets**

| Liquidity class | Class of asset | Parent Company Länsförsäkringar AB | of which: Agria | of which: Länsförsäkringar Gruppliv | of which: Länsförsäkringar Fondliv |
|---|---|---|---|---|---|
| 1 | Cash | 26% | 26% | 18% | 20% |
| 2 | Direct holdings of treasury bills, government bonds, covered bonds | 19% | 44% | 40% | 13% |
| 3 | Funds traded daily, listed shares | 20% | 19% | 26% | 31% |
| 4 | Corporate bonds and other bonds | 9% | 8% | 12% | 11% |
| 5 | Funds with less frequent trading | 0% | 0% | 0% | 0% |
| 6 | Unlisted shares, Private Equity, Private Debt, directly owned properties, infrastructure and forest | 25% | 4% | 3% | 26% |

**Investments in accordance with the prudent person principle**

Each of the Länsförsäkringar AB Group's insurance company's investment guidelines also state that the investment assets are to be invested by taking into account each company's liquidity needs for meeting their commitments.

### C.4.2 Risk concentration
Länsförsäkringar AB believes that the Länsförsäkringar AB Group does not have any concentrations of liquidity risk.

### C.4.3 Risk-reduction techniques
Liquidity risk is minimised by the predominant proportion of investments being made in securities with high liquidity that are listed on established exchanges. To further limit liquidity risk, levels of the liquidity reserve have been established to cover various forecasted requirements and rules exist on how investments are to be made in unlisted assets.

### C.4.4 Risk sensitivity
The risk sensitivity for the liquidity risk in the Länsförsäkringar AB Group's insurance companies is low. Investments are primarily made in assets with high liquidity in well-established markets, which limits liquidity risk.

## C.5 Operational risk
Operational risk refers to the risk of losses arising due to inadequate or failed internal processes, human error, erroneous systems or external events, and includes legal and compliance risk.

### C.5.1 Risk exposure
Operational risk comprises a central part of the Group's risk profile. The day-to-day operations include a variety of process risks and the subsidiaries' products and services may be associated with different types of product risks. Security risks, for example, crime and improprieties cannot be completely avoided and as digitisation increases and the business environment become more uncertain greater focus has been directed to cyber risks and IT risks. Compliance risks are continuously in focus, particularly risks associated with money laundering and the financing of terrorism, mainly in the banking operations but also in the insurance operations, which requires active management.

### C.5.2 Risk concentration
Länsförsäkringar AB believes that there are no material concentrations of operational risk in the Group companies or overall in the Länsförsäkringar AB Group.

### C.5.3 Risk-reduction techniques
Work on operational risk is based on Group-wide methods that encompass business-critical processes and key controls as well as reported incidents and the operations' self-assessment of operational risk. All employees are responsible for actively managing operational risk within their individual operations. The department that takes the risk owns the risk, which means that the daily management of operational risk primarily takes place in the business operations. Risks are minimised by proactive preventive measures and awareness of operational risk in every decision-making situation.

The process of managing and controlling operational risk includes identifying, measuring, monitoring, managing and reporting. Business-critical processes and associated risks have been analysed and documented. Controls of process risks are performed every quarter and reported to each company Board. Operational risk analyses are performed annually. Operational risks are identified, the potential consequences evaluated and probability of the risk occurring assessed. Action plans are prepared for material risks, which are followed up every quarter at management level.

The Länsförsäkringar AB Group has a Group-wide framework for identifying, measure and documenting risks in the decision-making process for decisions that are expected to have a material impact on the Group's profitability, risk profile, organisation or brand. The purpose is to ensure efficient decision-making through proactive and appropriate management of the risks so as to thereby achieve established targets with a higher degree of certainty, to ensure compliance with applicable laws and regulations and to create customer value. Furthermore, the organisation applies a special process for the approval of new investment assets that aims to highlight and manage potential risks prior to investments in a new class of asset, type of instrument or fund.

The Länsförsäkringar AB Group's continuity management involves ensuring the organisation's ability to manage critical operations at an acceptable level, regardless of what disruptions occur, with the aim of protecting customers, confidence in the company and the brand. Preparing business continuity plans and procedures creates contingency preparation and the capability to maintain business continuity before, during and after a disruption or a crisis has occurred. The overall goal for security work is to protect the organisation's assets with protection value from all types of threats – internal or external, intentional or unintentional. Security activities follow applicable legal requirements and are conducted in accordance with the information security standards SS-ISO/IEC 27001:2014 and 27002:2014 and the normative standard in business continuity management SS-ISO/IEC 22301.

The companies in the Länsförsäkringar AB Group may, from time to time, outsource parts of the operations to external contractors, for example, to enhance the efficiency of operations. In order to maintain a high level of control, the companies' guidelines address issues including the procurement skills of the companies, suitability assessment, impact analysis and realisation plans.

### C.5.4 Risk sensitivity

The Länsförsäkringar AB Group regularly conducts exercises and tests to ensure that every company is highly capable of managing crisis situations. Exercises and testing comprise both manual response procedures and automated IT support. Crisis management team exercises, desktop testing and both large and small technological testing of application infrastructure and administration objects are carried out annually according to established plans. Both desktop and technological testing of applications and administration objects and crisis management exercises were conducted during the year according to plan. The result of the tests and exercises showed that the companies generally have a sound ability and business contingency to manage crises that arise.

## C.6 Other material risks

In addition to the aforementioned risks, the Länsförsäkringar AB Group is also exposed at group level to business risks, emerging risks, group risks, concentration risk and climate risks.

- Business risk pertains to the risk of lower earnings, higher expenses or loss of confidence from customers or other stakeholders.
- Emerging risks refers to new or changed behaviour patterns, situations or trends that may have a material impact on the company's financial situation, market position or brand in a negative direction within the company's business planning horizon.
- Group risk refers to the risks associated with the complexity of conducting both banking operations and life-assurance and non-life insurance operations in the same group.
- Concentration risk refers to the risk of a single exposure, homogeneous group of exposures or a specific market event resulting in widespread losses even if the operations were to be well-diversified. Concentration risk may derive from concentrations of both assets and liabilities as well as sources of income and suppliers, including suppliers of outsourced services.
- Climate risk refers to the risks that the consequences of climate change may have on the company's business activities. Climate risks can materialise either through physical risks, such as more cases of extreme weather and gradually rising sea levels, or through transition risks, such as regulatory, political and market changes related to the transition to a low-carbon society.

Climate risk is a material sustainability-related risk for the Länsförsäkringar AB Group and is described in more detail below.

### C.6.1 Risk exposure

Climate risk represents a direct financial risk in the form of potential impact on the insurance business, lending and investments for the Länsförsäkringar AB Group. These areas are likely to be affected simultaneously, which makes the risk both complex and significant. Climate-related risks and opportunities and the direct and indirect climate impact of the operations are identified annually in the business and prioritised by the Sustainability Committee. The table below presents a selection of risks identified by the company and the Sustainability Committee.

**Table C6(1): Selection of identified climate risks**

**Transition risks**

| | |
|---|---|
| *Transition risks for Länsförsäkringar AB arise when the transition leads to abrupt and unexpected events that have not been considered in, for example, the company's models and business plans. Risks are deemed probable in the short term (1–5 years) to medium term (5–20 years).* | Stricter requirements for compensation for GHG emissions risk generating higher costs for Länsförsäkringar AB. |
| | Agriculture and forestry are particularly at risk of being impacted by regulatory transition risks that could result in major transition costs but also affect the attractiveness of investing in these sectors. |
| | The risk of major transition risks in certain sectors, which lead to assets in these sectors losing value or risk becoming stranded assets. Examples of sectors that could be affected are extracting fossil energy, transportation, textiles and industry. |
| | Risk that investments do not follow the emission reductions compatible with the targets of the Paris Agreement. This has an effect on Länsförsäkringar AB's portfolios in terms of both a decline in value and our commitments under the Paris Agreement. |
| | Risk that experience and expertise are insufficient to be able to insure, finance and invest in new technologies related to the climate transition. |
| | Risk that Länsförsäkringar AB's focus on exclusion in its investment strategy is too intense, meaning that investment opportunities are missed in companies who are transitioning to more climate-smart operations. |
| | The reason for exclusion may differ between products, which may be difficult to communicate and reputation risk may arise in cases in which exclusions for different products are compared. |
| | Strategic risk for the industry and for Länsförsäkringar AB should the risk of greenwashing be given more scope to the extent that it obstructs the transition. Intense pressure from stakeholders could drive the transition towards a limited investment range, resulting in major concentration risk. |
| | Risk that Länsförsäkringar AB does not change our operations in line with the climate transition. This could lead to the company lagging behind, for example, with our business models, and product and service development, and thus apply incorrect pricing or experience lower demand. |

**Physical risks**

| | |
|---|---|
| *The physical risks for Länsförsäkringar AB comprise climate-related changes and extreme weather events whose frequency and magnitude are not taken into account in models and pricing, for example. Risks are deemed probable in the medium term (5–20 years) to long term (+20 years).* | Risk of higher claims costs for insured assets. This impacts Länsförsäkringar AB's own insurance products and via the Länsförsäkringar Alliance's internal reinsurance solution. |
| | Risk of higher reinsurance costs in the reinsurance market. |
| | Climate change risks leading to a decline in the value of collateral and the solvency of property owners and agricultural customers, which is a risk for the banking operations. |
| | Agriculture and forestry are particularly at risk of being impacted by climate change. This impact could come both from extreme weather events and from chronic changes in temperature and access to water as well as the risk of new diseases. |
| | For the individual, climate change and adapting to it risk leading to potential limitations in housing and work, which affects general solvency. |
| | Risk that Länsförsäkringar AB's investments are impacted by secondary effects via price increases for raw materials or components in the production or supply chain. |
| | Risk that a lack of general knowledge about the effects of climate change on society makes analysis of future scenarios more difficult. Such a lack of knowledge could mean that Länsförsäkringar AB is forced to use past data even if it is not representative. |

The effects of the climate risks described above will affect Länsförsäkringar AB's operations over time. Climate risk is a systematic risk that as a result of its impact on society is impossible to completely eliminate. Strategies and business models will need to be gradually adapted to manage the effects of climate risks in each business area, and also to leverage any opportunities.

## C.6.2 Risk concentration

Given that the Länsförsäkringar AB Group conducts well-diversified operations in non-life insurance, traditional life assurance, unit-linked insurance and banking operations with a geographic spread throughout Sweden, concentration risk is deemed to be low.

### C.6.3 Risk-reduction techniques

Länsförsäkringar AB has a climate-smart vision that entails that the company is to work actively to reduce climate impact and the climate risks throughout its operations and to encourage climate adaptation to reduce the damaging impact of climate change. The Länsförsäkringar AB Group's goal is to be climate-positive by 2045. A goal under this target is for investment portfolios and own managed funds to have an emissions level in line with the target of the Paris Agreement by 2030, meaning limiting global warming to 1.5°C.

Climate risk is included in Länsförsäkringar AB's risk-management system and is reported and followed up in the same way as other risks. The Risk Management function reports on climate risk to the Board at least once a year. The risk appetite for climate risk is moderate, which means that climate risks are limited through proactive efforts to reduce exposure both to transition risks and to physical climate risks. Exposure is reduced mainly through proactive measures, changes to investments, engagement with investments and creating the conditions for customers to change, for example, through product development.

The Risk Management function coordinates the operations' monitoring of climate risk via a climate risk team with representatives from all business units. The objective of the team is to compile at an overall level identified climate risks that each business unit is exposed to and analyse how they interrelate so as to provide a collective assessment of the Länsförsäkringar AB Group's climate risk exposure.

Länsförsäkringar AB works on identifying and reducing climate risk in its investments by applying a systematic process for allocation and investment analyses, selection of investments or asset managers, and engagement. To reduce the risk of higher claims costs for weather-related insurance claims, risk management in the non-life insurance operations focuses on predicting and preventing such claims. In addition to proactive measures carried out jointly with the Länsförsäkringar Alliance, the Alliance's reinsurance programme is also regularly updated to ensure it is always suitable in relation to approved strategies and developments in the insurance and reinsurance markets. An appropriately structured reinsurance programme not only helps to manage climate risk in Länsförsäkringar AB's share of the reinsurance pool but also to manage climate risk for the entire Alliance.

### C.6.4 Risk sensitivity

Länsförsäkringar AB works continuously on developing metrics to follow up climate risk to achieve as comprehensive an overview of potential effects as possible. For example, an annual climate scenario analysis is carried out under the framework of the Own Risk and Solvency Assessment (ORSA). The purpose of this analysis is to illustrate how various potential development scenarios for climate change could impact the operations over time.

Three difference climate scenarios have been used from the NGFS (Network for Greening the Financial System) and the Bank of England in the 2022 analysis. The scenarios from the NGFS and the Bank of England are broad in nature, encompassing physical climate risks and transition risks in the form both of financial and of natural catastrophe-related parameters. By using these scenarios a step is being taken towards the vision of a coherent analysis of the impact of the climate on the operations of the entire Länsförsäkringar AB Group.

The three climate scenarios are:

*Early Action*

The transition to a net-zero economy starts immediately and ends by around 2050. Carbon taxes and other policies intensify relatively gradually over the scenario horizon. Some sectors are more adversely affected by the transition than others, but the overall macroeconomic impact is muted, particularly in the latter half of the scenario once a significant portion of the required transition has occurred. The transition leads to global warming being limited to 1.8°C.

*Late Action*

The implementation of policy to drive the transition is delayed until 2031 and is then more sudden and disorderly. A substantial, unforeseen increase in the price of carbon dioxide reduces economies' supply capacity and results in material short-term macroeconomic disruption. This is particularly concentrated in carbon-intensive sectors, where certain assets becoming stranded (worthless). The decline lasts for five years until the economy can recover. The transition has effects and like Early Action global warming is limited to 1.8°C.

*No Additional Action*
As the name implies, no new climate policies are introduced beyond those already implemented. Growing greenhouse gas emissions result in global warming of 3.3°C by the end of the scenario and to 4.1°C at the end of the century. Global warming leads to chronic changes in precipitation, ecosystems and sea levels. There is also a rise in the frequency and severity of extreme weather events such as heatwaves, droughts, wildfires, tropical cyclones and flooding. There are permanent impacts on living and working conditions, buildings and infrastructure.

Two clear outcomes can be seen in the analysis. Firstly, the investment profile plays an important role. Secondly, the largest difference over time is not between the different scenarios but between the climate scenarios and the historical scenario. The figure below shows the value growth trend for the two different investment portfolios, the upper with a high share of equities and the lower with a low share of equities.

**Figure C6(1): Value growth trend in investment portfolio with high share of equities**

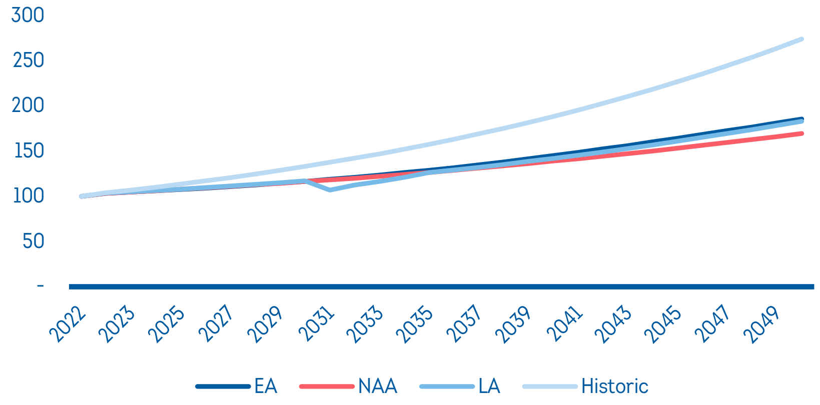
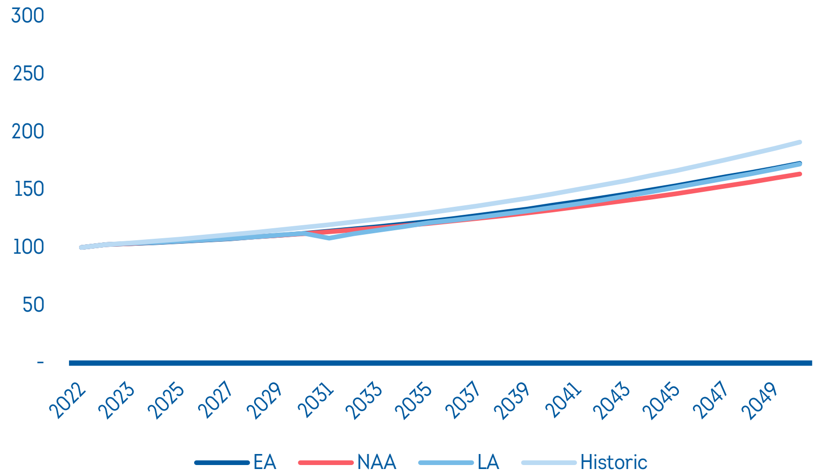



**Figure C6(2): Value growth trend in investment portfolio with low share of equities**




Based on the NGFS's and the Bank of England's climate scenarios and with a historical scenario for comparison, the conclusion is that the ability to generate returns on investments will be lower in the future than it has been in the past – even though we have succeeded in making the transition and limiting global warming to 1.8°C – and also that the investment portfolio plays an important role since different classes of assets are affected to varying extents by the physical effects of climate change and the transition.

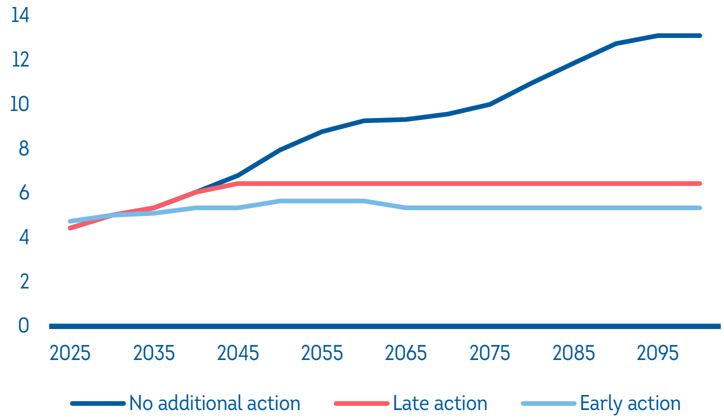
It is important to be aware of the major uncertainties in models, assumptions and results for this type of analysis. It is impossible for the climate scenarios available today to contain all information about the transition and physical effects that affect risk and return. Uncertainty also increases markedly when analyses cover longer time horizons.

**Scenario analysis for lending**
The effects on the mortgage portfolio of a No Additional Action scenario have been analysed for Länsförsäkringar Bank. Länsförsäkringar Bank has performed scenario analyses based on the TCFD's recommendations since 2018. The long-term scenarios of the UN Intergovernmental Panel on Climate Change (IPCC) for 2100 were used to estimate the level of GHG emissions in the atmosphere and based on these scenarios produce an estimate for temperature increases and rises in sea levels. These estimates are based on the Swedish Meteorological and Hydrological Institute's (SMHI) forecasts and were prepared together with Länsförsäkringar Alliance's natural catastrophe specialists. Assumptions have been made about how rises in temperatures and sea levels will impact household costs and operating and maintenance costs and thus households' solvency. Rises in sea levels are also assumed to affect the market value of properties and thus the value of collateral for the bank. Analyses have shown a slight increase in the risk of mortgage customers experiencing problems with paying their interest and making mortgage repayments and the credit losses that Länsförsäkringar Bank may then incur could be larger in line with the effects of climate change being greater.

**Analysis of claims costs from natural catastrophes**
For Länsförsäkringar AB's non-life insurance business, the analysis was supplemented with an analysis of how climate change can impact the trend in claims costs for flooding. Higher claims costs for this type of event affect Länsförsäkringar AB through the shared reinsurance pool for catastrophe risk that the Länsförsäkringar Alliance has, in which Länsförsäkringar AB has a share. This pool handles claims within the Alliance that exceed the retention of the local company.

To understand how climate change can impact claims costs, the trend in a 40-year average claim (a claim that occurs once every 40 years) for an average company in the Länsförsäkringar Alliance has been prepared based on the NGFS's scenario data corresponding to the three scenarios from the Bank of England.

**Figure C6(3): Climate-adjusted claims cost for flooding, 40-year average claim (%)**




Claims costs for up until 2035 are primarily based on existing GHG emissions and therefore are the same size in the three scenarios. Claims costs for Early Action and Late Action plateau after 2045. For No Additional Action, emissions and thus claims costs increase over the entire analysis horizon. It should be noted that the graph shows a 40-year average claim. The average claims cost doubles during the same period.

*Climate risk stress metrics*
Based on the carbon footprint of Länsförsäkringar AB's investment portfolios, estimates are made of the potential cost for Länsförsäkringar AB to purchase emissions rights corresponding to size of the carbon footprint. The price of carbon emissions, meaning the price of emissions rights per tonnes CO2e, is expected to increase markedly in the future in order to complete the transition and to limit climate change.

In the figure below, the cost for paying the carbon footprint from the Group's total investment assets has been calculated using both the current price of emission rights (EU ETS) and the Bank of England's assumptions regarding the price trend in the Early Action and Late Action scenarios (described above) and the International Energy Agency's (IEA) assumption regarding the price trend in a Net Zero Emissions by 2050 scenario.

**Figure C6(4): Potential cost to compensate for the Länsförsäkringar AB Group's investment portfolio for various assumptions about the price of carbon emissions 2035 and 2050**


* Scope 1 and 2 emissions for listed shares and the property fund in Länsförsäkringar AB's institutional portfolios (Old Trad, New Trad, New World, Guarantee, Non-life, Agria, Gruppliv)

## C.7 Any other information

The group's exposures to individual companies/groups of companies and financial institutions as per 31 December 2022 are presented in the table below.

There is no other material information on the group's risk profile.

**Table C7(1): Total exposures to individual companies/groups of companies and financial institutions amounting to at least 10% of the group's solvency capital requirement, 31 Dec 2022**

| TSEK | Agria incl. Agria Vet Guide | LF Gruppliv | LF Fondliv | LF Liv | LF Bank Group | Parent Company LFAB | LFAB group level |
|---|---|---|---|---|---|---|---|
| European Investment Bank | 207 | 16 | 102 | 6,509 | 17,739 | 91 | 24,664 |
| Svenska Handelsbanken AB (publ) | 624 | 59 | 1,496 | 4,230 | 7,947 | 943 | 15,299 |
| Nordea Bank AB | 190 | 18 | 152 | 5,313 | 6,420 | 313 | 12,406 |
| Kommuninvest i Sverige AB | 71 | 29 | 121 | 3,168 | 6,976 | 376 | 10,741 |
| Riksbanken | 0 | 0 | 0 | 0 | 9,531 | 0 | 9,531 |
| Swedbank AB (publ) | 98 | 4 | 57 | 1,580 | 6,646 | 162 | 8,547 |
| Skandinaviska Enskilda Banken AB | 41 | 7 | 81 | 3,665 | 3,937 | 49 | 7,780 |
| Swedish National Debt Office | 90 | 23 | 83 | 156 | 4,935 | 158 | 5,445 |
| Danske Bank A/S | 10 | 0 | 25 | 4,265 | 1,093 | 23 | 5,416 |

# D. Valuation for Solvency Purposes

Under the Solvency II regulations, assets and liabilities are to be measured at market value in Solvency II balance sheet. The market values of the investment assets can often be read in the financial markets, while the market values of, for example, technical provisions that are not bought or sold to any great extent must be calculated by applying an approximate method.

The group and the subsidiaries value assets and liabilities in the Solvency II balance sheet according to the following main principles.

- Assets are valued at the amount for which they could be exchanged between knowledgeable willing parties in an arm's length transaction, in accordance with the Solvency II Directive, 2009/138/EC, Article 75:1a.
- Liabilities are valued at the amount for which they could be transferred, or settled, between knowledgeable willing parties in an arm's length transaction, in accordance with the Solvency II Directive, 2009/138/EC, Article 75:1b.
- Assets and liabilities are to be valued based on the assumption that the undertaking will pursue its business as a going concern, in accordance with Article 7 of the Commission Delegated Regulation (EU) 2015/35.

The Group values its assets and liabilities in the financial statements in accordance with IFRS. Assets and liabilities are to be revalued if the Solvency II regulations prescribe different valuation rules to IFRS. In most cases, the IFRS and Solvency II balance sheets are the same. The group's Solvency II revaluations are described in section D.1 and D.3 below.

The Solvency II balance sheet for the Group includes the Parent Company Länsförsäkringar AB and the insurance subsidiaries Agria, Länsförsäkringar Gruppliv and Länsförsäkringar Fondliv. The capital requirement and own funds of Länsförsäkringar Bank and its subsidiaries are to be added to the group's capital requirements and own funds. Länsförsäkringar Liv's capital requirement and own funds must also be added, but own funds are included at a maximum of the company's solvency capital requirement.

Agria's balance sheet is presented in section D in the company's Solvency and Financial Condition Report, found after the group-level report.

No assumptions on future management decisions are deemed to have a material impact on the carrying amounts in the Solvency II balance sheet.

# D.1 Assets

## D.1.1 Valuation of assets

In accordance with QRT s.02.01 (refer to Appendix 1), the following balance sheet shows the material asset items and an overview of total liabilities on 31 December 2022 for the group with carrying amounts for the financial statements supplemented with re-classifications and Solvency II amounts[5]. The group's balance sheet does not include Länsförsäkringar Liv's or Länsförsäkringar Bank's assets and liabilities.

**Table D1(1): Assets and liabilities, 31 Dec 2022**

| Assets (TSEK) | Financial statements | Revaluation | Solvency II |
|---|---|---|---|
| Goodwill | 727,797 | -727,797 | 0 |
| Deferred acquisition costs | 2,743,804 | -2,743,804 | 0 |
| Intangible assets | 2,547,297 | -2,547,297 | 0 |
| Property, machinery & equipment for own use | 1,469,239 | - | 1,469,239 |
| Shares and participations in subsidiaries and associated companies | 9,365,875 | 10,033,641 | 19,399,516 |
| Other equities | 3,039,223 | 62,511 | 3,101,734 |
| Bonds | 5,286,133 | - | 5,286,133 |
| Mutual funds | 5,028,564 | - | 5,028,564 |
| Derivatives | 122,137 | - | 122,137 |
| Assets unit-linked insurance or index-linked insurance | 192,086,234 | - | 192,086,234 |
| Loans and mortgage loans | 85,730 | - | 85,730 |
| Reinsurers' portion of technical provisions (refer to section D.2) | 9,105,951 | -2,514,772 | 6,591,179 |
| Insurance receivables | 3,475,588 | -3,230,332* | 245,256 |
| Reinsurance receivables | 449,776 | 279,064* | 728,840 |
| Cash and bank balances | 5,226,710 | - | 5,226,710 |
| Other asset items | 2,089,855 | -49,740 | 2,040,115 |
| **Total assets** | **242,849,913** | **-1,438,526** | **241,411,387** |

* The revaluation items attributable to current premiums that in the Solvency II balance sheet are not included in insurance or reinsurance receivables and instead are taken into best estimate of the technical provisions.

| Liabilities (TSEK) | Financial statements | Revaluation | Solvency II |
|---|---|---|---|
| Technical provisions, gross before ceded reinsurance (refer to section D.2) | | | |
| Non-life insurance | 14,932,903 | -5,728,921 | 9,203,982 |
| Life assurance excluding unit-linked insurance and index-linked insurance | 7,662,750 | -231,559 | 7,431,191 |
| Unit-linked insurance and index-linked insurance | 192,324,455 | -12,323,718 | 180,000,737 |
| Other liabilities (refer to section D.3) | 5,303,782 | -1,114,406 | 4,189,376 |
| **Total liabilities** | **220,223,890** | **-19,398,604** | **200,825,286** |
| **Assets minus liabilities** | **22,626,023** | **17,960,078** | **40,586,101** |

## D.1.2 Valuation principles in the solvency calculation of various classes of asset compared with the financial statements

This section addresses the valuation principles, methods and main assumptions used to value the group's material assets items under the Solvency II rules. It also describes, where applicable, how such valuations differ from valuations in the financial statements. The items described below derive from the group's balance sheet in the table above and from the Parent Company's and the subsidiaries' balance sheets, which follow in the section for the Parent Company and the subsidiaries' Solvency and Financial Condition Report, or are included in the item Other assets.

[5] In the balance sheet, amounts are recognised according to IFRS but classified according to the Solvency II rules in the "financial statements" column. The main difference in classification is that investments are distributed between other asset items.

**Goodwill**
Goodwill is to be valued at zero according to the Solvency II regulations. According to the financial statements, goodwill is valued at cost adjusted for any accumulated impairment and pertains to acquisitions of insurance portfolios. Goodwill is distributed to cash-generating units and is tested for impairment at least once annually.

**Deferred acquisition costs (DAC)**
Selling expenses that have a clear connection to underwriting insurance contracts are capitalised as Deferred acquisition costs in the balance sheet and are depreciated over the useful life according to the financial statements. Deferred acquisition costs are valued at zero under Solvency II. Deferred acquisition costs and income derive from accrual accounting in the annual report. These items are not related to the timing of cash flows for acquisition costs, which is the criterion for being recognised as technical provisions under Solvency II. Future cash flows for acquisition costs (meaning the cash flows expected but that have not yet arisen in relation to valid insurance policies) are instead handled by calculating the best estimate of technical provisions according to Solvency II.

**Other intangible assets**
Other intangible assets are valued at market value if they are separable, can be sold separately and if the valuation is based on quoted market prices on active markets for the same or similar assets. The other intangible assets that the Group recognises in the financial statements refer to proprietary IT systems, acquired IT systems and acquired customer assets. None of these assets are deemed to meet the requirement of being possible to sell with a valuation that can be attributed to quoted market prices in active markets. This means that the item does not have any value in the Solvency II balance sheet.

Other intangible assets in the financial statements are valued at amortised cost less accumulated amortisation and impairment. This differs from the Solvency II valuation under which the value is zero.

**Deferred tax assets**
Deferred tax is calculated for temporary differences between carrying amounts and tax bases of assets and liabilities. Deferred tax assets are recognised only to the extent that it is likely that taxable surpluses will be available against which to utilise the deferred tax assets. The revaluation between Solvency II and the financial statements also entails a calculation of deferred tax assets or tax liabilities for applicable items. The item deferred tax assets is recognised net in the Solvency II balance sheet against calculated deferred tax liabilities.

In terms of reporting, there is no difference in the principles for calculating deferred tax between the financial statements and Solvency II, except for the revaluations to be carried out under Solvency II.

**Property, machinery and equipment for own use**
The assets side comprises equipment, leasehold improvements and right-of-use assets attributable to IFRS 16 and primarily pertains to leased premises. Assets are recognised at cost less accumulated depreciation and accumulated impairment in the financial statements.

There are no differences in valuation principles and assumptions between the financial statements and Solvency II since the carrying amount is deemed to be a reasonable approximation of the fair value.

The Parent Company and subsidiaries apply legally restricted IFRS and therefore the right-of-use assets according to IFRS 16 are not included in the financial reporting of each company, which differs compared with the group.

**Investments**
*Shares in subsidiaries and associated companies*
At group level, shares in subsidiaries that are not consolidated in the Solvency II balance sheet refer to holdings of unlisted shares in Länsförsäkringar Bank and Länsförsäkringar Liv. The value of Länsförsäkringar Bank is measured in the Solvency II balance sheet according to the adjusted equity method, which means the Länsförsäkringar Bank Group's equity less any goodwill and intangible assets. However, the valuation of equity excludes Additional Tier 1 capital despite this comprising an equity instrument since external parties own the instruments and it is the most conservative way of estimating a fair value of the Länsförsäkringar Bank Group. The wholly owned insurance company Länsförsäkringar Liv, which is operated in accordance with mutual principles and is not consolidated, is measured at an amount corresponding to the share capital, which is the same amount that is recognised in the Länsförsäkringar AB Group. Shares in associated companies refer to holdings of unlisted shares and are valued according to the adjusted equity method, less any goodwill and intangible assets.

The difference can be found in the classification between the Solvency II balance sheet and the financial statements regarding the holdings of unlisted shares for which the participating interest is less than 20% but where there is considered to be a significant influence in the companies. In the Solvency II balance sheet, these holdings are classified as "Other equities" which differ from the financial statements where they are classified as associated companies. However, there are no valuation differences attributable to these holdings at group level, only categorisation differences. Reclassification entailed that "Other equities" increase SEK 62.5 M and "Shares in subsidiaries and associated companies" declined in a corresponding amount in the Solvency II balance sheet compared with the financial statements.

*Other equities*
Equities refer to holdings of both listed and unlisted shares. The valuation techniques for listed shares applied are based on market data as far as possible, whereas company-specific information is used a little as possible. There are differences in the value of equities between IFRS and the Solvency II balance sheet at group level, although there is a classification difference regarding the holdings of unlisted shares for which the participating interest is less than 20% but where there is considered to be a significant influence in the holding (refer to "Shares in subsidiaries and associated companies").

*Bonds*
Bonds refer to holdings of government bonds and corporate bonds that are essentially listed in an active market. The fair value was calculated based on the quoted buying-rate of the assets on the balance-sheet date. The valuation techniques applied are based on market data as far as possible, whereas company-specific information is used as little as possible.

*Mutual funds*
Mutual funds primarily refer to equities funds and interest-bearing funds that are essentially listed in an active market. The fair value was calculated based on the quoted buying-rate of the assets on the balance-sheet date. Mutual funds are not recognised separately in the financial statements and are instead included in equities and in bonds.

*Derivatives*
The calculation bases for derivatives may differ. For derivatives listed in an active market, the fair value is determined as the listed price. However, for derivatives not listed in an active market, the fair value is determined by applying a valuation technique. This technique is based on discounted expected future cash flows.

*Assets in unit-linked insurance or index-linked insurance*
For this class of asset, Länsförsäkringar holds unit-linked insurance assets where the policyholder bears the risk. The calculation base for the valuation is prices listed in an active market. No trading has taken place in four funds in the unit-linked insurance assets with exposure to Russia since the war in Ukraine broke out and no official NAV prices have been set. Given that there is no formal trading in the funds and due to the uncertainty surrounding the underlying value, an alternative valuation method is applied based on own assumptions and assessments. There are no differences in bases for calculation and assumptions between the financial statements and Solvency II.

**Reinsurers' portion of technical provisions**
For ceded reinsurance, the benefits to which the company is entitled under the reinsurance contract are recognised as the reinsurers' portion of technical provisions. The bases for calculation and assumptions differ between the financial statements and Solvency II. This is described in section D.2.

**Insurance receivables**
Refers to receivables from policyholders and other insurers, and receivables attributable to the insurance operations. Premium receivables that have not yet fallen due for payment are included in the item in IFRS, but in Solvency II the future premiums are instead taken into account in the best estimate of the technical provisions. Premiums due for payment after the balance-sheet date are thus measured in the premium reserve and consequently excluded from the assets side in the Solvency II balance sheet (refer also to section D.2). The remaining balance in Solvency II refers only to past due receivables from policyholders and other insurers as well as other receivables linked to the insurance operations. Both in the Annual Report and in Solvency II, these receivables are recognised at the amount expected to be received.

**Reinsurance receivables**
Ceded premiums that have not yet fallen due for payment are included in the item in IFRS, but in Solvency II they are taken into account in the best estimate of the reinsurers' portion of technical provisions. Premiums due for payment after the balance-sheet date are thus excluded from the receivables in the Solvency II balance sheet (refer also to section D.2).

**Cash and bank balances**
The calculation base for cash and bank balances in the solvency calculation is the nominal amount, which is deemed to be a suitable base for calculating fair value. There are no differences in bases for calculation and assumptions between the financial statements and Solvency II.

**Other asset items**
Other asset items may refer to deposits with companies that have ceded reinsurance, receivables (operations, not insurance) and prepaid expenses and accrued income. No special calculation methods were used for the items encompassed by other assets. There are no differences in bases for calculation and assumptions between the financial statements and Solvency II.

### D.1.3 Material differences between the group's valuation principles and those used by its subsidiaries
There are no material differences between the group's and the subsidiaries' valuation principles applied to valuations for solvency purposes.

### D.1.4 Other information about assets

**Assumptions and judgements, including those about future and other significant sources of estimation uncertainty**
The preparation of financial statements and regulatory reports requires that corporate management make judgements and estimates that affect the application of the principles and the recognised amounts of income, expenses, assets, liabilities, provisions and contingent liabilities presented. The relevance and reasonableness of such judgements and estimates is continuously evaluated. In calculating the life-assurance reserve, assumptions are made regarding the discount rate, mortality, morbidity and expenses. When calculating technical provisions, an actuarial estimate of anticipated additional costs for claims incurred and expenses for claims that may be incurred during the remaining term of the insurance policy is made. There may be some uncertainty in the estimates for the depreciation period for deferred acquisition costs for unit-linked insurance contracts since the assumption for the depreciation period is based on statistics in the term of the insurance contracts. The valuation of the limited extent of currency and interest-rate derivatives that exist is assessed as having low uncertainty since the theoretical value is based on observable data and the fact that standard systems are used.

Effects may arise on the basis of the new accounting policies that will be introduced in future year and that could impact the amounts recognised in valuations in the solvency calculation. Accounting policies that have been adopted, or are expected to be adopted, but that have not yet been applied may affect assets and liabilities in the Group.

**Legally restricted IFRS and IFRS 17 Insurance Contracts**
The Länsförsäkringar AB Group transitioned to legally restricted IFRS on 1 January 2023 when IFRS 17 Insurance Contracts came into effect. By amending FFFS 2019:23 Regulations and general guidelines regarding annual accounts at insurance undertakings and institutions for occupational retirement provision, the FSA removed the requirement of applying the IAS regulation (full IFRS) in consolidated financial statements for unlisted insurance companies. The FFFS regulations had been adapted to the provisions on consolidated financial statements for unlisted companies stipulated in the Swedish Annual Accounts Act for Insurance Companies (1995:1560).

Insurance regulations give unlisted insurance groups the option to apply IFRS 16 Leases even though the standard is not applied to the annual report for the legal entity. The Länsförsäkringar AB Group has decided not to apply IFRS 16 in the consolidated financial statements. This choice means that all leases, both as lessee and lessor, are recognised as if they are operating leases even if the lease is deemed to be a finance lease.

The effect on the Solvency II balance sheet when legally restricted reporting according to the above takes place is expected to be limited compared with the balance sheet used in the current reporting.

## D.2 Technical provisions

Technical provisions are valued at the relevant amount that each company in the Group would need to pay if it were to immediately transfer its insurance and reinsurance obligations to another insurance company. The value is calculated as the total of the best estimate and a risk margin.

An outline of the valuation principles for the technical provisions applied by the Group is provided below. A more detailed description of the bases for calculation, methods and main assumptions, including a description of the degree of uncertainty related to the value of the technical provisions, is provided in Agria's report which follows after the report at group-level.

### D.2.1 Valuation of technical provisions

**Best estimate**

The best estimate corresponds to the probability-weighted average of future cash flows, taking account of the time value of money (expected present value of future cash flows). A discount rate is used according to the Solvency II rules for the best estimate, based on the risk-free base interest rate being calculated on the rate for interest-rate swaps, adjusted to take account of credit risk.

The calculation of the best estimate is based upon up-to-date and credible information and realistic assumptions, and is performed using adequate, applicable and relevant actuarial and statistical methods. The cash-flow projection used in the calculation of the best estimate shall take account of all the cash in and outflows required to settle the insurance and reinsurance obligations over the lifetime thereof. The calculation is to take account of the contractual options of the policyholders and the company.

**Risk margin**

The risk margin is calculated to correspond to the cost of maintaining the capital that corresponds to the solvency capital requirement (SCR) needed to meet the group's commitments until they have been finally settled. The risk margin is calculated using the cost of capital method (CoC) separately for the individual companies in the group and separately for life assurance and non-life insurance in the individual companies, using the rate of 6% as stipulated in the rules. The trend in the solvency capital requirement is assumed to be proportional to the best estimate for existing insurance obligations over their lifetime. Accordingly, the Group makes use of method number 2 of EIOPA's Guidelines on the valuation of technical provisions EIOPA-BoS-14/166 SV for the trend in the solvency capital requirement.

Technical provisions gross before ceded reinsurance on 31 December 2022 by insurance company in the group are presented in the table D2(1). The reinsurers' portion of technical provisions is presented in section D.2.4.

**Table D2(1): Technical provisions gross before ceded reinsurance, 31 Dec 2022**

| Operations (TSEK) | Gross best estimate | Risk margin | Technical result provisions, gross |
|---|---|---|---|
| Länsförsäkringar AB | 9,886,970 | 128,472 | 10,015,442 |
| Agria | 609,138 | 46,320 | 655,458 |
| Länsförsäkringar Grupplіv | 105,445 | 4,839 | 110,284 |
| Länsförsäkringar Fondliv | 183,561,429 | 2,293,296 | 185,854,725 |
| Länsförsäkringar Liv | 63,489,979 | 3,273,185 | 66,763,165 |
| **Total** | **257,652,961** | **5,746,112** | **263,399,074** |

**Material changes in valuation principles compared with preceding reporting period**

None of the changes in the valuation principles were made in the calculation of technical provisions at group level.

### D.2.2 Valuation principles in the solvency calculation of various business lines compared with the financial statements

In the financial statements, technical provisions are valued in accordance with the Annual Accounts Act for Insurance Companies (ÅRFL) and the FSA's regulations and general guidelines. For information about the material differences between the rules, methods and assumptions applied to valuations for solvency purposes and those used in the financial statements, refer to section D.2.2 of Agria's Solvency and Financial Condition Report.

### D.2.3 Material differences between the group's valuation principles and those used by its subsidiaries

There are no material differences between valuation principles used at group level and the valuation principles used by the group's subsidiaries in valuations for solvency purposes.

### D.2.4 Other information about technical provisions

**Other information about technical provisions**

Länsförsäkringar AB and its insurance subsidiaries do not apply the matching adjustment, volatility adjustment or the transitional measures for the risk-free interest rate term structure or the transitional measures for calculating technical provisions.

**Recoverables from reinsurance contracts and special purpose vehicles**

The reinsurers' portion of technical provisions, specified by insurance company in the group, is presented below. For more information about the reinsurers' portion of technical provisions, refer to section D.2.3 of Agria's Solvency and Financial Condition Report.

**Table D2(2): Reinsurers' portion of technical provisions**

| Operations (TSEK) | 31 Dec 2022 |
|---|---|
| Länsförsäkringar AB | 6,543,313 |
| Agria | 16,708 |
| Länsförsäkringar Gruppliv | -138 |
| Länsförsäkringar Fondliv | 31,296 |
| Länsförsäkringar Liv | 0 |
| **Total** | **6,591,179** |

# D.3 Other liabilities

## D.3.1 Valuation of other liabilities

In accordance with QRT s.02.01 (refer to Appendix 1), the following table shows the material liability items, excluding technical provisions, on 31 December 2022 for the group with carrying amounts for the financial statements supplemented with reclassifications and Solvency II amounts.[6]

**Table: D3(1): Other liabilities, 31 Dec 2022**

| Other liabilities (TSEK) | Financial statements | Revaluation | Solvency II |
|---|---|---|---|
| Contingent liabilities | 0 | 10,928 | 10,928 |
| Deferred tax liabilities | 1,317 | 264,557 | 265,874 |
| Derivatives | 57,288 | - | 57,288 |
| Other financial liabilities than due to credit institutions | 1,210,492 | - | 1,210,492 |
| Insurance liabilities and liabilities to brokers | 1,136,385 | -380,268* | 756,117 |
| Reinsurance liabilities | 243,953 | -189,866* | 54,087 |
| Liabilities (operations, not insurance) | 956,411 | - | 956,411 |
| Other liability items | 1,697,936 | -819,757* | 878,179 |
| **Total other liabilities** | **5,303,782** | **-1,114,406** | **4,189,376** |

* Of the revaluation item, TSEK -1,420,746 is attributable to current premiums that are taken into account in the best estimate of the technical provisions and thus are adjusted in the Solvency II balance sheet.

## D.3.2 Valuation principles in the solvency calculation of various liability items compared with the financial statements

This section addresses the valuation principles, methods and main assumptions used to value the Group's material liability items under the Solvency II rules. It also describes, where applicable, how such valuations differ from valuations in the financial statements.

### Deferred tax liabilities

Deferred tax is calculated for temporary differences between carrying amounts and tax bases of assets and liabilities. The revaluation between the financial statements and Solvency II now also entails a calculation of deferred tax liabilities for applicable items. The item deferred tax liabilities is recognised net against estimated deferred tax assets. Deferred taxes are recognised and valued in relation to all assets and liabilities, including technical provisions recognised for solvency purposes. In addition, deferred tax assets are assigned a positive value only if it is likely that taxable surpluses will be available against which to utilise the deferred tax assets. This corresponds to the valuation of deferred tax in the financial statements.

The differences between the financial statements and Solvency II are attributable to deferred tax on the revaluation amounts and certain untaxed reserves, and that deferred tax liabilities were recognised net against deferred tax assets in Solvency II. In terms of valuation, there is no difference between the financial statements and Solvency II, except for the revaluation amounts under Solvency II.

[6] In the balance sheet, amounts are recognised according to IFRS but classified according to the Solvency II rules in the "financial statements" column.

**Table D3(2): Deferred tax liabilities, 31 Dec 2022**

| TSEK | Financial statements | Revaluation | Solvency II amount | Date of maturity |
|---|---|---|---|---|
| Non-deductible pension costs | -10,791 | - | -10,791 | |
| Receivables | -38,949 | - | -38,949 | |
| *Tax allocation reserve:* | | | | |
| – Reserve for 2017 | - | 14,420 | 14,420 | 2022-12-31 |
| – Reserve for 2018 | - | 10,019 | 10,019 | 2023-12-31 |
| – Reserve for 2019 | - | 11,128 | 11,128 | 2024-12-31 |
| – Reserve for 2020 | - | 13,467 | 13,467 | 2025-12-31 |
| – Reserve for 2021 | - | 23,072 | 23,072 | 2026-12-31 |
| – Reserve for 2022 | - | 3,914 | 3,914 | 2027-12-31 |
| Equalisation reserve | - | 7,250 | 7,250 | |
| Revaluation of intangible assets | - | -69,710 | -69,710 | |
| Revaluation DAC | - | -69,272 | -69,272 | 2022-12-31 |
| Revaluation technical provisions, net | - | 370,009 | 370,009 | |
| Other assets | 1,317 | - | 1,317 | |
| **Total deferred tax assets (-)/liabilities (+)** | **-48,423** | **314,297** | **265,874** | |

**Derivatives**
Refer to section *D.1.2 Investments.*

**Other financial liabilities than due to credit institutions**
Other financial liabilities than due to credit institutions refer to lease liabilities according to IFRS 16 whereby all leases (with certain exemptions) are recognised as a right-of-use asset together with a lease liability for the right to use an underlying asset. There are no differences in bases for calculation and assumptions between the financial statements and Solvency II for the group. The Parent Company and subsidiaries apply legally restricted IFRS and therefore the right-of-use assets according to IFRS 16 are not included in the financial reporting of each company, which differs compared with the group.

**Liabilities to insurance companies and brokers**
This items comprises liabilities to insurance companies and brokers. The financial reporting includes all insurance liabilities, but Solvency II includes only the amounts fallen due for payment and other liabilities related to the insurance operations but that are not recognised as a portion of the technical provisions. The insurance liabilities that have not fallen due are included in Solvency II when measuring the technical provisions (refer also to section D.2).

**Reinsurance liabilities**
The financial statements include all reinsurance liabilities and a portion of the item refers to ceded premiums that have not yet fallen due for payment. Under Solvency II, these are included in the best estimate of the reinsurers' portion of the technical provisions and are thus excluded from the liabilities in the Solvency II balance sheet (refer also to section D.2).

**Liabilities (operations, not insurance)**
Liabilities (operations, not insurance) comprises liabilities that are not to insurance companies and brokers, such as VAT liabilities, tax liabilities, certain current accounts, other financial liabilities, etc. There are no differences in bases for calculation and assumptions between the financial statements and Solvency II.

**Other liability items**
Other liability items refer to, for example, accrued expenses and deferred income and the reinsurers' portion of deferred acquisition costs. The reinsurers' portion of deferred acquisition costs is eliminated in Solvency II. In the financial statements, a portion of deferred income is attributable to future expected premiums that have not fallen due for payment. In the Solvency II balance sheet, these are taken into account in the best estimate of the technical provisions (refer also to section D.2).

### D.3.3 Material differences between the group's valuation principles and those used by the insurance parent company and its subsidiaries

There are no material differences between valuation principles used at group level and the valuation principles used by the group's insurance parent company or insurance subsidiaries in valuations for solvency purposes.

### D.3.4 Other information about other liabilities

**Assumptions and judgements, including those about future and other significant sources of estimation uncertainty**
Regarding assumptions and judgements, including those about future and other significant sources of estimation uncertainty, refer to section D.1.4 above.

**Leases and pension provisions**
The insurance group is a lessor and to a slight extent also lessee in the form of external lease contracts classified as operating lease and where expenses are recognised as rents.

The group has a number of defined-benefit pension plans that mainly encompass employees who have already reached retirement age. These plans cover old-age pensions and in some cases also survivor's pension. The pension amounts are paid in relation to the final salary level when the employee retires and in the majority of cases are life annuities. In the event that upward adjustment of the pension has been agreed, the group follows the norms applied by the Insurance Industry's Pension Fund (FPK).

The pension provision, except for early retirement, on 31 December 2022 amounts to TSEK 46,238.

Defined-contribution pension plans are plans according to which the company pays fixed contributions to a separate legal entity and does not have a legal or informal obligation to pay additional contributions.

The pension agreement for the insurance industry, the FTP plan, through insurance with the FPK, is a multi-employer defined-benefit pension plan. FPK is unable to provide necessary information which is why the pension plans above are recognised as defined-contribution plans.

## D.4 Alternative methods for valuation

The default valuation method for solvency purposes under Solvency II is to value assets and liabilities at market value, meaning using quoted market prices for identical assets or liabilities. Where the use of listed prices in active markets for the identical assets or liabilities is not possible, assets and liabilities are to be valued using listed market prices in active markets for similar assets and liabilities with adjustments to reflect differences. If this option is not available, alternative valuation methods are to be used. Assets valued using alternative valuation methods are primarily illiquid assets such as unlisted shareholdings and properties. Since the classification for solvency purposes is highly similar to the classification in the financial statements, the classification for solvency purposes is based on the basis for recognition in the financial statements. A description of the valuation methods in the financial statements is presented in Länsförsäkringar AB's 2022 Annual Report, Note 47 Fair value valuation techniques.

For a number of balance-sheet items, alternative valuation methods are used in accordance with Article 10.5 of the Commission Delegated Regulation (EU) 2015/35.

An alternative valuation method is used for properties where a combination of the market approach and the income approach is applied.

An alternative valuation method is applied to unlisted shares. Refer also to section *D.1.2. Investments.*

An alternative valuation method is applied to certain bonds. Refer also to section *D.1.2. Investments.*

## D.5 Any other information

Material information about the valuation of the assets and liabilities for solvency purposes is presented in the commentary on each balance-sheet item and in the section on uncertainties.

# E. Capital Management (financing)

The Länsförsäkringar AB Group's total own funds at group level to cover the solvency capital requirement amounted to TSEK 59,098,522 at year-end and comprises the group's Tier 1 capital less deductions and own funds from other financial sectors and from companies included via deduction and aggregation. The group's solvency capital requirement amounted to TSEK 41,836,396, resulting in a healthy margin compared with the regulatory requirement and surplus capital of TSEK 17,262,125 at year-end. Surplus capital declined TSEK 2,572,401 year-on-year.

Own funds fell TSEK 6,104,495 during the year. The decrease was mainly due to a change in the revaluation of technical provisions, primarily attributable to Länsförsäkringar Fondliv. The capital requirement declined TSEK 3,532,095, mainly due to a lower capital requirement for market risk and life-assurance risk.

Since Länsförsäkringar Liv is conducted in a mutual form, no more of its own funds can be included at group level than the amount corresponding to the company's solvency capital requirement, which was TSEK 16,313,311 at year-end. Länsförsäkringar Liv's surplus capital, amounting to TSEK 18,684,783 at year-end, is thus not included in the surplus calculated according to the regulatory requirements at group level.

## E.1 Own funds

### E.1.1 Management of own funds: Targets, governance and processes

The Länsförsäkringar AB Group applies Group-wide Guidelines for Financial and Capital Management and Control for ORSAs. The ORSA process is described in section *B.3.2. Own Risk and Solvency Assessment (ORSA).* Governance documents in these areas apply jointly for Group companies, after adoption by the Board of the Parent Company and subsidiaries.

The business activities of the companies consolidated in the Länsförsäkringar AB Group are conducted for profit-making purposes to enable Länsförsäkringar AB to pay returns through value growth and dividends to the owners. All capital that is not required for operations that the Group is commissioned to conduct by the regional insurance companies is to be paid as a dividend over time, on the condition that a credit rating of A for the Group's credit-rated units can be justified. Länsförsäkringar Liv is a subsidiary that is operated according to mutual principles and is not consolidated in the Länsförsäkringar AB Group. For this reason, specific considerations apply to capital management for this company.

Quantitative capital targets are set at both Group level and for each legal entity. These capital targets are decided every year by each Board and the Board of Länsförsäkringar AB. As a rule, a target for the solvency ratio is set for the Group's insurance companies as well as for the minimum permissible level of capitalisation. The minimum permissible level of capitalisation clearly exceeds the regulatory requirement of 100%. The solvency ratio refers to own funds divided by the solvency capital requirement. A capital target at a specific level is also set at Group level that is supplemented with a minimum permissible level of capitalisation. The target level and the minimum permissible level of capitalisation at Group level are also based on the contributions to own funds and capital requirements entailed by the operations in Länsförsäkringar Bank and its subsidiaries.

The Group's capital planning is conducted annually and is integrated into the business planning. These plans include the current year and three years in the future, and are prepared during the autumn. The process analyses the level of the capital requirement and the access to capital based on sales and profitability forecasts.

The purpose of the Group's capital planning is to ensure that own funds are sufficient for bearing the risks associated with realising the business plan in every subsidiary and at Group level. The analysis is based on the business plan activities and its base scenario, but also includes a demanding but realistic negative scenario and stress tests. The capital position of the entire Länsförsäkringar AB Group can be highlighted by performing analyses of shared scenarios and stress tests. In addition, unit-specific stress tests are performed in the Group's insurance companies and in the banking operations to provide supplementary data on the capital position of each company. The analysis is to be performed in such a manner that the Board and management of each subsidiary – and for the Group, the Board of the Parent Company – gain greater joint understanding of issues relating to capital structure, capital requirement and business contingency to reduce risks and acquire new capital.

Capital planning results in, for example, forecasts for the income statement and balance sheets at Group and subsidiary level, and the capital position in relation to regulatory requirements. The process also creates a plan for dividends and contributions within the Group, and a plan for capital transactions between the Parent Company and its owners and issues of capital instruments to external investors.

After the capital planning has been documented and adopted by each subsidiary Board for its company, and the Parent Company's Board for the Group, the plans are regularly monitored throughout the year in quarterly reports. The plans are continuously updated during the fiscal year as required.

### E.1.2 Composition of own funds

Own funds comprise Tier 1 capital and ancillary own funds. Own funds in the companies encompassed by this report and own funds at group level solely comprise Tier 1 capital.

The items in own funds are divided into three tiers depending on the characteristics of each items in terms of their availability for loss absorption ("permanent availability"), the degree to which the items have a lower right to payment than other liabilities ("subordination") and the long-term nature of the items ("sufficient duration"). The group's entire Tier 1 capital less deductions refers to Tier 1, the highest tier.

At group level, Tier 1 instruments and subordinated debt issued by Länsförsäkringar Bank are included as own fund items classified as Tier 1 and Tier 2, respectively. These are included in own funds from other financial sectors. Additional Tier 1 instruments are classified as "restricted Tier 1" that may amount to a maximum of 20% of the total own fund items in Tier 1.

Länsförsäkringar Fondliv and Länsförsäkringar Liv have reported that the regulations introduced through the EU's Solvency II Directive are applied to the entire operations.

Own funds at group level fell during the reporting period by TSEK 6,104,495 to TSEK 59,098,522. The decline was mainly due to a change in the revaluation of technical provisions that reduced own funds by TSEK 4,081,809 primarily attributable to Länsförsäkringar Fondliv. Eligible own funds from Länsförsäkringar Liv declined TSEK 1,605,912. Own funds attributable to Länsförsäkringar Bank and its subsidiaries declined TSEK 671,070 during the year, primarily due to the FSA granting permission for early redemption of subordinated debt that had a negative impact of TSEK 1,094,829 on own funds. The proposed dividend from the Parent Company declined TSEK 1,052,883 from last year.

For further information on own funds at group level and its composition including the composition of the reconciliation reserve at the end of the reporting period, refer to QRT s.23.01 in Appendix 1.

**Table E1(1): Composition of own funds**

| **Länsförsäkringar AB and its subsidiaries, group level (TSEK)** | **31 Dec 2022** | **31 Dec 2021** |
|---|---|---|
| Ordinary share capital | 200,000 | 200,000 |
| Reconciliation reserve | 39,687,654 | 42,795,539 |
| **Tier 1 capital before deductions** | **39,887,654** | **42,995,539** |
| Deductions for participations in related credit institutions | -19,339,356 | -18,619,728 |
| Deductions for participations in Länsförsäkringar Liv | -8,199 | -8,199 |
| **Total Tier 1 capital less deductions (Tier 1 unrestricted)** | **20,540,099** | **24,367,612** |
| **Total own funds from other financial sectors (related credit institutions)** | **22,245,112** | **22,916,182** |
| *- of which tier 1 unrestricted* | *18,549,987* | *18,126,228* |
| *- of which tier 1 restricted* | *2,200,000* | *2,200,000* |
| *- of which tier 2* | *1,495,125* | *2,589,954* |
| **Eligible own funds from Länsförsäkringar Liv (tier 1 unrestricted)** | **16,313,311** | **17,919,223** |
| **Own funds to cover solvency capital requirement at group level** | **59,098,522** | **65,203,017** |

#### Description of individual sub-items in own funds

*Ordinary share capital*
Paid-in share capital according to Parent Company balance sheet.

*Share premium reserve for ordinary share capital*
Share premiums paid in connection with issues of share capital in the Parent Company.

*Reconciliation reserve*
The Group's equity excluding ordinary share capital and any share premium reserve, Solvency II revaluations of assets and liabilities, the tax portion of parts of untaxed reserves in consolidated insurance companies, and deductions for the Parent Company's proposed dividends.

*Deductions for participations in related credit institutions*
Deductions are to be made in own funds for the carrying amount of participations in related credit institutions according to the Solvency II balance sheet. The deduction refers to the wholly owned subsidiary Länsförsäkringar Bank AB.

*Deductions for participations in Länsförsäkringar Liv*
Deductions are to be made in own funds for the carrying amount of participations included by using D&A when a combination of methods is used according to the Solvency II balance sheet. The deduction refers to the wholly owned subsidiary Länsförsäkringar Liv which is operated according to mutual principles.

*Total own funds from other financial sector (related credit institutions)*
Related credit institutions' total own funds at Group level, calculated according to the capital adequacy rules.

*Eligible own funds from Länsförsäkringar Liv*
Since Länsförsäkringar Liv is operated in accordance with mutual principles, only the portion of own funds that correspond to the amount of the company's capital requirement may be included in the Group's own funds.

**Reconciliation reserve**
The reconciliation reserve primarily comprises the effects from the revaluation of assets and liabilities, retained earnings including net profit for the year and other capital items that are not specified on a separate line. The composition of the reconciliation reserve is presented in the table below. Refer also to QRT s.23.01 in Appendix 1.1. For a specification of the items encompassed by *Revaluation of items from the financial statements to the Solvency II balance sheet*, refer to table E1(3) which presents a bridge from recognised equity to own funds.

The largest item regarding the revaluation of items from the financial statements to the Solvency II balance sheet is the revaluation of technical provisions.

Table E1(3) in section *E.1.4. Bridge from recognised equity to own funds* presents adjustments made on 31 December 2022 from recognised equity in the consolidated balance sheet to calculate the group's own funds.

**Table E1(2): Specification of composition of reconciliation reserve at group level**

| **Länsförsäkringar AB and its subsidiaries, group level (TSEK)** | **31 Dec 2022** | **31 Dec 2021** |
|---|---|---|
| Other equity than ordinary share capital and share premium reserve | 20,429,244 | 21,063,134 |
| Untaxed reserves | 1,996,779 | 2,049,314 |
| Revaluation of items from the financial statements to the Solvency II balance sheet | 17,960,078 | 21,434,421 |
| Expected dividends | -698,447 | -1,751,330 |
| **Total reconciliation reserve** | **39,687,654** | **42,795,539** |

## E.1.3 Own funds to cover solvency capital requirement and minimum capital requirement

The items that may comprise own funds to cover the solvency capital requirement are primarily the same as those to cover the minimum capital requirement (the minimum capital requirement only applies to legal entities, not at group level). The differences take the form of stricter rules on the tier classification of the items for covering the minimum capital requirement. Own fund items in Tier 3 are not permitted to be used at all for covering the minimum capital requirement, and a smaller portion of Tier 2 own fund items may be used for covering the minimum capital requirement compared with the portion of own fund items permitted for covering the solvency capital requirement.

As stated in the preceding section, the group level has two items that are classified as restricted Tier 1 and Tier 2. However, these items are not of such a high amount that they infringe the limitation rules established for how items may be included in own funds to cover the capital requirement. Accordingly, the own fund items that exist may be included in the group's own funds in their entirety to cover the solvency capital requirement. Own funds at group level on 31 December 2022 amounted to TSEK 59,098,522, as stated in the preceding section.

## E.1.4 Bridge from recognised equity to own funds

The following table presents a bridge from recognised equity to own funds at group level. More detailed explanations on the rules for items revalued from the financial statements to the Solvency II balance sheet according to the table below are presented in sections D.1.2 and D.3.2.

Goodwill, intangible assets and deferred acquisition costs are not assigned a value in the Solvency II balance sheet under the solvency rules, which is why the revaluation had a negative impact on own funds.

Technical provisions are revalued in accordance with the solvency rules. The largest item refers to the unit-linked insurance operations in Länsförsäkringar Fondliv. The valuation of technical provisions in accordance with the solvency rules is described in section D.2.

Own funds in Länsförsäkringar Bank and its subsidiaries are included in the group's own funds by applying the rules on own funds in the banking sector. This results in an add-on to own funds for the banking operations according to the sector's rules and adjustments to eliminate the portion of the Group's equity that is attributable to the banking operations. Länsförsäkringar Bank's own funds includes subordinated debt.

Länsförsäkringar Liv is included at group level by applying the deduction and aggregation method. Since Länsförsäkringar Liv is conducted in a mutual form, no more of its own funds can be included than the amount corresponding to its solvency capital requirement.

**Table E1(3): Bridge from recognised equity to own funds**

| Länsförsäkringar AB and its subsidiaries, group level (TSEK) | 31 Dec 2022 | 31 Dec 2021 |
|---|---|---|
| Equity according to statutory accounts | 35,548,876 | 35,386,739 |
| Subordinated debt | 1,495,125 | 2,589,954 |
| Revaluation of goodwill | -727,797 | -633,978 |
| Revaluation of intangible assets | -3,728,481 | -3,651,503 |
| Revaluation of deferred acquisition costs, net | -2,738,808 | -2,531,187 |
| Revaluation of technical provisions, net | 14,238,903 | 18,320,712 |
| Revaluation of deferred tax | 119,233 | 188,708 |
| Contingent liabilities | -10,928 | -139,800 |
| Other items | -712,465 | -494,521 |
| Deductions for proposed dividends | -698,447 | -1,751,330 |
| Eligible own funds from Länsförsäkringar Liv | 16,313,311 | 17,919,223 |
| **Total own funds** | **59,098,522** | **65,203,017** |

## E.1.5 Specific information about own funds at group level

**Method for calculating own funds at group level**

Own funds at group level are calculated, with the exceptions listed below, by applying the consolidation method stipulated in the IBA and the Commission Delegated Regulation (EU) 2015/35. Länsförsäkringar AB and the Group's profit-distributing insurance companies are consolidated. Own funds for Länsförsäkringar Bank and its subsidiaries are included in accordance with the banking sector rules. Länsförsäkringar Liv is included by utilising the deduction and aggregation method in accordance with the permit received from the FSA.

**Own fund items at group level are issued by Länsförsäkringar Bank**

Länsförsäkringar Bank has issued Additional Tier 1 instruments and subordinated debt. These are included in Länsförsäkringar Bank's own funds, according to the banking sector rules, as follows: Länsförsäkringar Bank's Additional Tier 1 instruments and subordinated debt were classified as restricted Tier 1 and Tier 2, respectively, when included in the group's own funds.

**Table E1(4): Länsförsäkringar Bank Tier 1 capital and subordinated debt, 31 Dec 2022**

| Type of instrument (TSEK) | Amount | Classification according to banking sec- |
|---|---|---|
| Tier 1 instruments | 2,200,000 | Tier 1 capital (AT1) |
| Subordinated debt | 1,495,125 | Tier 2 capital (T2) |

**Calculating the Group's own funds taking into account internal transactions**

All internal items that impact own funds were eliminated in the calculation of own funds for Länsförsäkringar AB and its subsidiaries at group level.

**Limitations on transferability and capacity to absorb losses**
The contingency reserve in Agria has been deemed to be an own funds item that is not available to absorb losses in other parts of the Länsförsäkringar AB Group. Accordingly, it has been included in own funds at group level only to the extent that the contingency reserve corresponds to that company's share of the solvency capital requirement for the insurance operations at group level excluding Länsförsäkringar Liv. On 31 December 2022, Agria's share of the solvency capital requirement was higher than its contingency reserve, which is why no deductions were made from group own funds. There are not deemed to be any own fund items in the other companies in the Länsförsäkringar AB Group for which the consolidation method is applied that are of such a nature that they are to be included in the group's own funds at only the corresponding company's share of the group's solvency capital requirement.

Since Länsförsäkringar Liv is operated in mutual form, no more of its own funds may be included in the Länsförsäkringar AB Group's own funds than the amount corresponding to Länsförsäkringar Liv's solvency capital requirement.

### E.1.6 Other information about own funds
None of the companies encompassed by this report make use of any of the transitional measures for including certain instruments in own funds. Such options refer to instruments that are not otherwise approved under current regulations but that were approved own funds instruments under the previous rules.

The option of including a type of ancillary own funds in own funds is also not used.

None of the companies have any ring-fenced funds or use matching adjustment that would give rise to a deduction from own funds.

## E.2 Solvency Capital Requirement and Minimum Capital Requirement

### E.2.1 Amount of Solvency Capital Requirement and Minimum Capital Requirement
The following table shows the amount of the solvency and, where applicable, the minimum capital requirement as a total and per company included in the Länsförsäkringar AB Group on 31 December 2022 and the previous year-end. Länsförsäkringar Liv is conducted in mutual form, which is why its capital requirement is added using the deduction and aggregation method. The minimum capital requirement for Länsförsäkringar Liv is reported for information purposes but is not included in the calculation of the floor for the Group's consolidated solvency capital requirement (refer to section E.4.8).

**Table E2(1): Solvency capital requirement and minimum capital requirement**

| TSEK | 2022 | | 2021 | |
|---|---|---|---|---|
| | Solvency capital require- | Minimum capital require- | Solvency capital require- | Minimum capital require- |
| Parent Company Länsförsäkringar AB | 9,215,301 | 2,633,226 | 13,499,048 | 3,374,762 |
| -less Group eliminations | -7,773,612 | - | -11,851,946 | |
| Agria | 996,751 | 448,538 | 941,629 | 423,733 |
| Länsförsäkringar Grupplív | 66,900 | 43,604 | 68,569 | - |
| Länsförsäkringar Fondliv | 7,864,042 | 1,966,011 | 12,067,262 | 3,016,816 |
| Diversification | -1,154,080 | - | -1,225,515 | 36,766 |
| Länsförsäkringar Liv* | 16,313,311 | 4,078,328 | 17,919,223 | 4,479,806 |
| **Total capital requirement insurance** | **25,528,612** | **5,091,379** | **31,418,270** | **6,852,077** |
| Länsförsäkringar Bank Group** | 16,307,785 | - | 13,950,221 | - |
| **Capital requirement Länsförsäkringar AB Group** | **41,836,396** | **-** | **45,368,491** | **-** |

* Länsförsäkringar Liv is conducted in mutual form, which is why its capital requirement is added by using the deduction and aggregation method (method 2).

** Capital requirement according to sector rules for banking operations.

According to QRT s.25.02 (refer to Appendix 1), the table below shows the Länsförsäkringar AB Group's solvency capital requirement specified by risk category according to Länsförsäkringar AB's partial internal model and the capital requirement for the Länsförsäkringar Bank Group according to the banking sector rules as well as the solvency capital requirement for Länsförsäkringar Liv which is operated according to mutual principles and is thus included by applying the deduction and aggregation method.

The various risk categories are described in more detail in section C. The partial internal model is described in section E.4.

**Table E2(2): Capital requirement decomposition – regulatory capital requirements per risk category including Länsförsäkringar Bank and Länsförsäkringar Liv**

| Solvency capital requirement (TSEK) | 2022 | 2021 |
|---|---|---|
| Life-assurance risk | 3,570,064 | 6,098,694 |
| Health-insurance risk | 389,371 | 491,854 |
| Non-life insurance risk | 1,070,033 | 1,026,555 |
| Market risk | 6,818,180 | 9,703,327 |
| Counterparty risk | 340,168 | 255,004 |
| Operational risk | 523,747 | 605,783 |
| Risk absorption in deferred tax | -290,833 | -278,831 |
| Diversification | -3,205,429 | -4,403,337 |
| Capital requirement Länsförsäkringar Bank | 16,307,785 | 13,950,221 |
| Capital requirement Länsförsäkringar Liv | 16,313,311 | 17,919,223 |
| **Capital requirement Länsförsäkringar AB group** | **41,836,396** | **45,368,491** |

### E.2.2 Reason for use of simplified calculations
None of the companies in the Länsförsäkringar AB Group use any such simplification in its calculation of solvency capital requirements that are permitted under certain conditions in accordance with European Commission Delegated Regulation (EU) 2015/35. No such simplified calculations are used at group level.

### E.2.3 Reason for use of undertaking-specific parameters
None of the companies in the Länsförsäkringar AB Group use undertaking-specific parameters for calculating the solvency capital requirement for insurance risk. No such undertaking-specific parameters are used at group level.

### E.2.4 Capital add-on
The FSA has not decided on any capital add-on for any of the companies. The FSA has also not decided on any capital add-on at group level.

### E.2.5 Data used for calculating minimum capital requirement
The minimum capital requirement for the Länsförsäkringar AB Group's insurance companies at solo level is calculated by taking into account technical provisions, premium income, positive risk amounts, deferred taxes, administrative costs, ceded reinsurance and the solvency capital requirement. The minimum capital requirement is stated in table E2(1) above.

The calculation of the floor for the Group's consolidated solvency capital requirement calculated according to method 1 is described in section E.4 below.

### E.2.6 Material changes to capital requirements during the reporting period
Tables E2(1) and E2(2) describe how the capital requirements changed during the reporting period. Falling stock markets in 2022 contributed to lowering the capital requirement for market risk in Länsförsäkringar Liv and Länsförsäkringar Fondliv. Since the introduction of free transfer rights on 1 July 2022, Länsförsäkringar Fondliv reinsures the future profit that would be lost in the event of extensive cancellations, which also contributed to lowering the company's capital requirement both for life-assurance risk and for market risk. The higher countercyclical capital buffer in the Länsförsäkringar Bank Group was primarily driven by regulatory changes, a higher countercyclical capital buffer and amended rules regarding Pillar II Requirements.

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

An insurance company that underwrites pension insurance in accordance with the Swedish Income Tax Act has the option to apply to use a duration-based method for calculating the solvency capital requirement for equity risk. None of the companies encompassed by this report have applied to use such a method.

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

### E.4.1 Area of application for internal model

Länsförsäkringar AB has developed a partial internal model that is adapted to the risk profile of the operations and thus measures the companies' risk levels more correctly than the standard formula of the Solvency II regulations. The model measures risk as Value at Risk at a 99.5% confidence level over a 1-year time horizon, based on historical simulation. The FSA has approved the model to calculate capital requirements under the Swedish Insurance Business Act for Länsförsäkringar AB and its insurance subsidiaries. The model is an integrated component of the Group's risk management and business governance systems and issued to govern risk-taking, for example, by setting limits, as a basis for ALM analyses and portfolio structure and for effect analyses under the framework of the Group's approval process, for example, in connection with procuring reinsurance cover.

The model is also an important tool in the ORSA process for stress tests and scenario analyses, etc. and for calculating whether the company's capital resources are sufficient for the future.

Furthermore, the model is used for risk reporting to management and the Board, including monitoring the risk profile, capital targets and limits.

### E.4.2 Scope of the internal model

The partial internal model is used to calculate the solvency capital requirements in the Länsförsäkringar AB Group at group level and at solo level for Länsförsäkringar AB, Länsförsäkringar Fondliv, Agria and Länsförsäkringar Liv. For Länsförsäkringar Grupplivs, a standard formula is used at solo level, while the internal model is used for the calculation of the solvency capital requirement at group level for the Länsförsäkringar AB Group.

The following risk categories are calculated using the internal model:

- Market risks, excluding concentration risk which is modelled using the standard formula.
- Insurance risk (underwriting risk); premium and reserve risk (for both non-life insurance risk and health-insurance risk) and to a certain extent catastrophe risk in Länsförsäkringar AB and Agria.

Companies encompassed by the partial internal model used to calculate the solvency capital requirement at group level

- Länsförsäkringar AB (publ)
    - Länsförsäkringar Fondliv Försäkrings AB (publ)
    - Försäkringsaktiebolaget Agria (publ)
    - Länsförsäkringar Grupplivförsäkrings AB
    - Länsförsäkringar Liv Försäkrings AB (publ)

At group level, the capital requirement is also included for Länsförsäkringar Bank Group, calculated in accordance with applicable capital requirement rules for banks and credit institutions.

Länsförsäkringar AB's partial internal model encompasses the capital requirement calculation for all risk modules defined in the standard formula of the Solvency II regulations. Risks not encompassed by the model, such as business risk and liquidity risk, are monitored following internally established policies.

### E.4.3 Integration of the internal model with the standard formula

Capital requirements for risk categories calculated using the internal model are integrated with the capital requirements for risk categories using the standard formula by following the stipulated standard approaches.

### E.4.4 Calculation methods of the internal model

The model for calculating solvency capital requirements for market risk comprise two main components: (i) an economic scenario generator that models such market risk factors are interest rates, share prices, credit spread, property prices and currencies, etc. and (ii) valuation techniques for assets and liabilities. The scenario generator is supplied by Moody's Analytics, a well-established global supplier of system support for financial companies. The valuation model for assets – Algorithmica Risk Management System from Algorithmica – is used by several large companies in the Swedish financial market.

The market risk factors are simulated in the economic scenario generator based on statistical probability distributions and historical correlations, which result in a large number of shared scenarios that correspond to the trend in market risk factors over one year. The assets and liabilities in the valuation models are then valued under the framework of each scenario. The solvency capital requirement can be seen in the forecast probability distribution created from the total result of all of the scenarios. The model for calculating the solvency capital requirement for market risk is calibrated to the shared underlying data for all companies in the Group.

The solvency capital requirement for counterparty risk is calculated using the framework of the standard formula. To ensure consistency, the internal model is used for market and underwriting risk to calculate risk mitigating effects. The risk mitigating effects for derivatives and reinsurance contracts are therefore calculated using the internal model in those cases in which the company in question has an approved internal model for that specific risk. Risk adjustment of the collateral value of mortgage funds is carried out conservatively without taking into account diversification effects.

The model for calculating the solvency capital requirement for premium and reserve risk and catastrophe risk for non-life and health-insurance risks is based on the company's own claims history and internally produced expert judgements. One-year simulations create a forecast probability distribution from which the solvency capital requirement can be ascertained.

To calculate the capital requirement for catastrophe risks for internationally assumed reinsurance, an external model from Risk Management Solutions is used that simulates scenarios based on a selection of causes of claims, such as storms in Europe, hurricanes and earthquakes in North America and hurricanes and earthquakes in Japan. A distribution for each claim cause is produced based on the company's exposure in various geographic areas and the solvency capital requirement can be ascertained from this distribution.

### E.4.5 Internal model compared with standard formula: Most important differences in methods and assumptions

The differences between Länsförsäkringar AB's partial internal model and the standard formula derive from the risk modules that are modelled internally, meaning the market risk and the non-life insurance risk, and from the risk module for counterparty risk where the results of the internal models comprise the inputs for calculations using the standard formula.

The most important differences in the module for market risk compared with the standard formula are:

- The internal model is a simulation model that provides the entire probability distribution for the balance sheet's sensitivity to market risks as opposed to the standard formula, which is a factor model and only estimates the risk in the 99.5th percentile.
- The calculation in the internal model is regularly updated with a new calibration, meaning that the solvency capital requirement for market risk is adjusted by the market trend as opposed to the standard formula, which, besides effects attributable to the equity dampener, is static.
- The internal model contains significantly more risk factors than the standard formula and thus enables a more precise calculation of the solvency capital requirement that can be adapted to the company's investment assets.
- The dependence between all risk factors in market risks is modelled in the internal model, which means that the dependencies between various types of risk are dynamic compared with the static dependencies in the standard formula.

The most important differences in the module for non-life insurance risk compared with the standard formula are:

- The model for calculating the solvency capital requirement for premium and reserve risk and catastrophe risk for non-life and health-insurance risks is based on the company's own claims history and internally produced expert judgements.
- The model also models the dependence between various types of insurance risk, which means that these are dynamic compared with the static dependencies in the standard formula.

The difference between the internal model and the standard formula for the counterparty risk module is that the risk mitigating effect from signed derivative contracts is calculated using the internal model and comprises inputs for the standard formula calculation of counterparty risk.

### E.4.6 Risk measures and periods of the internal model

The internal model uses the same risk measures and periods that are used in the IBA to describe the minimum amount of capital that an insurance company must have. Accordingly, the measure states, with a probability of 99.5%, the amount of capital required for having sufficient assets for twelve months in order to cover the value of the commitments to policyholders and other parties eligible to receive payouts.

### E.4.7 Data used in the internal model

Data is one of the most important business assets and risk models are entirely dependent on the quality of underlying data for providing correct results.

For market risks, important data for the calculations is the position data from the current asset portfolio and associated market data for valuing the portfolio, as well as the historical market data used to calibrate the probability distribution for all modelled risk factors.

For non-life insurance risk, critical data for the calculations comprises the data for calculating technical provisions, such as historical claims data, forecasts of volumes and claims costs, and data for calibrating probability distribution.

Expert judgements and assumptions are also used in the internal model. Expert judgements are used as substitutes for data when data is unavailable or incomplete. The expert judgements used in Länsförsäkringar AB's partial internal model are updated every year and are also independently validated. Assumptions are largely the result of a modelling decision. Fundamental modelling decisions are made in accordance with internal policies.

Data, expert judgements, assumptions, the internal model and its integration with the standard formula are regularly validated. The management and application of the internal model in the operations are also included in the validation. Such validation is performed at least once a year by an external party. The assessment of the most recent validation is that the model as a whole is reliable.

## E.4.8 Specific information about the capital requirement at group level

**Sources of diversification at group level**

The solvency capital requirement for Länsförsäkringar AB and its consolidated insurance subsidiaries is calculated by applying Länsförsäkringar AB's partial internal model for which the results of the internal model are integrated with the results calculated using the standard formula. The model takes account of diversification effects between the various classes of assets, the various types of insurance commitments and between liabilities and assets. Since the solvency capital requirement is calculated on consolidated data for assets and liabilities, a diversification effect also arises between the companies consolidated, meaning between Länsförsäkringar AB, Länsförsäkringar Fondliv, Agria and Länsförsäkringar Grupliv.

The solvency capital requirement for Länsförsäkringar Liv is also calculated by applying the partial internal model, with the same diversification effects arising in the company. Länsförsäkringar Liv is operated according to mutual principles and is thus not consolidated. Instead, its solvency capital requirement is added by applying method 2 (deduction and aggregation method) for which no diversification effects arise.

The capital requirement for the Länsförsäkringar Bank Group is calculated under the sector rules for banking operations and is added to the consolidated solvency capital requirement by applying method 1 without any diversification effects.

Diversification effects in the calculation of the Länsförsäkringar AB Group's solvency capital requirement are stated in table E2(1) above.

**The floor for the consolidated solvency capital requirement calculated according to method 1**

The Länsförsäkringar AB Group's consolidated solvency capital requirement calculated according to method 1 comprises the Parent Company's, the consolidated insurance subsidiaries' and the Länsförsäkringar Bank Group's capital requirement and amounted to TSEK 25,523,085 on 31 December 2022.

Länsförsäkringar Liv is conducted in mutual form, which is why its capital requirement is added by using method 2 (deduction and aggregation method).

The floor for the Länsförsäkringar AB Group's consolidated solvency capital requirement comprises the total of the minimum capital requirements for the Parent Company and the consolidated insurance subsidiaries and amounted to TSEK 5,091,379 on 31 December 2022, as seen in table E2(1) above. The minimum capital requirement for Länsförsäkringar Liv is reported for information purposes but is not included in the calculation.

**Difference between internal model at solo level and group level**

Länsförsäkringar AB's partial internal model applies to all of the companies above that are encompassed by the model. The model is calibrated to the shared underlying data for all companies in the Group.

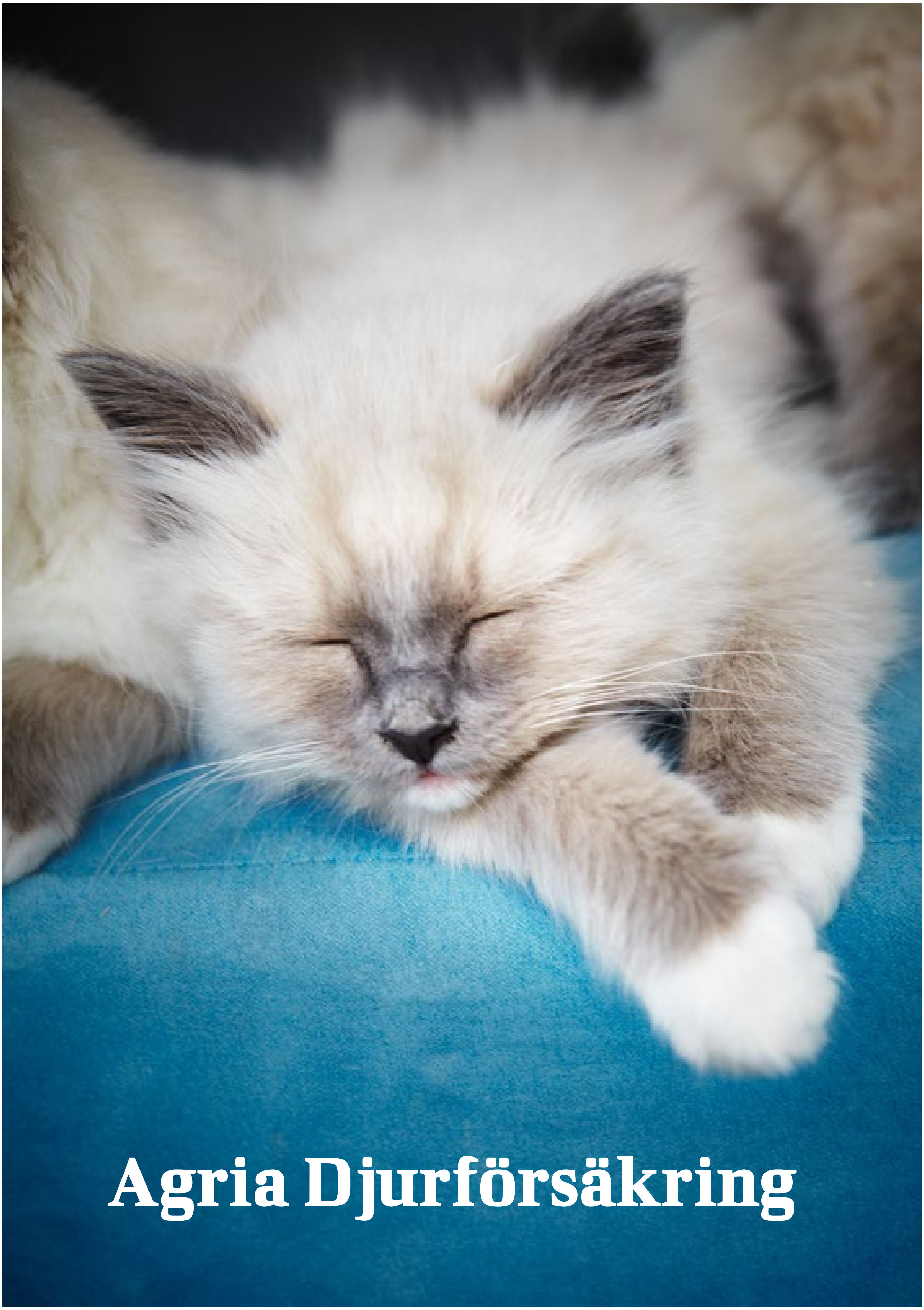
However, a difference between the application of the model at solo level and at group level is that the solvency capital requirement for Länsförsäkringar Grupliv is calculated by applying an internal model to calculate the solvency capital requirement at group level for Länsförsäkringar AB, while the calculation of the solvency capital requirement for Länsförsäkringar Grupliv at solo level uses the standard formula.

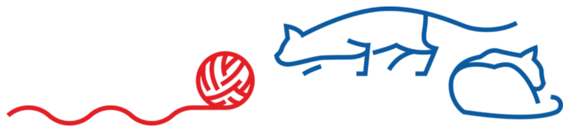
## E.5 Non-compliance with the Minimum Capital Requirement and non-compliance with the Solvency Capital Requirement

Neither the minimum capital requirement nor the solvency capital requirement were breached by any of the Länsförsäkringar AB Group's insurance companies during the reporting period. Furthermore, no infringements took place at group level.

## E.6 Any other information

There is not deemed to be any other relevant information to be provided in this section on *Capital management* for either the insurance companies or at group level.


Agria Djurförsäkring



# About Agria Djurförsäkring

Agria is a wholly owned subsidiary of Länsförsäkringar AB, which in turn is owned by 23 customer-owned regional insurance companies and 14 local insurance companies. Agria conducts operations in Sweden and has branches in Denmark, Finland, France, Norway, the UK and Germany A branch in Ireland was also established during the year. The subsidiary Agria Pet Insurance Ltd (API) also operates in the UK. Irish company Capstone Financial Services Limited, which has operations in Ireland and the Netherlands, was acquired during the year. Agria offers insurance cover for animals and crops to private individuals, the agricultural sector and other companies. Insurance cover comprises veterinary care insurance, life assurance and business interruption insurance. Agria also offers video calls with vets through the wholly owned subsidiary Agria Vet Guide AB.

**Summary**

Agria Djurförsäkring (referred to below as "Agria") is the Länsförsäkringar Alliance's specialist company for pet and crop insurance, and Länsförsäkringar's subsidiary brand. This specialisation involves a streamlined focus on and involvement with animals and their owners. Agria's international operations are conducted in branches in Denmark, Finland, France, Norway, the UK and Germany, and in a subsidiary in the UK, Agria Pet Insurance Ltd, and in a subsidiary in Ireland, Capstone Financial Services Ltd. Agria's digital vet consultations are conducted in the subsidiary Agria Vet Guide AB. In February 2022, Agria expanded its international business by acquiring the Irish company Capstone Financial Services Limited which distributes pet insurance in Ireland and the Netherlands. Agria also established a branch in Ireland during year.

The strong Agria brand is based on such factors as a deep commitment to animal health and research programmes. Agria participates in various animal events, including competitions, exhibitions and clinics. Continuous dialogue is maintained with Agria's customers through partnerships with several animal-owner organisations, such as kennel clubs and various pedigree clubs.

Agria's earnings are primarily driven by earnings from the non-life insurance operations, and partly from earnings in investment operations. The main stream of income in the non-life insurance operations is premiums earned. Costs in the insurance operations largely comprise claims payments. A small amount of costs is made up of operating expenses in the form of, for example, costs for insurance contracts, salaries for employees and costs for IT systems and development. Earnings from investment operations are, to a certain extent, sensitive to fluctuations in the financial markets, but a large percentage of investment assets are invested at low risk.

The technical result amounted to SEK 486 M (342). Premiums earned after ceded reinsurance increased 14%. Volumes increased in all business lines, with growth both in the international and the Swedish operations. The claims ratio declined to 68% (72) and the expense ratio increased to 23% (21).

**Technical result**

SEK 486 M

**Own funds**

SEK 1,717 M

**Capital requirement**

SEK 997 M

**Solvency ratio**

172%

Investments continued to be made in building up new markets. In the UK, Agria had its third-country branch approved and horse insurance was added to the product range. As stated above, Agria acquired the Irish company Capstone Financial Services Limited in February 2022 and a branch in Ireland was also established in 2022. Agria is now represented in nine countries.

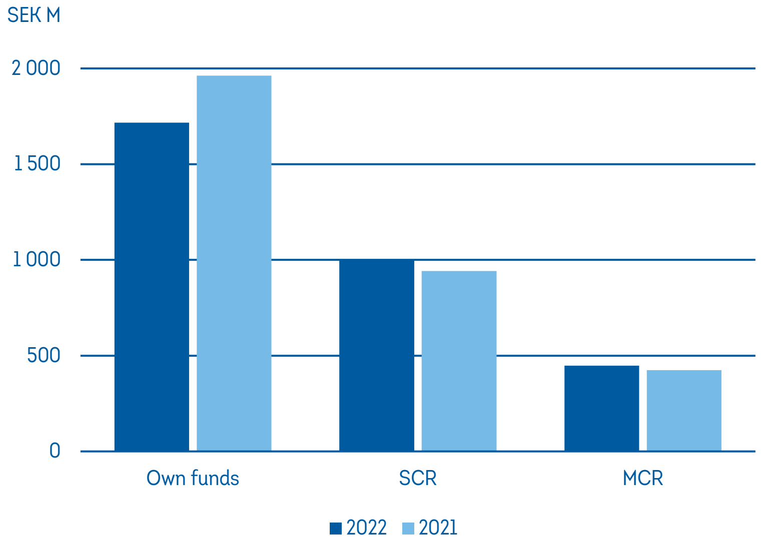
The total investment return on investment assets declined to –4.7% (6.1) as a result of the negative market performance. The investment portfolio mainly consists of interest-bearing assets, and has a short duration. Equities performed weakly during the year, contributing –1.7 percentage points (3.0). The fixed-income portfolio contributed –0.7 of a percentage point (0.2). Properties made a contribution of –2.1 percentage points (2.6). The forest class of asset in alternative investments contributed –0.2 of percentage point (0.2).

Agria has a healthy financial position. Financial strength is primarily measured by comparing the company's own funds with the solvency capital requirement. The comparison shows the company's ability to fulfil its commitments to policyholders and other creditors even when the company's financial position is very highly stressed. By law, own funds must be higher than the solvency capital requirement. Agria calculates its solvency capital requirement by using a partial internal model.

Agria's own funds at year-end amounted to SEK 1,717 M (1,962), comprised of capital of the highest quality. The solvency capital requirement amounted to SEK 997 M (942). This provides a solvency ratio (own funds divided by the solvency capital requirement) of 172% (208) at year-end, thus exceeding the statutory capital requirement.

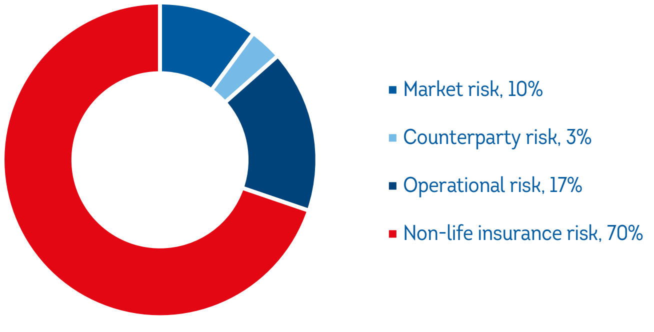
Legislation also contains a minimum capital requirement that is normally significantly lower than the solvency capital requirement. It means that significantly more severe consequences are imposed on the company if it were to contravene the minimum capital requirement compared with contravening the solvency capital requirement. Agria's minimum capital requirement amounted to SEK 449 M (424), which own funds cover by a very healthy margin.

**Figure 1: Agria's own funds, solvency capital requirement (SCR) and minimum capital requirement (MCR)**




The solvency capital requirement shows how much capital the company needs based on the risks in the company's business operations. The relative amount of the capital requirement for different types of risks makes up the company's risk profile. Agria's solvency capital requirement is based on the operations' exposure to non-life insurance risk, market risk, operational risk and counterparty risk.

**Figure 2: Agria' risks by category, 31 Dec 2022**



Non-life insurance risk represents Agria's largest risk and pertains to premium, reserve, catastrophe risk and cancellation risk. Non-life insurance risk comprises 70% of Agria's regulatory capital requirement and the company is specifically exposed to the risk of losses arising due to claims in the next year being larger than expected, known as premium risk. The reason for this is that the business has short settlement periods, meaning that the time from claim to final payout is short. Agria is also exposed to operational risk, for example, through the risk of cyber attacks, and market risk comprising the risk of losses due to changes in the value of assets in the financial markets.

In calculating the solvency capital requirement, the company's assets and liabilities are valued for solvency purposes, which differs from the financial statements. Under the Solvency II regulations, assets and liabilities are to be measured at market value, which entails that the company is to make certain revaluations. In Agria's case, the valuation resulted in a reduction in both the assets and liabilities. The revaluation of the technical provisions as per 31 December 2022 corresponded to SEK 2,526 M before ceded reinsurance. The technical provisions are measured gross at SEK 655 M and net at SEK 639 M in the Solvency II balance sheet.

Agria's Board assumes the ultimate responsibility for the organisation and management of the company. The Board appoints the President and CEO, adopts an appropriate operating organisation as well as the goals and strategies of the operations, and ensures that efficient systems are in place for internal control and risk management. The Board has established a Risk and Capital Committee, an Audit Committee and a Remuneration Committee. These Committees do not generally have any decision-making mandates, and instead support the Board and prepare decisions in their relevant areas.

A shared corporate-governance system, with an internal-governance and -control system that includes a risk-management system and regulatory compliance, has been established in the Länsförsäkringar AB Group. The risk-management system includes an Own Risk and Solvency Assessment (ORSA), the overall aim of which is to ensure that own funds are and remain sufficient for bearing the risks associated with realising the business plan. Internal control aims to ensure that the organisation is efficient and fit for its purpose, that operations are conducted in accordance with decided strategies in order to achieve established targets, that financial accounting and reporting are reliable, that information systems are managed and operated efficiently and that there is a strong capability to identity, measure, monitor and manage risks as well as full regulatory compliance. No material changes were made to the corporate governance system during the year.

## Note to the reader

The information in this part of the Solvency and Financial Condition Report is specific to Agria. The information presented here provides more details on the group-level report. References to the group-level report are provided where relevant.

# A. Business and Performance

A description of Agria's operations and earnings is presented below. For additional information about the company's operations and earnings, refer to the corresponding section of the group-level report.

## A.1 Business

**Significant business events during the reporting period**

The strong trend of owning a pet or horse slowed slightly as society reopened and more people are returning to more normal routines in the workplace and in schools, yet remains at a high level. The reopening of society as made it possible to meet customers and partners at a number of major events, while sales, service and events continued to take place in digital channels – a hybrid that is here to stay and enables us to reach to more and more animal owners.

Increasing digital communication with animal owners was a major focus during the year. This involves improving areas of use for the Agria Vårdguide, claims-prevention measures and new digital e-learning for increasing know-how among animal owners. Continuing to significantly increase fully automated claims adjustment in both the reporting and processing stages in Sweden and Norway enhances efficiency and accelerates claims handling.

Agria's international operations reported healthy growth in all countries at the same time as brand awareness continued to increase. Continued investments in digital channels and the focus on increased customer loyalty contributed to this growth. A strong technical result was delivered, primarily by the operations in the UK and Norway, but also in Denmark. The operations in Germany have been conducted for about a year and have been positively received in the market. A sharp increase in sales was noted in the second half of the year. In the UK, Agria had its third-country branch approved and horse insurance was added to the product range. In February 2022, Agria acquired the Irish company Capstone Financial Services Limited which provides pet insurance in Ireland and the Netherlands. Agria's branch in Ireland was approved during the year.

In 2022, Agria launched Hundras Extra, a brand new type of dog insurance. This is the most flexible and comprehensive veterinary care insurance offered by Agria. The product is based on a new claims-prevention concept whereby the customer is offered advice and help with booking vet consultations around the clock and the option of attending claims-prevention courses that could result in lower insurance premiums. The launch of Trygg Hästgård performed well during the year with a healthy customer inflow. Meeting digitally in day-to-day life became the new normal during the year, although physical meetings at events proved to be even more popular and generated an even higher number of customer meetings.

Part of the company's insurance premiums have been set aside for the Agria Research Fund every year since 1938. In 2022, the Agria Research Fund awarded SEK 11.4 M to help pets, horses and farm animals.

In December, Mathias Collén became the new President and CEO of the Parent Company Länsförsäkringar AB, and thus took over the role as Chairman of Agria.

Heightened geopolitical tension following Russia's invasion of Ukraine combined with an energy crisis and increased inflation has had a negative impact on the global economy, resulting in higher interest rates and lower growth prospects. Agria maintained a stable capital position despite these events during the year.

# A.2 Underwriting Performance

## A.2.1 Technical result during reporting period

**Performance analysis**
The technical result is presented so that it corresponds to the technical result of the non-life insurance operations in the annual report, which amounted to TSEK 486,493 (342,497).

Premiums earned after ceded reinsurance increased 14% to TSEK 5,555,972 M (4,891,162). Volumes increased in all business lines, with growth both in the international and the Swedish operations.

Sweden, the UK, Denmark and Norway stood out in particular, reporting strong technical results. The strong trend of owning a pet or horse slowed slightly as society reopened and more people are returning to more normal routines in the workplace and in schools. Despite uncertainty in the world, sales levels for pet insurance were stable for all types of animals. Higher costs for electricity, food and fertilizer impacted agriculture both in pet and in crop insurance. The willingness to take out insurance remained firm and the agriculture business grew slightly, mainly in crop insurance, and horse insurance continued to report growth. The launch of Trygg Hästgård performed well during the year with a healthy customer inflow.

Investments continue to be made in building up new markets. Irish company Capstone Financial Services Ltd, which has operations in Ireland and the Netherlands, was acquired in February 2022. Agria's branch in Ireland was approved during the year. Agria is now represented in nine countries.

Claims payments after ceded reinsurance amounted to TSEK 3,798,182 (3,536,848) and the claims ratio declined to 68% (72). Operating expenses increased to TSEK 1,271,916 (1,012,347) and the expense ratio rose to 23 (21). The combined ratio amounted to 91% (93).

Refer also to the QRT form s.05.01 and s.05.02 in Appendix 1 for information about income and expenses per line of business in accordance with Solvency II and geographic area. The technical result for non-life insurance per insurance line by Performance analysis and geographic area is presented in the following tables.

**Table A2(1): Technical result per insurance line**

| TSEK | 2022 | 2021 |
|---|---|---|
| **Non-life insurance commitments** | | |
| Other property* | 387,160 | 288,322 |
| Direct insurance, foreign risks | 98,288 | 54,175 |
| Assumed reinsurance | 1,045 | - |
| **Total technical result, non-life insurance commitments** | **486,493** | **342,497** |

* Comprises pet and crop insurance

**Table A2(2): Technical result per geographic area**

| TSEK | 2022 | 2021 |
|---|---|---|
| Home country (Sweden) | 387,160 | 288,322 |
| Denmark | 18,083 | -6,784 |
| Finland | -11,193 | -19,796 |
| Norway | 115,738 | 53,849 |
| France | -37,895 | -26,405 |
| UK* | 74,170 | 61,429 |
| Germany | -60,615 | -8,118 |
| Ireland | 1,045 | - |
| **Total technical result** | **486,493** | **342,497** |
| of which, investment income transferred from financial operations | 99 | 35 |
| **Total technical result, non-life insurance commitments** | **486,592** | **342,532** |

* Refers only to branches, meaning excluding the subsidiary Agria Pet Insurance.

# A.3 Investment Performance

## A.3.1 Income and expenses per class of asset

The investment return on investment assets declined to -4.7% (6.1) as a result of the negative market performance.

The investment portfolio mainly consists of interest-bearing assets, and has a short duration. The fixed-income portfolio contributed a total of -0.7 of a percentage point (0.2). Equities performed weakly during the year, contributing -1.7 percentage points (3.0). Properties contributed -2.1 percentage points (2.6). The forest class of asset in alternative investments contributed -0.2 of a percentage point (0.2).

Investment income recognised in profit or loss also includes expenses for asset management and other financial expenses that are not included in the recognised investment return ratio.

**Table A3(1): Income and expenses per class of asset**

| Class of asset 2022 (TSEK) | Income | Expenses | Earnings |
|---|---|---|---|
| Shares and participations | 15,792 | -111,498 | -95,706 |
| Bonds and other interest-bearing securities, and bank balances | 14,661 | -75,635 | -60,974 |
| Derivatives | 30,302 | -8,986 | 21,316 |
| Shares and participations in associated companies | 49,685 | 0 | 49,685 |
| Exchange-rate gains/losses, net | 0 | -15,445 | -15,445 |
| Asset management expenses (not included in return ratio) | 0 | -4,760 | -4,760 |
| Other financial expenses (not included in return ratio) | 0 | -968 | -968 |
| **Total return according to income statement** | **110,440** | **-217,292** | **-106,852** |

| Class of asset 2021 (TSEK) | Income | Expenses | Earnings |
|---|---|---|---|
| Shares and participations | 133,616 | 0 | 133,616 |
| Bonds and other interest-bearing securities, and bank balances | 4,741 | -9,894 | -5,153 |
| Derivatives | 5,503 | -1,606 | 3,897 |
| Shares and participations in associated companies | 338 | 0 | 338 |
| Exchange-rate gains/losses, net | 0 | -12,706 | -12,706 |
| Asset management expenses (not included in return ratio) | 0 | -3,793 | -3,793 |
| Other financial expenses (not included in return ratio) | 0 | -932 | -932 |
| **Total return according to income statement** | **144,198** | **-28,931** | **115,267** |

## A.3.2 Gains and losses impacting equity

Income and expenses in branches of foreign operations are translated to SEK at the average exchange rate for the year. The loss on currency translations amounted to TSEK -3,340 (2,300) before tax and was recognised in other comprehensive income and accumulated in the revaluation reserve under non-restricted equity.

# A.4 Performance of other activities

There are no other material income or expenses to report.

# A.5 Any other information

### Significant events after the end of the year

In February 2023, Agria took over the role of insurer of Capstone's operations in Ireland and in the Netherlands. At the same time, the former brand Petinsure was changed to Agria Petinsure in the Irish market, and Zoopo in the Dutch market changed name to Agria Dierenverzekering.

There is no other material information about the company's operations and earnings to report.

# B. System of Governance

## B.1 General information on the system of governance
General information on the system of governance is provided in the group-level report, section B.1.

## B.2 Fit and proper requirements
Information about the fit and proper requirements is provided in the group-level report, section B.2.

## B.3 Risk management system including the own risk and solvency assessment
Information about the risk management system including own risk and solvency assessment is provided in the group-level report, section B.3.

## B.4 Internal control system
Information about the company's internal control system is provided in the group-level report, section B.4.

## B.5 Internal audit function
Information about the company's Internal Audit function is provided in the group-level report, section B.5.

## B.6 Actuarial function
Information about the company's Actuarial function is provided in the group-level report, section B.6.

## B.7 Outsourcing

### B.7.1 Governance documents for outsourcing agreements
A Group-wide policy has been adopted for the Länsförsäkringar AB Group regarding outsourced operations, refer to section B.7.1 in the group-level report.

With the framework of this policy, Agria's Board has adopted guidelines for outsourced activities that describe the company's implementation and management of outsourcing in more detail so as to ensure that the company fulfils its obligations under law and other regulations on outsourcing agreements and that the outsourced activities are performed efficiently. The guidelines describe Agria's process for outsourced operations from preparations ahead of outsourcing operations until the termination of the assignment, and stipulate the requirements on the company, the contractor and outsourcing agreement. More detailed instructions on governance and follow-ups of outsourced operations have been decided on by the President.

### B.7.2 Outsourced operations of material significance
Agria has outsourced the following operations and functions of material significance.

| Table B7(1): Outsourced operations of material significance, 31 Dec 2022 | Jurisdiction of the contractor |
|---|---|
| Telephony platform and Contact centre and related services | Sweden |
| Accounting and Finance* | Sweden |
| Asset Management* | Sweden |
| Actuarial services* | Sweden |
| IT management and operations* | Sweden |
| Information and IT security* | Sweden |
| Sales and insurance administration and claims adjustment (UK branch) * | UK |
| IT management and operations, and information and IT security (UK branch) * | UK |
| Claims adjustment for liability insurance, liability claims (Danish branch) | Denmark |
| Claims adjustment for liability insurance, liability claims (Finnish branch) | Finland |
| Claims adjustment for liability insurance, liability claims (French branch) | France |
| Claims adjustment for liability insurance, liability claims (German branch) | Germany |

* Outsourced to other companies in the Länsförsäkringar AB Group.

# B.8 Any other information

## B.8.1 Description of the corporate governance system

The corporate governance system is considered to be effective and appropriate given the nature, scope and complexity of the risks inherent in the operation, and is thus deemed to ensure healthy and responsible governance and control of the company.

## B.8.2 Other information

There is no other material information.

# C. Risk Profile

Agria is exposed to a variety of risks that impact the company's financial position, earnings and target fulfilment. The following describes Agria's operations and risk-taking:

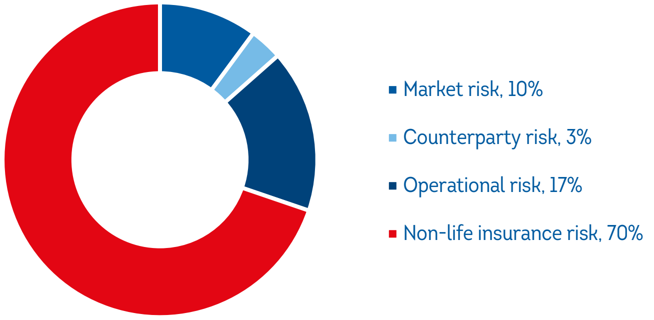
- The company conducts non-life insurance operations, specifically pet and crop insurance
- Operations are conducted in Sweden, Denmark, Finland, France, Norway, the UK, Germany, Ireland and to a small extent in the Netherlands.
- The company's products and services are targeted to private individuals and, to a lesser extent, to agricultural companies.
- The business has reinsurance cover in the areas where it is deemed relevant.
- The company is exposed to market risks through the management of investment assets.

Agria's largest risk exposure to large claims is estimated to be commitments in crop insurance, farm animals insurance and horse insurance, which are limited with reinsurance cover.

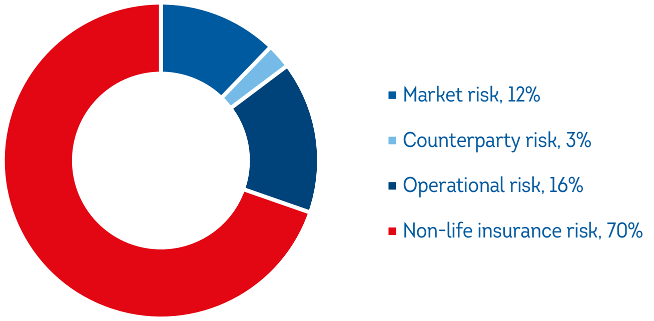
The figure below illustrates the relative specification of Agria's regulatory capital requirement under the insurance rules calculated by applying Länsförsäkringar's partial internal model. The specification does not change compared with 2021 or 2022.

**Figure C(1): Agria's regulatory capital requirement in accordance with Solvency II, including diversification under Länsförsäkringar's internal model**

**31 Dec 2022**




**31 Dec 2021**



# C.1 Underwriting risk[7]

## C.1.1 Risk exposure

Agria's business comprises insurance for pets (dogs, cats and other pets), horses and livestock and crop insurance, and is conducted in Sweden, Denmark, Finland, France, Norway, the UK, Germany, Ireland and the Netherlands. From a non-life insurance perspective, the business has short settlement times, meaning that the time from claim to final payout is short. As a result, claims reserves at any given time are small in relation to the premium portfolio and reserve risk is relatively small. Instead, Agria's underwriting risk, referred to below as insurance risk, is dominated by premium risk. The company is also exposed to cancellation risk since expected profit included in future premiums for existing insurance contracts is part of the company's own funds.

A measure of the exposure to insurance risk is the present value of the expected future cash flows from all insurance contracts. The measure reflects the company's commitments to its customers and corresponds to the best estimate under the Solvency II regulations. Table C1(1) shows the consolidated best estimate for Agria's business areas. Data was collected from the company's insurance and claims system. The best estimate declined since the company had a lower claims ratio in 2022 compared with the preceding year.

**Table C1(1): Exposure to insurance risk. The table shows the net best estimate, after ceded reinsurance**

| Business (TSEK) | 31 Dec 2022 | 31 Dec 2021 |
|---|---|---|
| Sweden | 411,718 | 493,824 |
| International | 180,712 | 187,762 |
| **Total** | **592,430** | **681,587** |

## C.1.2 Risk concentration

Concentration of risk (accumulation risk) could arise when the insurance business is not sufficiently diversified, leading to a single exposure, homogeneous group of exposures or a specific event being able to threaten the solvency of the company or its financial position. Most business, measured in premium income, is conducted in Sweden. Business is growing in other countries in which Agria conducts operations and expansion to more counties is planned for the next few years. Agria's livestock and crop insurance business increases diversification since it has little covariance with other business lines. Sweden benefits from the fact that the country is sparsely populated and has a cold climate, which makes it difficult for infectious diseases in horses and livestock to spread. Close concentrations of sensitive stud farms for cattle, pigs and poultry are taken into consideration in insurance. The product range contains a number of different products, divided into several different animal types without any clear risk correlation. There is no covariance in the significance between life assurance and veterinary care or between types of animals.

The fact that a large share of the business is linked to Sweden is taken into consideration in calculations of capital requirements and stress tests in order to highlight the dependence on and importance of the business area for the company.

## C.1.3 Risk-reduction techniques

**Reinsurance**

Agria's reinsurance cover comprises an important tool in providing protection from large individual claim incidents and high total claims costs in the more volatile businesses in the company. In addition to horse insurance, livestock and crop, Agria takes out reinsurance for dogs (liability) in foreign branches.

The programme provides cover for selected retention up to set limits. Discretionary reinsurance is purchased for insurance amounts exceeding the upper limits of the cover. In addition, the Board regulates the risk levels in the insurance policy by regulating the maximum risk exposure per claim incident and individual risk.

The company's Actuarial function makes an annual statement on the suitability of the reinsurance cover, for which comments are provided in the actuarial report to the Board. The Board decides on the retention and reinsurance conditions, etc., of the stipulated reinsurance at least once a year. The Actuarial function checks to ensure that the selection of risks is suitable by regularly monitoring the adequacy of the premiums and examining underwriting guidelines.

**Other risk-reduction techniques**

Other factors that affect risks are the product composition including diversification, structure of insurance terms and conditions, risk selection rules and risk inspections.

[7] Underwriting risk is known internally in the Länsförsäkringar AB Group as Insurance risk.

### C.1.4 Risk sensitivity
The following table shows the sensitivity of Agria's own funds to changes in the claims frequency.

**Table C1(2): Sensitivity analysis, insurance risk**

| Effect on own funds (TSEK) | 2022 | 2021 |
|---|---|---|
| 10% increased claims frequency | -301,577 | -281,076 |

### C.1.5 Use of special purpose vehicles
Agria does not make use of special purpose vehicles in accordance with Article 211 of the Solvency II Directive.

## C.2 Market risk

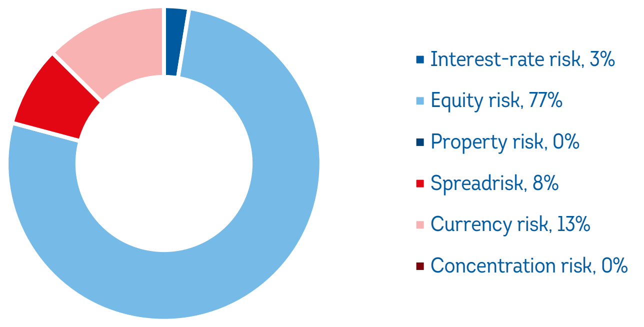
### C.2.1 Risk exposure
Exposure to market risk is measured as the solvency capital requirement for net market risk in assets and liabilities including diversification effects.

Price information for valuation and information on credit quality has been obtained from several different accepted external sources. For liabilities, the exposure corresponds to the best estimate of liabilities to policyholders. The company's assets and liabilities are presented in table D1(1).

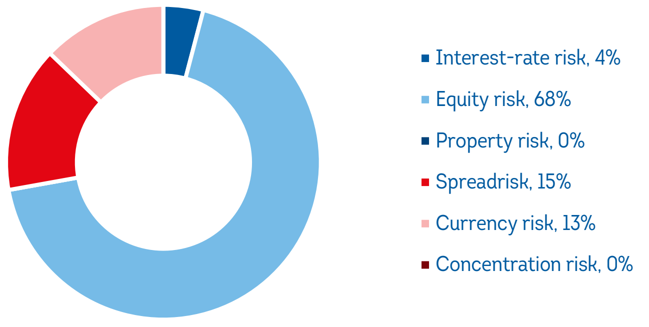
Market risk in the company primarily derives from investment assets and to a lesser extent from insurance liabilities. The main classes in the investment assets are interest-bearing instruments and equities. The interest-bearing investment assets include exposure to interest-rate risk and spread risk from government bonds, mortgage bonds, sustainability-focused bonds and derivative instruments. Interest-rate exposure is also inherent in insurance liabilities by provisions being discounted, but is highly limited due to the short duration in the provisions. The company is exposed to share indexes in developed markets and the currency exposure that exists is due to insurance liabilities and investment assets in other currencies.

**Figure C2(1): Solvency capital requirement for net market risk in assets and liabilities including diversification effects**

**31 Dec 2022**




**31 Dec 2021**




The company's currency exposure is due to insurance liabilities and investment assets in other currencies, refer to table C2(1).

**Table C2(1): Net exposure* by currency in SEK, TSEK**

| 2022 | EUR | GBP | DKK | NOK | USD | Other | Total |
|---|---|---|---|---|---|---|---|
| Investment assets | 112,722 | 54,698 | 88,422 | 149,115 | 96,920 | 16,549 | **518,426** |
| Insurance operations | -66,385 | 38,030 | -63,477 | -67,143 | - | - | **-158,976** |
| Net position (SEK) | 46,337 | 92,728 | 24,944 | 81,972 | 96,920 | 16,549 | **359,451** |
| **2021** | | | | | | | |
| Net position (SEK) | -21,549 | 194,179 | 35,077 | 56,101 | 55,640 | 9,235 | 328,683 |

* Net after taking into account derivatives, assets and liabilities.

### Investments in accordance with the prudent person principle

Refer to section C.2.1 in the group-level report.

## C.2.2 Risk concentration

Concentration risk pertains to the risk of the company's risk exposure not being sufficiently diversified and leading to a single exposure, homogeneous group of exposures or a specific market event threatening the solvency of Agria or its financial position.

Agria has no exposure that generates solvency capital requirements for concentration risk.

## C.2.3 Risk-reduction techniques

The Board of Agria decides on the framework for risk-taking, for example, by adopting investment guidelines and limits for various types of market risk.

### Diversification

The main risk-reduction technique applied to the management of Agria's assets is diversification. The company's investments are spread over several different classes of assets, leading to exposure to various risk factors that react in different ways to fluctuations in the financial markets. This means that as a whole the portfolio is less sensitive to market fluctuations than its portfolio components.

### Reducing market risk by using derivatives

Derivative instruments are utilised in the management of investment assets in order to reduce risks or enhance management efficiency. Derivatives are cleared via central counterparties or managed using credit support annexes (CSAs) with counterparties with high credit quality.  Each new type of derivative instrument undergoes an approval process before it can be used in management. In connection with this, assurances are made that there is understanding of the characteristics of the instruments in the relevant parts of the organisation, that valuations, risk measurement and follow-ups are satisfactory and that risks are adequately identified.

Fixed-income futures are used in management to reduce interest-rate risk. Using these instruments helps to enhance the efficiency of portfolio management by reducing the interest-rate sensitivity without needing to sell the underlying bonds, and thus any coupons and excess returns can be kept. The effect of these derivative strategies is continuously monitored by measuring the interest-rate duration and interest-rate sensitivity of the portfolio.

Management makes regular use of derivative instruments to reduce currency risk in the portfolio. This means that the company can consider established limits on currency exposure without having to refrain from investing in desirable assets that have a different currency risk than SEK. Currency exposure (total and to individual currencies) is monitored continuously.

## C.2.4 Risk sensitivity

The impact of a selection of other sensitivity measures for market risks on own funds is presented in the following table:

**Table C2(2): Sensitivity to market risks, effect on own funds (TSEK)**

| Sensitivity measures (TSEK) | 2022 | 2021 |
|---|---|---|
| 1% higher interest rate* | -8,721 | -12,506 |
| 1% lower interest rate** | 8,801 | 12,766 |
| 10% lower share prices | -31,982 | -32,963 |
| 10% strengthening of SEK | -28,540 | -26,097 |
| 1% higher credit spread | -16,219 | -23,511 |

* Interest-rate sensitivity to a 1% higher interest-rate level in assets and liabilities. Bond holdings are stressed including accrued interest.

** Interest-rate sensitivity to a 1% lower interest-rate level in assets and liabilities. Bond holdings are stressed including accrued interest.

## C.3 Credit risk

For additional information about the company's credit risk, refer to section C.3 of the group-level report.

### C.3.1 Risk exposure

Agria's exposure to counterparty-related credit risk (counterparty risk) primarily arises through cash in hand and to a lesser extent through ceded reinsurance, the use of financial derivatives and exposure to mortgage funds.

The following table shows the total counterparty exposure for financial derivatives, cash in hand and for reinsurers, taking into account collateral received, expressed in market value. The calculation uses consolidated data from the securities system of the Group-wide Asset Management Unit and from insurance systems. The table does not include exposure to mortgage funds in which the value of collateral received far exceeds exposure.

**Table C3(1): Exposure to counterparty-related credit risks per credit rating step, 31 Dec 2022**

| Credit quality step (TSEK) | 31 Dec 2022 | 31 Dec 2021 |
|---|---|---|
| **Cash** | **Net exposure** | **Net exposure** |
| AA | | |
| A | 1,127,349 | 801,900 |
| BBB or lower | 18,441 | 277 |
| **Total** | **1,145,790** | **802,178** |
| **Financial derivatives** | **Net exposure** | **Net exposure** |
| AA | | |
| A | 1,270 | 452 |
| BBB or lower | - | - |
| Clearing via central counterparty | 267 | 230 |
| **Total** | **1,537** | **682** |
| **Reinsurance** | **Net exposure** | **Net exposure** |
| Regional insurance companies | 12,070 | 24,795 |
| AA | - | 1,292 |
| A | 4,710 | - |
| BBB or lower | - | - |
| **Total** | **16,780** | **26,087** |

#### Investments in accordance with the prudent person principle

Refer to section C.3.1 in the group-level report.

### C.3.2 Risk concentration

Agria's largest potential loss if an external counterparty in financial derivatives or bank accounts were to default was TSEK 413,652 at year-end.

### C.3.3 Risk-reduction techniques

The credit risk that arises through counterparties in financial derivatives is primarily reduced by diversifying the counterparties that the company used for trading in financial derivatives, and is managed by applying limits to derivative exposures per counterparty and by signing standardised collateral agreements with all counterparties for OTC derivatives. The size of the permitted exposure depends on the credit rating of the counterparty.

Holdings in loan funds include mortgage funds. Credit risk in mortgage funds is reduced by diversification since a large number of loans is issued by the fund. Lending also takes place only to households with low LTV ratios whose collateral far exceeds the size of the mortgage.

Credit risk from counterparties in ceded reinsurance is limited in the first instance by selecting counterparties with high credit ratings and by applying limits for maximum exposure to each counterparty.

### C.3.4 Risk sensitivity
Most of the counterparty risk exposure has a credit quality step of A or higher.

## C.4 Liquidity risk

### C.4.1 Risk exposure
A non-life insurance company's liquidity risks are low since premiums are received in advance and large individual claims payments and normal payment flows are known well in advance of their maturity dates. In addition, most of the investment assets in the company are available at short notice. The company's expected profit from future premiums was SEK 526 M as per 31 December.

The specification of investment assets per class of asset with various liquidity is presented in the table below.

**Table C4(1): Specification of assets per liquidity class, as a percentage of total investment assets**

| Liquidity class | Class of asset | 2022 | 2021 |
|---|---|---|---|
| 1 | Cash | 26% | 15% |
| 2 | Direct holdings of treasury bills, government bonds, covered bonds | 44% | 56% |
| 3 | Funds traded daily, listed shares | 19% | 18% |
| 4 | Corporate bonds and other bonds | 8% | 7% |
| 5 | Funds with less frequent trading | 0% | 0% |
| 6 | Unlisted shares, Private Equity, Private Debt, directly owned properties, infrastructure and forest | 4% | 3% |

### C.4.2 Risk concentration
Agria believes that the company does not have any risk concentration in liquidity risk.

### C.4.3 Risk-reduction techniques
Investment assets are invested by taking into account the Agria's liquidity needs for meeting its commitments. Liquidity risk is managed by preparing daily forecasts of the company's short-term liquidity requirements (1-2 days), taking into account both inward and outward flows. A liquidity reserve is always maintained to ensure a high level of short-term access to funds. The company also has clear rules regarding how assets are to be deposited to ensure that they are readily available to the company and can thus be realised as needed.

Agria's medium-term liquidity requirements (up to one year) are determined based on, for example, actuarial cash-flow forecasts. Agria identifies any scenarios where forced sales of assets must take place and estimates the expected loss in such scenarios. The cost of any alternative financing sources is included in liquidity planning, but not funding according to the provisions of the Insurance Business Act.

### C.4.4 Risk sensitivity
A non-life insurance company mostly receives payment of premiums in advance. Combined with responsible management of these advance premium payments, and given the liquidity flows of the business, this means that the company's liquidity risk is limited.

# C.5 Operational risk
Agria's exposure to operational risk is aligned with the risk strategy and risk appetite that the group has adopted for operational risk. Information about the company's operational risk is thus provided in the group-level report, section C.5.

# C.6 Other material risks

### C.6.1 Risk exposure
Climate risk represents a direct financial risk in the form of potential impact both on the insurance business and on investments in Agria. Climate risk refers to the risks that the consequences of climate change may have on the company's business activities. Climate risks can materialise either through physical risks, such as more cases of extreme weather and gradually rising sea levels, or through transition risks, such as regulatory, political and market changes related to the transition to a low-carbon society. These are likely to be affected simultaneously, which makes the risk both complex and significant. A selection of risks identified by the operations and the Group's Sustainability Committee are presented in table C6(1) in the group-level report.

In addition to climate risk, Agria is also exposed to business risks, emerging risks and concentration risks.

- Business risk pertains to the risk of lower earnings, higher expenses or loss of confidence from customers or other stakeholders.
- Emerging risks refers to new or changed behaviour patterns, situations or trends that may have a material impact on the company's financial situation, market position or brand in a negative direction within the company's business planning horizon.
- Concentration risk refers to the risk of a single exposure, homogeneous group of exposures or a specific market event resulting in widespread losses even if the operations were to be well-diversified. Concentration risk may derive from concentrations of both assets and liabilities as well as sources of income and suppliers, including suppliers of outsourced services.

### C.6.2 Risk concentration
Concentration risk is deemed to be low since Agria conducts highly diverse investment operations.

### C.6.3 Risk-reduction techniques
The Länsförsäkringar AB Group has a climate-smart vision that entails that the companies are to work actively to reduce climate impact and climate risks throughout operations and to encourage climate adaptation to reduce the damaging impact of climate change. Agria's investments are to be in line with the Paris Agreement by 2030, meaning limiting climate change to 1.5°C.

Climate risk is part of Agria's risk-management system and the Risk Management function reports on climate risk to the Board at least once a year. Agria works on identifying and reducing climate risk in its investments by applying a systematic process for allocation and investment analyses, selection of investments or asset managers, and engagement.

# C.7 Any other information
There is not deemed to be any other relevant information to be provided in this section.

# D. Valuation for Solvency Purposes

## D.1 Assets

### D.1.1 Valuation of assets

In accordance with QRT form s.02.01 (refer to Appendix 1), the following balance sheet shows the material asset items and an overview of total liabilities on 31 December 2022 for Agria with carrying amounts for the financial statements supplemented with reclassifications and Solvency II amounts.[8]

**Table D1(1): Assets and liabilities, 31 Dec 2022**

| Assets (TSEK) | Financial statements | Revaluation | Solvency II |
|---|---|---|---|
| Deferred acquisition costs | 257,176 | -257,176 | 0 |
| Shares and participations in subsidiaries and associated companies | 546,148 | -176,534 | 369,614 |
| Other equities | 25,963 | - | 25,963 |
| Bonds | 1,513,479 | - | 1,513,479 |
| Mutual funds | 505,697 | - | 505,697 |
| Derivatives | 19,906 | - | 19,906 |
| Insurance receivables | 2,561,554 | -2,491,419* | 70,135 |
| Reinsurers' portion of technical provisions (refer to section D.2) | 19,325 | -2,617 | 16,708 |
| Cash and bank balances | 696,741 | - | 696,741 |
| Other asset items | 234,531 | -34,350 | 200,181 |
| **Total assets** | **6,380,520** | **-2,962,096** | **3,418,424** |

* The revaluation item attributable to current premiums that in the Solvency II balance sheet are not included in insurance receivables and instead are taken into best estimate of the technical provisions

| Liabilities (TSEK) | Financial statements | Revaluation | Solvency II |
|---|---|---|---|
| Technical provisions total, gross before ceded reinsurance (refer to section D.2) | 3,181,665 | -2,526,207 | 655,458 |
| Other liabilities (refer to section D.3) | 1,365,926 | -570,448 | 795,478 |
| **Total liabilities** | **4,547,591** | **-3,096,655** | **1,450,936** |
| **Assets minus liabilities** | **1,832,929** | **134,559** | **1,967,488** |

### D.1.2 Valuation principles in the solvency calculation of various classes of asset compared with the financial statements

A more detailed description of the bases for calculation, methods and main assumptions for valuations of tangible assets in the solvency calculation and how these differ from the financial statements is provided in the group-level report, section D.1.2.

Under Solvency II, the best estimate takes into consideration premium receivables, which differs from the financial statements whereby premium receivables are included in receivables. Premiums due for payment after the balance-sheet date are thus measured in the premium reserve and consequently excluded from the assets side in the Solvency II balance sheet (see also section D.2).

The wholly owned subsidiary Agria Pet Insurance brokers insurance and performs claims adjustment for Agria's branch in the UK. The subsidiary is valued at the difference between assets and liabilities under the rules for the Solvency II balance sheet, any goodwill and intangible assets in Agria Pet Insurance are valued at zero.

The wholly owned subsidiary Agria Vet Guide AB offers digital veterinary care through the Agria Vårdguide app. The subsidiary is valued at the difference between assets and liabilities under the rules for the Solvency II balance sheet, any goodwill, and intangible assets in Agria Vet Guide AB are valued at zero.

[8] In the balance sheet, amounts are recognised according to IFRS but classified according to the Solvency II rules in the "financial statements" column. The difference in classification is that investments are primarily distributed between other asset items.

The wholly owned subsidiary Capstone Financial Services Limited distributes pet insurance in Ireland and the Netherlands. The subsidiary is valued at the difference between assets and liabilities under the rules for the Solvency II balance sheet, any goodwill, and intangible assets in Capstone Financial Services Limited are valued at zero.

### D.1.3 Other information about assets

**Assumptions and judgements, including those about future and other significant sources of estimation uncertainty**
Refer to the group-level report, section D.1.4.

## D.2 Technical provisions

### D.2.1 Valuation of technical provisions

Agria divides its operations into three different lines of business, of which the most dominant is business line 7, Insurance for fire and other property damage.

Technical provisions are valued at the amount that the company would be forced to pay in order to transfer its insurance and re-insurance obligations to another insurance company. The amount is consistently calculated as the total of the best estimate and a risk margin. The best estimate is divided into the provision for claims and premium provision. The premium provision refers to expenses for future claims and other expenses for signed agreements. Provision for claims refers to expenses for claim incidents that have already occurred, regardless of whether or not they have been reported, and the cost for adjusting these claims. The risk margin is to correspond to the cost of maintaining the capital needed to meet the company's commitments until they have been finally settled.

The provision for claims is calculated using customary actuarial methods. The most common methods used are:

- Traditional triangulation techniques, known as Development Factor Methods (DFM) based on the historic claims trend for claims paid, known claims costs and number of claims.
- Bornhuetter-Ferguson (B-F), which is a combination of DFM and experienced-based estimates of the claims costs and which is used for claims periods in the near future.
- Cape Cod, which is similar to B-F, where the estimate of claims costs is based on historical exposure data within the scope of the method.
- Naive Loss Ratio provides an expected claims cost based on an assumed claims ratio. This method is typically used for claims periods in the near future where the claims trend is short or for operations for which there is no internal claims history.

The insurance commitments are divided into homogeneous risk groups for which all commitments in a group have a similar risk profile. Calculations are then carried out separately for each homogeneous risk group, with the method that best captures the risk profile of the group chosen. The methods are developed, evaluated, calibrated and adjusted continuously.

The claims adjustment reserve for most business lines was calculated using Ohlsson (2014): Unallocated loss adjustment expense reserving, Scandinavian Actuarial Journal.

The risk margin is calculated in accordance with method 2 in EIOPA's Guidelines on the valuation of technical provisions (EIOPA-BoS-14/166 EN) for simplifying the calculation of the risk margin. The solvency capital requirement for next year will be calculated based on the solvency capital requirement for the current year, which is assumed to be developed over future years in proportion to the trend in the best estimate.

Gross technical provisions on 31 December 2022 are presented in the following table.

**Table D2(1): Technical provisions gross before ceded reinsurance, 31 Dec 2022**

| Business line (TSEK) | Gross best estimate | Risk margin | Technical result provisions, gross |
|---|---|---|---|
| **Direct insurance** | **587,402** | **45,779** | **633,180** |
| Insurance for fire and other property damage | 563,058 | 45,122 | 608,180 |
| General liability insurance | 24,343 | 657 | 25,000 |
| **Proportional reinsurance** | **21,736** | **541** | **22,277** |
| Insurance for fire and other property damage | 21,736 | 541 | 22,277 |
| **Total** | **609,138** | **46,320** | **655,458** |

**Material changes in valuation principles compared with preceding reporting period**
Agria has no material changes to the valuation principles used in the calculation of the technical provisions.

### D.2.2 Valuation principles in the solvency calculation of various business lines compared with the financial statements

In the financial statements, technical provisions are valued in accordance with the Annual Accounts Act for Insurance Companies (ÅRFL) and the FSA's regulations and general guidelines (FFFS 2015:8) regarding insurance business.

**Non-life insurance, premium provision**
The premium reserve in the financial statements and the premium provision in the Solvency II balance sheet are both to cover claims for signed contracts. However, they are calculated differently.

The premium reserve in the financial statements is calculated based on the remaining term for signed contracts. If the premium reserve is not deemed to cover future costs for these contracts, the difference outstanding is added. Premiums to be paid after the balance-sheet date are recognised as an asset in the financial statements.

In the Solvency II balance sheet, the premium provision is calculated based on future claims costs and operating expenses, less future premium payments. Premiums to be paid after the balance-sheet date are thus included in the premium provision and are not recognised as an asset in the Solvency II balance sheet. The provision is discounted and a risk margin is added.

**Non-life insurance, provision for claims**
The basis for the provision for claims is, both in the financial statements and in the Solvency II balance sheet, an estimate of the future costs. In the financial statements, discounting is only permitted for non-life insurance with long settlement periods. Non-life insurance is not currently discounted in the financial statements.

The entire provision is discounted in the Solvency II balance sheet. In addition, the Solvency II balance sheet includes a risk margin. The financial statements contain an implicit margin to achieve a satisfactory reserve. Also for the Solvency II balance sheet, future premium payments for past insurance periods are deducted.

The material differences between the Solvency II balance sheet and the financial statements per business line are presented in the following table. In most cases, the technical provisions in the financial statements exceed those in the Solvency II balance sheet.

**Table D2(2): Technical provisions gross according to financial statements and Solvency II balance sheet on 31 Dec 2022**

| Business line (TSEK) | Technical provisions Fi-statements, gross | Revaluation | Technical provisions balance sheet, gross |
|---|---|---|---|
| **Direct insurance** | **3,152,832** | **-2,519,652** | **633,180** |
| Insurance for fire and other property damage | 3,124,657 | -2,516,477 | 608,180 |
| General liability insurance | 28,175 | -3,175 | 25,000 |
| **Proportional reinsurance** | **28,832** | **-6,555** | **22,277** |
| Insurance for fire and other property damage | 28,832 | -6,555 | 22,277 |
| **Total technical provisions** | **3,181,664** | **-2,526,207** | **655,458** |

### D.2.3 Other information about technical provisions

**Recoverables from reinsurance contracts and special purpose vehicles**
The reinsurers' portion of the best estimate refers to the amount we expect to recoup from our reinsurance contracts. The best estimate is calculated separately for premium provisions and the provision for claims. The calculation takes place using a similar method to the one described in section D.2.1.

Adjustments for default of the counterparty have been based on the company's rating, if it has one, and on the solvency ratio if it does not have a rating.

The reinsurers' portion of technical provisions per line of business is presented in the following table.

**Table D2(3): Reinsurers' portion of technical provisions, 31 Dec 2022**

| Business line (TSEK) | Best estimate |
|---|---|
| **Direct insurance** | |
| Insurance for fire and other property damage | 11,474 |
| General liability insurance | 5,235 |
| **Total** | **16,708** |

**Uncertainty associated with calculations**
By its very nature, the best estimate is associated with uncertainty. The uncertainty in the premium provision is a result of the uncertainty in the assumptions used to estimate future claims costs, operating expenses and the share of cancelled insurance contracts.

The uncertainty in the provision for claims is mainly due to the fact that we do not know if all claims are reported or how expensive they will be. Uncertainty varies depending on the type of claim that is most common in a business line. Few and large claims typically give rise to greater uncertainty compared with a higher number of smaller claims. Claims that take a long time to adjust also lead to greater uncertainty.

Customary actuarial and statistical models are used in all calculations to handle this uncertainty. Actual costs are regularly followed up against estimates to analyse and evaluate uncertainty in the provisions.

## D.3 Other liabilities

The following section encompasses all categories of liabilities that are deemed to be material to Agria, except technical provisions.

### D.3.1 Valuation of other liabilities

In accordance with QRT form s.02.01 (refer to Appendix 1), the following table shows the material liability items, excluding technical provisions, and an overview of total liabilities on 31 December 2022 for Agria with carrying amounts for the financial statements supplemented with reclassifications and Solvency II amounts.[9]

**Table: D3(1): Other liabilities, 31 Dec 2022**

| Other liabilities (TSEK) | Financial statements | Revaluation | Solvency II |
|---|---|---|---|
| Deferred tax liabilities | - | 120,624 | 120,624 |
| Derivatives | 24,327 | - | 24,327 |
| Liabilities (operations, not insurance) | 534,952 | - | 534,952 |
| Accrued expenses and deferred income | 779,345 | -695,465* | 83,880 |
| Other liability items | 27,302 | 4,393 | 31,695 |
| **Total other liabilities** | **1,365,926** | **-570,448** | **795,478** |

* The revaluation is attributable to current premiums that in the Solvency II balance sheet are not included in deferred income and instead are taken into ac-

technical provisions

### D.3.2 Valuation principles in the solvency calculation of various liability items compared with the financial statements

A more detailed description of the bases for calculation, methods and main assumptions for valuations of material liabilities in the solvency calculation and how these differ from the financial statements is provided in the group-level report, section D.3.2.

**Deferred tax liabilities**

Deferred tax is calculated for temporary differences between carrying amounts and tax bases of assets and liabilities. The revaluation between the financial statements and Solvency II now also entails a calculation of deferred tax liabilities for applicable items. The differences between the financial statements and Solvency II are attributable to deferred tax on the revaluation amounts and certain untaxed reserves, and that deferred tax liabilities were recognised net against deferred tax assets in Solvency II.

The company's Solvency II balance sheet includes recognition of net deferred tax liabilities amounting to TSEK 120,624 attributable to untaxed reserves in an amount of TSEK 62,610, deferred acquisition costs (DAC) in an amount of TSEK -52,978 and revaluation of technical provisions, net in an amount of TSEK 149,940. The tax allocation reserves can be reversed regardless of earnings in the company but not later than six years after a provision is made. The equalisation reserve is an untaxed reserve that according to the Articles of Association may be used only to cover losses in the actual insurance operations and – after such losses have been absorbed – losses in the business operations in their entirety, unless the losses according to the Articles of Association are to be covered by other provisions. Deferred tax attributable to intangible assets is changed in connection with amortisation, any impairment and new acquisitions recognised in the legal reports.

The following table shows deferred tax liabilities in the Solvency II balance sheet.

[9] In the balance sheet, amounts are recognised according to IFRS but classified according to the Solvency II rules in the "financial statements" column.

**Table D3(2): Deferred tax liabilities, 31 Dec 2022**

| TSEK | Financial statements | Revaluation | Solvency II amount | Date of maturity |
|---|---|---|---|---|
| Receivables | -38,949 | - | -38,949 | |
| *Tax allocation reserve:* | | | | |
| – Reserve for 2017 | - | 10,920 | 10,920 | 2023-12-31 |
| – Reserve for 2018 | - | 8,954 | 8,954 | 2024-12-31 |
| – Reserve for 2019 | - | 9,202 | 9,202 | 2025-12-31 |
| – Reserve for 2020 | - | 8,774 | 8,774 | 2026-12-31 |
| – Reserve for 2021 | - | 17,510 | 17,510 | 2027-12-21 |
| Equalisation reserve | - | 7,250 | 7,250 | |
| Revaluation DAC | - | -52,978 | -52,978 | |
| Revaluation technical provisions, net | - | 149,941 | 149,941 | |
| **Total deferred tax assets (-)/liabilities (+)** | **-38,949** | **159,573** | **120,624** | |

### D.3.3 Other information about other liabilities

**Assumptions and judgements, including those about future and other significant sources of estimation uncertainty**
Regarding assumptions and judgements, including those about future and other significant sources of estimation uncertainty, refer to the group-level report, section D.1.4.

**Leases and pension provisions**
For information on leases and forms of employment, refer to the group-level report, section D.3.4.

## D.4 Alternative methods for valuation

Information about the alternative methods for valuation is provided in the group-level report, section D.4.

## D.5 Other information

Other information about the valuation for solvency purposes is provided in the group-level report, section D.5.

# E. Capital Management (financing)

Agria's own funds at year-end amounted to TSEK 1,717,488 and comprised capital of the highest quality. The solvency capital requirement amounted to TSEK 996,751, providing a solvency ratio (own funds divided by the solvency capital requirement) of 172% at year-end. The minimum capital requirement amounted to TSEK 448,538, which own funds cover by a very healthy margin.

Own funds decreased TSEK 244,735 during the year, while the solvency capital requirement increased TSEK 55,123. The reasons for the changes are presented under the relevant sections below. In total, Agria's solvency ratio declined 36 percentage points compared with the end of the preceding year when the ratio was 208%.

## E.1 Own funds

### E.1.1 Management of own funds: Targets, governance and processes

Information about own funds is provided in the group-level report, section E.1.1.

### E.1.2 Composition of own funds

Own funds comprise Tier 1 capital and ancillary own funds. More detailed information about this is provided in the group-level report, section E.1.2. All capital in Agria comprises Tier 1 capital, which is capital of the highest quality.

Own funds in Agria declined TSEK 244,735 during the reporting period to TSEK 1,717,488. Net profit for the year resulted in a positive effect of TSEK 361,573 on own funds. The planned dividend to Länsförsäkringar AB for the next reporting period is TSEK 250,000 and in addition a Group contribution of TSEK 350,000 will be paid to Länsförsäkringar AB that, net after tax, impacted equity at year-end in an amount of TSEK 277,900. Both of these items reduce own funds. Large items that otherwise impacted own funds were the revaluation of technical provisions, which increased TSEK 128,554 during the year, and a revaluation of shares in subsidiaries and associated companies, which decreased TSEK 104,518.

The following table shows the composition of own funds for Agria at the end of the reporting period and at the beginning of the period, and specifies the composition of the reconciliation reserve. For further information on the composition of own funds at the end of the reporting period (including the composition of the reconciliation reserve), refer to QRT form s.23.01 in Appendix 1.

No own funds instruments were issued or redeemed during the reporting period.

For a specification of the items encompassed by *Revaluation of items from the financial statements to the Solvency II balance sheet*, refer to table E1(2) which presents a bridge from recognised equity to own funds.

**Table E1(1): Composition of own funds**

| **Own funds (TSEK)** | **31 Dec 2022** | **31 Dec 2021** |
|---|---|---|
| Ordinary share capital | 40,000 | 40,000 |
| Reconciliation reserve | 1,677,488 | 1,922,223 |
| **Total own funds** | **1,717,488** | **1,962,223** |

| **Specification of composition of reconciliation reserve (TSEK)** | **31 Dec 2022** | **31 Dec 2021** |
|---|---|---|
| Other equity than ordinary share capital | 1,032,813 | 951,791 |
| Predictable dividends | -250,000 | - |
| Untaxed reserves | 760,116 | 820,116 |
| Revaluation of items from the financial statements to the Solvency II balance sheet | 134,559 | 150,316 |
| **Total reconciliation reserve** | **1,677,488** | **1,922,223** |

All items comprise level 1 Tier 1 capital.

### E.1.3 Own funds to cover solvency capital requirement and minimum capital requirement

Information about the eligibility criteria of own funds is provided in the group-level report, section E.1.3.

### E.1.4 Bridge from recognised equity to own funds

The following table presents a bridge from recognised equity to own funds for Agria. The table refers to own funds available to cover solvency capital requirements. See the reference in the preceding section on the difference compared with own funds available to cover minimum capital requirements.

More detailed explanations for items revalued from the financial statements to the Solvency II balance sheet according to the table below are presented in sections D.1.2 and D.3.2 in the group-level report.

Agria has relatively high deferred acquisition costs that are allocated over the term of the insurance contract. These costs are valued at zero in own funds, which gave rise to a revaluation of TSEK -257,176.

The total effect on own funds attributable to the revaluation of technical provisions, net, according to Solvency II amounted to TSEK 727,866. The largest portion refers to revaluation of premium reserves of TSEK 717,195 and a smaller portion refers to the provision for claims payments of TSEK 36,982. The revaluation of premium reserves is positive since the expected profits are included in the Solvency II balance sheet when the insurance contract is signed. The revaluation effect gradually reduces when the premium reserve is dissolved and the actual earnings are accrued in the income statement. Revaluation of technical provisions also comprised a discount effect that amounted to TSEK 20,009 and a risk margin of TSEK -46,320.

The adjustment of the value of equities in subsidiaries and associated companies of TSEK -176,534 primarily pertains to the subsidiaries Agria Pet Insurance, Agria Vet Guide AB and Capstone Financial Services Limited.

Revaluation of deferred tax was TSEK -159,573 and primarily derives from the positive revaluation item for technical provisions and from untaxed reserves.

**Table E1(2): Bridge from recognised equity to own funds**

| TSEK | 31 Dec 2022 | 31 Dec 2021 |
|---|---|---|
| Equity according to statutory accounts including untaxed reserves | 1,832,929 | 1,811,907 |
| Predictable dividends | -250,000 | - |
| Revaluation of intangible assets | 0 | -4,850 |
| Revaluation of deferred acquisition costs | -257,176 | -219,015 |
| Revaluation IFRS 16 Leases | -24 | -60 |
| Revaluation of technical provisions | 727,866 | 599,312 |
| Revaluation of deferred tax | -159,573 | -153,055 |
| Revaluation of shares in subsidiaries and associated companies | -176,534 | -72,016 |
| **Total own funds** | **1,717,488** | **1,962,223** |

# E.2 Solvency Capital Requirement and Minimum Capital Requirement

## E.2.1 Amount of Solvency Capital Requirement and Minimum Capital Requirement

In accordance with QRT form s.25.02 and s.28.01 (refer to Appendix 1), the company's solvency and minimum capital requirements are presented in the table below. Agria's capital requirement increased during the year mainly as a result of increased insurance risk and increased operational risk due to growing business.

**Table E2(1): Capital requirement per risk category and minimum capital requirements**

| TSEK | 31 Dec 2022 | 31 Dec 2021 |
|---|---|---|
| Market risk | 184,532 | 204,781 |
| Non-life insurance risk | 876,380 | 833,373 |
| Counterparty risk | 59,110 | 42,444 |
| Operational risk | 166,919 | 146,888 |
| Diversification | -148,577 | -151,462 |
| Adjustment, risk absorption tax | -141,612 | -134,395 |
| **Solvency capital requirement (SCR), Agria** | **996,751** | **941,629** |
| **Minimum capital requirement (MCR), Agria** | **448,538** | **423,733** |

## E.2.2 Reason for use of simplified calculations

Agria does not use any such simplification in its calculation of solvency capital requirements that are permitted under certain conditions in accordance with European Commission Delegated Regulation (EU) 2015/35.

## E.2.3 Reason for use of undertaking-specific parameters

Agria does not use undertaking-specific parameters for calculating the solvency capital requirement for insurance risk.

## E.2.4 Capital add-on

The FSA has not decided on any capital add-on for Agria.

## E.2.5 Data used for calculating minimum capital requirement

Information regarding the data used for calculating the minimum capital requirement is provided in the group-level report, section E.2.5.

## E.2.6 Material changes to capital requirements during the reporting period

No material change to the capital requirement has taken place, refer to table E2(1).

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

The company does not use the duration-based method for calculating the solvency capital requirement for equity risk.

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

Information regarding the internal model for calculating the solvency capital requirement is provided in the group-level report, section E.4.

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

Neither the minimum capital requirement nor the solvency capital requirement were breached during the reporting period.

# E.6 Any other information

There is not deemed to be any other relevant information to be provided in this section.

# Appendix

## Appendix 1: Quantitative reporting templates

Länsförsäkringar Group under the insurance rules

Agria Djurförsäkring

# Insurance operations at group level

## S.02.01 Balance sheet

| | | Solvency II value |
|---|---|---|
| **Assets** | | C0010 |
| Goodwill | R0010 | |
| Deferred acquisition costs | R0020 | |
| Intangible assets | R0030 | 0 |
| Deferred tax assets | R0040 | 0 |
| Pension benefit surplus | R0050 | |
| Property, plant & equipment held for own use | R0060 | 1,469,239 |
| Investments (other than assets held for index-linked and unit-linked contracts) | R0070 | 32,938,085 |
| Property (other than for own use) | R0080 | |
| Holdings in related undertakings, including participations | R0090 | 19,399,516 |
| Equities | R0100 | 3,101,735 |
| Equities - listed | R0110 | 214,011 |
| Equities - unlisted | R0120 | 2,887,724 |
| Bonds | R0130 | 5,286,133 |
| Government Bonds | R0140 | 2,168,128 |
| Corporate Bonds | R0150 | 3,118,005 |
| Structured notes | R0160 | |
| Collateralised securities | R0170 | |
| Collective Investments Undertakings | R0180 | 5,028,564 |
| Derivatives | R0190 | 122,137 |
| Deposits other than cash equivalents | R0200 | |
| Other investments | R0210 | |
| Assets held for index-linked and unit-linked contracts | R0220 | 192,086,234 |
| Loans and mortgages | R0230 | 85,730 |
| Loans on policies | R0240 | |
| Loans and mortgages to individuals | R0250 | |
| Other loans and mortgages | R0260 | 85,730 |
| Reinsurance recoverables from: | R0270 | 6,591,178 |
| Non-life and health similar to non-life | R0280 | 5,271,063 |
| Non-life excluding health | R0290 | 5,155,566 |
| Health similar to non-life | R0300 | 115,497 |
| Life and health similar to life, excluding health and index-linked and unit-linked | R0310 | 1,320,108 |
| Health similar to life | R0320 | 31,190 |
| Life excluding health and index-linked and unit-linked | R0330 | 1,288,918 |
| Life index-linked and unit-linked | R0340 | 7 |
| Deposits to cedants | R0350 | 162,163 |
| Insurance and intermediaries receivables | R0360 | 245,256 |
| Reinsurance receivables | R0370 | 728,840 |
| Receivables (trade, not insurance) | R0380 | 1,363,711 |
| Own shares (held directly) | R0390 | |
| Amounts due in respect of own fund items or initial fund called up but not yet paid in | R0400 | |
| Cash and cash equivalents | R0410 | 5,226,710 |
| Any other assets, not elsewhere shown | R0420 | 514,241 |
| **Total assets** | R0500 | 241,411,387 |

## S.02.01 Balance sheet, cont.

| | | Solvency II value |
|---|---|---|
| **Liabilities** | | C0010 |
| Technical provisions - non-life | R0510 | 9,203,981 |
| Technical provisions - non-life (excluding health) | R0520 | 8,051,493 |
| Technical provisions calculated as a whole | R0530 | |
| Best Estimate | R0540 | 7,918,256 |
| Risk margin | R0550 | 133,237 |
| Technical provisions - health (similar to non-life) | R0560 | 1,152,488 |
| Technical provisions calculated as a whole | R0570 | |
| Best Estimate | R0580 | 1,106,224 |
| Risk margin | R0590 | 46,264 |
| Technical provisions - life (excluding index-linked and unit-linked) | R0600 | 7,431,191 |
| Technical provisions - health (similar to life) | R0610 | 386,783 |
| Technical provisions calculated as a whole | R0620 | |
| Best Estimate | R0630 | 276,870 |
| Risk margin | R0640 | 109,913 |
| Technical provisions - life (excluding health and index-linked and unit-linked) | R0650 | 7,044,408 |
| Technical provisions calculated as a whole | R0660 | |
| Best Estimate | R0670 | 6,866,509 |
| Risk margin | R0680 | 177,899 |
| Technical provisions - index-linked and unit-linked | R0690 | 180,000,737 |
| Technical provisions calculated as a whole | R0700 | |
| Best Estimate | R0710 | 177,995,123 |
| Risk margin | R0720 | 2,005,614 |
| Other technical provisions | R0730 | |
| Contingent liabilities | R0740 | 10,928 |
| Provisions other than technical provisions | R0750 | 67,142 |
| Pension benefit obligations | R0760 | 46,238 |
| Deposits from reinsurers | R0770 | 63,235 |
| Deferred tax liabilities | R0780 | 265,874 |
| Derivatives | R0790 | 57,288 |
| Debts owed to credit institutions | R0800 | |
| Financial liabilities other than debts owed to credit institutions | R0810 | 1,210,492 |
| Insurance & intermediaries payables | R0820 | 756,117 |
| Reinsurance payables | R0830 | 54,087 |
| Payables (trade, not insurance) | R0840 | 956,411 |
| Subordinated liabilities | R0850 | |
| Subordinated liabilities not in Basic Own Funds | R0860 | |
| Subordinated liabilities in Basic Own Funds | R0870 | |
| Any other liabilities, not elsewhere shown | R0880 | 701,564 |
| **Total liabilities** | R0900 | 200,825,285 |
| **Excess of assets over liabilities** | R1000 | 40,586,102 |

## S.05.01 Premiums, claims and expenses by line of business – non-life insurance

| | | Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance) | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Medical expense insurance | Income protection insurance | Workers' compensation insurance | Motor vehicle liability insurance | Other motor insurance | Marine, aviation and transport insurance | Fire and other damage to property insurance | General liability insurance | Credit and suretyship insurance | Legal expenses insurance | Assistance | Miscellaneous financial loss |
| | | C0010 | C0020 | C0030 | C0040 | C0050 | C0060 | C0070 | C0080 | C0090 | C0100 | C0110 | C0120 |
| **Premiums written** | | | | | | | | | | | | | |
| Gross - Direct Business | R0110 | 898,129 | 481,771 | | 51,701 | 365,447 | 180,910 | 5,779,268 | 380,429 | 13,990 | 2,347 | 26,904 | |
| Gross - Proportional reinsurance accepted | R0120 | | 527 | | 0 | -100 | 877 | 175,920 | 18,436 | | | | |
| Gross - Non-proportional reinsurance accepted | R0130 | | | | | | | | | | | | |
| Reinsurers' share | R0140 | 0 | 685 | | 8,842 | 199,156 | 9,769 | 175,351 | 18,604 | 11,352 | 101 | 26,903 | |
| Net | R0200 | 898,129 | 481,613 | | 42,859 | 166,191 | 172,018 | 5,779,837 | 380,261 | 2,638 | 2,246 | 1 | |
| **Premiums earned** | | | | | | | | | | | | | |
| Gross - Direct Business | R0210 | 873,581 | 464,451 | | 48,506 | 357,176 | 175,623 | 5,604,502 | 372,509 | 10,014 | 2,548 | 27,256 | |
| Gross - Proportional reinsurance accepted | R0220 | | 1,122 | | 0 | -100 | 964 | 168,208 | 18,473 | | | | |
| Gross - Non-proportional reinsurance accepted | R0230 | | | | | | | | | | | | |
| Reinsurers' share | R0240 | 0 | 685 | | 8,842 | 198,153 | 9,452 | 177,611 | 20,676 | 8,171 | 118 | 27,291 | |
| Net | R0300 | 873,581 | 464,888 | | 39,664 | 158,923 | 167,135 | 5,595,099 | 370,306 | 1,843 | 2,430 | -35 | |
| **Claims incurred** | | | | | | | | | | | | | |
| Gross - Direct Business | R0310 | 651,816 | 196,958 | | -25,448 | 362,861 | 129,801 | 3,513,969 | 187,384 | 38,093 | 3,006 | 26,520 | |
| Gross - Proportional reinsurance accepted | R0320 | | 1,233 | | 3,174 | -328 | -383 | 80,269 | 7,016 | | | | |
| Gross - Non-proportional reinsurance accepted | R0330 | | | | | | | | | | | | |
| Reinsurers' share | R0340 | 0 | 5,985 | | -75,919 | 234,985 | 27,365 | 39,457 | 3,486 | 30,274 | 0 | 26,507 | |
| Net | R0400 | 651,816 | 192,206 | | 53,645 | 127,548 | 102,053 | 3,554,781 | 190,914 | 7,819 | 3,006 | 13 | |
| **Changes in other technical provisions** | | | | | | | | | | | | | |
| Gross - Direct Business | R0410 | 0 | 0 | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Gross - Proportional reinsurance accepted | R0420 | | 0 | | 0 | 0 | 0 | 0 | 0 | | | | |
| Gross - Non-proportional reinsurance accepted | R0430 | | | | | | | | | | | | |
| Reinsurers' share | R0440 | 0 | 0 | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Net | R0500 | 0 | 0 | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| **Expenses incurred** | R0550 | 247,239 | 169,602 | | 10,825 | 41,129 | 55,037 | 1,601,837 | 125,427 | 735 | 2,333 | 0 | |
| **Other expenses** | R1200 | | | | | | | | | | | | |
| **Total expenses** | R1300 | | | | | | | | | | | | |

## S.05.01 Premiums, claims and expenses by line of business – non-life insurance, cont.

| | | Line of business for: accepted non-proportional reinsurance | | | | Total |
|---|---|---|---|---|---|---|
| | | Health | Casualty | Marine, aviation, transport | Property | |
| | | C0130 | C0140 | C0150 | C0160 | C0200 |
| **Premiums written** | | | | | | |
| Gross - Direct Business | R0110 | | | | | 8,180,896 |
| Gross - Proportional reinsurance accepted | R0120 | | | | | 195,660 |
| Gross - Non-proportional reinsurance accepted | R0130 | 50,926 | 312,213 | 9,802 | 1,436,545 | 1,809,486 |
| Reinsurers' share | R0140 | 42,131 | 307,173 | 0 | 997,618 | 1,797,685 |
| Net | R0200 | 8,795 | 5,040 | 9,802 | 438,927 | 8,388,357 |
| **Premiums earned** | | | | | | |
| Gross - Direct Business | R0210 | | | | | 7,936,166 |
| Gross - Proportional reinsurance accepted | R0220 | | | | | 188,667 |
| Gross - Non-proportional reinsurance accepted | R0230 | 51,140 | 310,717 | 9,842 | 1,452,594 | 1,824,293 |
| Reinsurers' share | R0240 | 42,131 | 307,174 | 0 | 994,560 | 1,794,864 |
| Net | R0300 | 9,009 | 3,543 | 9,842 | 458,034 | 8,154,262 |
| **Claims incurred** | | | | | | |
| Gross - Direct Business | R0310 | | | | | 5,084,960 |
| Gross - Proportional reinsurance accepted | R0320 | | | | | 90,981 |
| Gross - Non-proportional reinsurance accepted | R0330 | 116,379 | -1,240,389 | 15,218 | 1,302,223 | 193,431 |
| Reinsurers' share | R0340 | 96,609 | -1,182,351 | 0 | 1,026,334 | 232,732 |
| Net | R0400 | 19,770 | -58,038 | 15,218 | 275,889 | 5,136,640 |
| **Changes in other technical provisions** | | | | | | |
| Gross - Direct Business | R0410 | | | | | 0 |
| Gross - Proportional reinsurance accepted | R0420 | | | | | 0 |
| Gross - Non-proportional reinsurance accepted | R0430 | 0 | 0 | 0 | 0 | 0 |
| Reinsurers' share | R0440 | 0 | 0 | 0 | 0 | 0 |
| Net | R0500 | 0 | 0 | 0 | 0 | 0 |
| **Expenses incurred** | R0550 | 352 | 118 | 2,456 | 55,489 | 2,312,579 |
| **Other expenses** | R1200 | | | | | 1,903 |
| **Total expenses** | R1300 | | | | | 2,314,482 |

## S.05.01 Premiums, claims and expenses by line of business – life insurance

| | | Line of Business for: life insurance obligations | | | | | | Life reinsurance obligations | | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Health insurance | Insurance with profit participation | Index-linked and unit-linked insurance | Other life insurance | Annuities stemming from non-life insurance contracts and relating to health insurance obligations | Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations | Health reinsurance | Life reinsurance | |
| | | C0210 | C0220 | C0230 | C0240 | C0250 | C0260 | C0270 | C0280 | C0300 |
| **Premiums written** | | | | | | | | | | |
| Gross | R1410 | 258,410 | 550,646 | 17,483,707 | 410,725 | 0 | 1,000 | | | 18,704,488 |
| Reinsurers' share | R1420 | 36,432 | 0 | 74 | 1,402 | 0 | 1,000 | | | 38,908 |
| Net | R1500 | 221,978 | 550,646 | 17,483,633 | 409,323 | 0 | 0 | | | 18,665,580 |
| **Premiums earned** | | | | | | | | | | |
| Gross | R1510 | 258,410 | 550,646 | 17,483,707 | 410,725 | 0 | 1,000 | | | 18,704,488 |
| Reinsurers' share | R1520 | 36,432 | 0 | 74 | 1,402 | 0 | 1,000 | | | 38,908 |
| Net | R1600 | 221,978 | 550,646 | 17,483,633 | 409,323 | 0 | 0 | | | 18,665,580 |
| **Claims incurred** | | | | | | | | | | |
| Gross | R1610 | 86,074 | 223,698 | 10,709,974 | 194,981 | 210 | 78,555 | | | 11,293,492 |
| Reinsurers' share | R1620 | 6,663 | 0 | 1 | 11 | 0 | 42,476 | | | 49,151 |
| Net | R1700 | 79,411 | 223,698 | 10,709,973 | 194,970 | 210 | 36,079 | | | 11,244,341 |
| **Changes in other technical provisions** | | | | | | | | | | |
| Gross | R1710 | 0 | 543,233 | 32,934,196 | -14,384 | 0 | 0 | | | 33,463,045 |
| Reinsurers' share | R1720 | 0 | 0 | 0 | 0 | 0 | 0 | | | 0 |
| Net | R1800 | 0 | 543,233 | 32,934,196 | -14,384 | 0 | 0 | | | 33,463,045 |
| **Expenses incurred** | R1900 | 145,132 | 35,019 | 1,447,747 | 107,714 | | | | | 1,735,612 |
| **Other expenses** | R2500 | | | | | | | | | 86,344 |
| **Total expenses** | R2600 | | | | | | | | | 1,821,956 |

## S.05.02 Premiums, claims and expenses by country – non-life insurance

| | | Home Country | Total Top 5 and home country | Top 5 countries (by amount of gross premiums written) - non-life obligations | | | | |
|---|---|---|---|---|---|---|---|---|
| | R0010 | | | (GB) United Kingdom | (NO) Norway | (DK) Denmark | | |
| | | C0080 | C0140 | C0090 | C0090 | C0090 | C0090 | C0090 |
| **Premiums written** | | | | | | | | |
| Gross - Direct Business | R0110 | 5,548,549 | 7,975,605 | 1,189,441 | 863,867 | 373,748 | | |
| Gross - Proportional reinsurance accepted | R0120 | 44,409 | 81,373 | 12,501 | 11,563 | 12,900 | | |
| Gross - Non-proportional reinsurance accepted | R0130 | 1,398,383 | 1,436,634 | 21,058 | 12,005 | 5,188 | | |
| Reinsurers' share | R0140 | 1,794,263 | 1,797,403 | 0 | 325 | 2,815 | | |
| Net | R0200 | 5,197,078 | 7,696,209 | 1,223,000 | 887,110 | 389,021 | | |
| **Premiums earned** | | | | | | | | |
| Gross - Direct Business | R0210 | 5,452,862 | 7,753,302 | 1,131,380 | 813,892 | 355,168 | | |
| Gross - Proportional reinsurance accepted | R0220 | 44,614 | 80,091 | 11,490 | 11,164 | 12,823 | | |
| Gross - Non-proportional reinsurance accepted | R0230 | 1,398,104 | 1,437,349 | 21,453 | 12,609 | 5,183 | | |
| Reinsurers' share | R0240 | 1,791,442 | 1,794,582 | 0 | 325 | 2,815 | | |
| Net | R0300 | 5,104,138 | 7,476,160 | 1,164,323 | 837,340 | 370,359 | | |
| **Claims incurred** | | | | | | | | |
| Gross - Direct Business | R0310 | 3,515,887 | 4,977,319 | 690,682 | 532,385 | 238,365 | | |
| Gross - Proportional reinsurance accepted | R0320 | -6,801 | 6,608 | 3,156 | 4,497 | 5,756 | | |
| Gross - Non-proportional reinsurance accepted | R0330 | -316,876 | -241,489 | 23,312 | 46,807 | 5,268 | | |
| Reinsurers' share | R0340 | 228,977 | 232,732 | 0 | 0 | 3,755 | | |
| Net | R0400 | 2,963,233 | 4,509,706 | 717,150 | 583,689 | 245,634 | | |
| **Changes in other technical provisions** | | | | | | | | |
| Gross - Direct Business | R0410 | 0 | 0 | 0 | 0 | 0 | | |
| Gross - Proportional reinsurance accepted | R0420 | 0 | 0 | 0 | 0 | 0 | | |
| Gross - Non-proportional reinsurance accepted | R0430 | 0 | 0 | 0 | 0 | 0 | | |
| Reinsurers' share | R0440 | 0 | 0 | 0 | 0 | 0 | | |
| Net | R0500 | 0 | 0 | 0 | 0 | 0 | | |
| **Expenses incurred** | R0550 | 1,392,931 | 2,038,199 | 374,623 | 167,871 | 102,774 | | |
| **Other expenses** | R1200 | | 1,903 | | | | | |
| **Total expenses** | R1300 | | 2,040,102 | | | | | |

## S.05.02 Premiums, claims and expenses by country – life insurance

| | | Home Country | Total Top 5 and home country | Top 5 countries (by amount of gross premiums written) - life obligations | | | | |
|---|---|---|---|---|---|---|---|---|
| | R1400 | | | | | | | |
| | | C0220 | C0280 | C0230 | C0230 | C0230 | C0230 | C0230 |
| **Premiums written** | | | | | | | | |
| Gross | R1410 | 18,704,488 | 18,704,488 | | | | | |
| Reinsurers' share | R1420 | 38,908 | 38,908 | | | | | |
| Net | R1500 | 18,665,580 | 18,665,580 | | | | | |
| **Premiums earned** | | | | | | | | |
| Gross | R1510 | 18,704,488 | 18,704,488 | | | | | |
| Reinsurers' share | R1520 | 38,908 | 38,908 | | | | | |
| Net | R1600 | 18,665,580 | 18,665,580 | | | | | |
| **Claims incurred** | | | | | | | | |
| Gross | R1610 | 11,293,492 | 11,293,492 | | | | | |
| Reinsurers' share | R1620 | 49,151 | 49,151 | | | | | |
| Net | R1700 | 11,244,341 | 11,244,341 | | | | | |
| **Changes in other technical provisions** | | | | | | | | |
| Gross | R1710 | 33,463,045 | 33,463,045 | | | | | |
| Reinsurers' share | R1720 | 0 | 0 | | | | | |
| Net | R1800 | 33,463,045 | 33,463,045 | | | | | |
| **Expenses incurred** | R1900 | 1,735,612 | 1,735,612 | | | | | |
| **Other expenses** | R2500 | | 86,344 | | | | | |
| **Total expenses** | R2600 | | 1,821,956 | | | | | |

## S.23.01 Own funds

| | | Total | Tier 1 - unrestricted | Tier 1 - restricted | Tier 2 | Tier 3 |
|---|---|---|---|---|---|---|
| **Basic own funds before deduction for participations in other financial sector** | | C0010 | C0020 | C0030 | C0040 | C0050 |
| Ordinary share capital (gross of own shares) | R0010 | 200,000 | 200,000 | | | |
| Non-available called but not paid in ordinary share capital at group level | R0020 | | | | | |
| Share premium account related to ordinary share capital | R0030 | 0 | 0 | | 0 | |
| Iinitial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings | R0040 | | | | | |
| Subordinated mutual member accounts | R0050 | | | | | |
| Non-available subordinated mutual member accounts at group level | R0060 | | | | | |
| Surplus funds | R0070 | | | | | |
| Non-available surplus funds at group level | R0080 | | | | | |
| Preference shares | R0090 | | | | | |
| Non-available preference shares at group level | R0100 | | | | | |
| Share premium account related to preference shares | R0110 | | | | | |
| Non-available share premium account related to preference shares at group level | R0120 | | | | | |
| Reconciliation reserve | R0130 | 39,687,654 | 39,687,654 | | | |
| Subordinated liabilities | R0140 | | | | | |
| Non-available subordinated liabilities at group level | R0150 | | | | | |
| An amount equal to the value of net deferred tax assets | R0160 | 0 | | | | 0 |
| The amount equal to the value of net deferred tax assets not available at the group level | R0170 | | | | | |
| Other items approved by supervisory authority as basic own funds not specified above | R0180 | | | | | |
| Non available own funds related to other own funds items approved by supervisory authority | R0190 | | | | | |
| Minority interests (if not reported as part of a specific own fund item) | R0200 | | | | | |
| Non-available minority interests at group level | R0210 | | | | | |
| **Own funds from the financial statements that shall not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own** | | | | | | |
| Own funds from the financial statements that shall not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds | R0220 | | | | | |
| **Deductions** | | | | | | |
| Deductions for participations in other financial undertakings, including non-regulated undertakings carrying out financial activities | R0230 | 19,339,356 | 19,339,356 | 0 | 0 | 0 |
| whereof deducted according to art 228 of the Directive 2009/138/EC | R0240 | | | | | |
| Deductions for participations where there is non-availability of information (Article 229) | R0250 | | | | | |
| Deduction for participations included by using D&A when a combination of methods is used | R0260 | 8,199 | 8,199 | 0 | 0 | 0 |
| Total of non-available own fund items | R0270 | 0 | 0 | 0 | 0 | 0 |
| **Total deductions** | R0280 | 19,347,555 | 19,347,555 | 0 | 0 | 0 |
| **Total basic own funds after deductions** | R0290 | 20,540,099 | 20,540,099 | 0 | 0 | 0 |
| **Ancillary own funds** | | | | | | |
| Unpaid and uncalled ordinary share capital callable on demand | R0300 | | | | | |
| Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand | R0310 | | | | | |
| Unpaid and uncalled preference shares callable on demand | R0320 | | | | | |
| A legally binding commitment to subscribe and pay for subordinated liabilities on demand | R0330 | | | | | |
| Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC | R0340 | | | | | |
| Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC | R0350 | | | | | |

## S.23.01 Own funds, cont.

| | | | | | | |
|---|---|---|---|---|---|---|
| Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC | R0360 | | | | | |
| Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC | R0370 | | | | | |
| Non available ancillary own funds at group level | R0380 | | | | | |
| Other ancillary own funds | R0390 | | | | | |
| **Total ancillary own funds** | R0400 | | | | | |
| **Own funds of other financial sectors** | | | | | | |
| Credit institutions, investment firms, financial institutions, alternative investment fund managers, UCITS management companies – total | R0410 | 22,245,112 | 18,549,987 | 2,200,000 | 1,495,125 | |
| Institutions for occupational retirement provision | R0420 | | | | | |
| Non regulated entities carrying out financial activities | R0430 | | | | | |
| Total own funds of other financial sectors | R0440 | 22,245,112 | 18,549,987 | 2,200,000 | 1,495,125 | |
| **Own funds when using the D&A, exclusively or in combination of method 1** | | | | | | |
| Own funds aggregated when using the D&A and combination of method | R0450 | 16,313,311 | 16,313,311 | 0 | 0 | 0 |
| Own funds aggregated when using the D&A and combination of method net of IGT | R0460 | 16,313,311 | 16,313,311 | 0 | 0 | 0 |
| Total available own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A ) | R0520 | 20,540,099 | 20,540,099 | 0 | 0 | 0 |
| Total available own funds to meet the minimum consolidated group SCR | R0530 | 20,540,099 | 20,540,099 | 0 | 0 | |
| Total eligible own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A ) | R0560 | 20,540,099 | 20,540,099 | 0 | 0 | 0 |
| Total eligible own funds to meet the minimum consolidated group SCR | R0570 | 20,540,099 | 20,540,099 | 0 | 0 | |
| **Minimum consolidated Group SCR** | R0610 | 5,091,379 | | | | |
| **Ratio of Eligible own funds to Minimum Consolidated Group SCR** | R0650 | 403.4290% | | | | |
| **Total eligible own funds to meet the group SCR (including own funds from other financial sector and from the undertakings included via D&A )** | R0660 | 59,098,522 | 55,403,397 | 2,200,000 | 1,495,125 | 0 |
| **Group SCR** | R0680 | 41,836,396 | | | | |
| **Ratio of Eligible own funds to group SCR including other financial sectors and the undertakings included via D&A** | R0690 | 141.2610% | | | | |

## S.23.01 Own funds, reconciliation reserve

| | | |
|---|---|---|
| **Reconciliation reserve** | | C0060 |
| Excess of assets over liabilities | R0700 | 40,586,101 |
| Own shares (held directly and indirectly) | R0710 | |
| Foreseeable dividends, distributions and charges | R0720 | 698,447 |
| Other basic own fund items | R0730 | 200,000 |
| Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds | R0740 | |
| Other non available own funds | R0750 | |
| **Reconciliation reserve before deduction for participations in other financial sector** | R0760 | 39,687,654 |
| **Expected profits** | | |
| Expected profits included in future premiums (EPIFP) - Life business | R0770 | 36,878 |
| Expected profits included in future premiums (EPIFP) - Non-life business | R0780 | 813,959 |
| **Total EPIFP** | R0790 | 850,837 |

## S.25.02 Solvency Capital Requirement – for groups using the standard formula and partial internal model

| Unique number of component | Components description | Calculation of the Solvency Capital Requirement | Amount modelled | USP | Simplifications |
|---|---|---|---|---|---|
| C0010 | C0020 | C0030 | C0070 | C0090 | C0120 |
| 1 | Market risk | 6,818,180 | 6,815,806 | | |
| 2 | Counterparty default risk | 340,168 | 0 | | |
| 3 | Life underwriting risk | 3,570,064 | 0 | | |
| 4 | Health underwriting risk | 389,371 | 168,889 | | |
| 5 | Non-life underwriting risk | 1,070,033 | 970,832 | | |
| 6 | Intangible asset risk | 0 | 0 | | |
| 7 | Operational risk | 523,747 | 0 | | |
| 9 | LAC Deferred Taxes (negative amount) | -290,833 | 0 | | |

| | | C0100 |
|---|---|---|
| **Calculation of Solvency Capital Requirement** | | |
| Total undiversified components | R0110 | 12,420,730 |
| Diversification | R0060 | -3,205,429 |
| Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC | R0160 | |
| **Solvency capital requirement, excluding capital add-on** | R0200 | 9,215,301 |
| Capital add-ons already set | R0210 | 0 |
| **Solvency capital requirement for undertakings under consolidated method** | R0220 | 25,523,085 |
| **Other information on SCR** | | |
| Amount/estimate of the overall loss-absorbing capacity of technical provisions | R0300 | |
| Amount/estimate of the overall loss-absorbing capacity of deferred taxes | R0310 | -290,833 |
| Capital requirement for duration-based equity risk sub-module | R0400 | |
| Total amount of Notional Solvency Capital Requirements for remaining part | R0410 | |
| Total amount of Notional Solvency Capital Requirements for ring fenced funds | R0420 | |
| Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios | R0430 | |
| Diversification effects due to RFF nSCR aggregation for article 304 | R0440 | |
| Minimum consolidated group solvency capital requirement | R0470 | 5,091,379 |
| **Information on other entities** | | |
| Capital requirement for other financial sectors (Non-insurance capital requirements) | R0500 | 16,307,785 |
| Capital requirement for other financial sectors (Non-insurance capital requirements) - Credit institutions, investment firms and financial institutions, alternative investment funds managers, UCITS management companies | R0510 | 16,307,785 |
| Capital requirement for other financial sectors (Non-insurance capital requirements) - Institutions for occupational retirement provisions | R0520 | |
| Capital requirement for other financial sectors (Non-insurance capital requirements) - Capital requirement for non-regulated entities carrying out financial activities | R0530 | |
| Capital requirement for non-controlled participation requirements | R0540 | |
| Capital requirement for residual undertakings | R0550 | 0 |
| **Overall SCR** | | |
| SCR for undertakings included via D and A | R0560 | 16,313,311 |
| **Solvency Capital Requirement** | R0570 | 41,836,396 |

## S.32.01 Undertakings in the scope of the group

| Country | Identification code and type of code of the undertaking | Legal name of the undertaking | Type of undertaking | Legal form | Category (mutual/non mutual) | Supervisory Authority |
|---|---|---|---|---|---|---|
| C0010 | C0020 | C0040 | C0050 | C0060 | C0070 | C0080 |
| (SE) Sweden | LEI/549300C6TUMDXNOVXS82 | Länsförsäkringar Bank AB (publ) | (8) Credit institution, investment firm and financial institution | bankaktiebolag | (2) Non-mutual | Finansinspektionen |
| (SE) Sweden | LEI/549300DVNMHS8M33J723 | Wasa Kredit AB | (8) Credit institution, investment firm and financial institution | aktiebolag | (2) Non-mutual | Finansinspektionen |
| (SE) Sweden | LEI/549300FOASW7JFUQV048 | Länsförsäkringar AB (publ) | (2) Non life insurance undertaking | försäkringsaktiebolag | (2) Non-mutual | Finansinspektionen |
| (SE) Sweden | LEI/549300HT0F6CFLJR3Y69 | Humlegården Fastigheter AB | (10) Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35 | aktiebolag | (2) Non-mutual | |
| (SE) Sweden | LEI/549300M8P0LTMZZSMQ10 | Länsförsäkringar Fondliv Försäkrings AB (publ) | (4) Composite undertaking | försäkringsaktiebolag | (2) Non-mutual | Finansinspektionen |
| (SE) Sweden | LEI/549300Y3H3YIK6S2H942 | Försäkringsaktiebolaget Agria (publ) | (2) Non life insurance undertaking | försäkringsaktiebolag | (2) Non-mutual | Finansinspektionen |
| (SE) Sweden | LEI/5493000M8THYN8D5I395 | Länsförsäkringar Liv Försäkrings AB (publ) | (4) Composite undertaking | försäkringsaktiebolag | (1) Mutual | Finansinspektionen |
| (SE) Sweden | LEI/5493000PQMGYILN5JL39 | Länsförsäkringar Grupplivförsäkrings AB | (1) Life insurance undertaking | försäkringsaktiebolag | (2) Non-mutual | Finansinspektionen |
| (SE) Sweden | LEI/5493001P7BX1N0JAG961 | Länsförsäkringar Hypotek AB (publ) | (8) Credit institution, investment firm and financial institution | aktiebolag | (2) Non-mutual | Finansinspektionen |
| (SE) Sweden | LEI/54930025SK6LRZC6QF89 | Länsförsäkringar Fondförvaltning AB (publ) | (8) Credit institution, investment firm and financial institution | aktiebolag | (2) Non-mutual | Finansinspektionen |
| (GB) United Kingdom | SC/549300FOASW7JFUQV048GB00 101 | Agria Pet Insurance Ltd | (10) Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35 | aktiebolag | (2) Non-mutual | |
| (IE) Ireland | SC/549300FOASW7JFUQV048IE0010 3 | Capstone Financial Services Ltd | (10) Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35 | aktiebolag | (2) Non-mutual | |
| (SE) Sweden | SC/549300FOASW7JFUQV048SE001 05 | Agria Vet Guide AB | (10) Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35 | aktiebolag | (2) Non-mutual | |
| (SE) Sweden | SC/549300FOASW7JFUQV048SE001 96 | LF Sak Fastighets AB | (10) Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35 | aktiebolag | (2) Non-mutual | |
| (SE) Sweden | SC/549300FOASW7JFUQV048SE00 223 | Länsförsäkringar Trygghetstjänster AB | (10) Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35 | aktiebolag | (2) Non-mutual | |
| (SE) Sweden | SC/549300FOASW7JFUQV048SE00 256 | CAB Group AB | (10) Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35 | aktiebolag | (2) Non-mutual | |
| (SE) Sweden | SC/549300FOASW7JFUQV048SE00 281 | Svenska Andelshästar AB | (10) Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35 | aktiebolag | (2) Non-mutual | |
| (SE) Sweden | SC/549300FOASW7JFUQV048SE00 343 | Länsförsäkringar Komplement AB | (10) Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35 | aktiebolag | (2) Non-mutual | |
| (SE) Sweden | SC/549300FOASW7JFUQV048SE00 351 | Lansa Fastigheter AB | (10) Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35 | aktiebolag | (2) Non-mutual | |
| (SE) Sweden | SC/549300FOASW7JFUQV048SE00 363 | Fastighets AB S-holt i Kista | (10) Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35 | aktiebolag | (2) Non-mutual | |

## S.32.01 Företag som omfattas av gruppen, forts.

| | | Criteria of influence | | | | | | Inclusion in the scope of group supervision | | Group solvency calculation |
|---|---|---|---|---|---|---|---|---|---|---|
| Country | Identification code and type of code of the undertaking | % capital share | % used for the establishment of consolidated accounts | % voting rights | Other criteria | Level of influence | Proportional share used for group solvency calculation | YES/NO | Date of decision if art. 214 is applied | Method used and under method 1, treatment of the undertaking |
| C0010 | C0020 | C0180 | C0190 | C0200 | C0210 | C0220 | C0230 | C0240 | C0250 | C0260 |
| (SE) Sweden | LEI/549300C6TUMDXNOVXS82 | 100.0000% | 100.0000% | 100.0000% | Inga | (1) Dominant | 100.0000% | (1) Included in the scope | | (4) Method 1: Sectoral rules |
| (SE) Sweden | LEI/549300DVNMHS8M33J723 | 100.0000% | 100.0000% | 100.0000% | Inga | (1) Dominant | 100.0000% | (1) Included in the scope | | (4) Method 1: Sectoral rules |
| (SE) Sweden | LEI/549300FOASW7JFUQV048 | | | | | | | (1) Included in the scope | | (1) Method 1: Full consolidation |
| (SE) Sweden | LEI/549300HT0F6CFLJR3Y69 | 22.7000% | 8.3000% | 22.7000% | Inga | (2) Significant | 22.7000% | (1) Included in the scope | | (10) Other method |
| (SE) Sweden | LEI/549300M8P0LTMZZSMQ10 | 100.0000% | 100.0000% | 100.0000% | Inga | (1) Dominant | 100.0000% | (1) Included in the scope | | (1) Method 1: Full consolidation |
| (SE) Sweden | LEI/549300Y3H3YIK6S2H942 | 100.0000% | 100.0000% | 100.0000% | Inga | (1) Dominant | 100.0000% | (1) Included in the scope | | (1) Method 1: Full consolidation |
| (SE) Sweden | LEI/5493000M8THYN8D5I395 | 100.0000% | 0.0000% | 100.0000% | Ömsesidigt | (2) Significant | 100.0000% | (1) Included in the scope | | (5) Method 2: Solvency II |
| (SE) Sweden | LEI/5493000PQMGYILN5JL39 | 100.0000% | 100.0000% | 100.0000% | Inga | (1) Dominant | 100.0000% | (1) Included in the scope | | (1) Method 1: Full consolidation |
| (SE) Sweden | LEI/5493001P7BX1N0JAG961 | 100.0000% | 100.0000% | 100.0000% | Inga | (1) Dominant | 100.0000% | (1) Included in the scope | | (4) Method 1: Sectoral rules |
| (SE) Sweden | LEI/54930025SK6LRZC6QF89 | 100.0000% | 100.0000% | 100.0000% | Inga | (1) Dominant | 100.0000% | (1) Included in the scope | | (4) Method 1: Sectoral rules |
| (GB) United Kingdom | SC/549300FOASW7JFUQV048GB00101 | 100.0000% | 100.0000% | 100.0000% | Inga | (1) Dominant | 100.0000% | (1) Included in the scope | | (1) Method 1: Full consolidation |
| (IE) Ireland | SC/549300FOASW7JFUQV048IE00103 | 100.0000% | 100.0000% | 100.0000% | Inga | (1) Dominant | 100.0000% | (1) Included in the scope | | (1) Method 1: Full consolidation |
| (SE) Sweden | SC/549300FOASW7JFUQV048SE00105 | 100.0000% | 100.0000% | 100.0000% | Inga | (1) Dominant | 100.0000% | (1) Included in the scope | | (1) Method 1: Full consolidation |
| (SE) Sweden | SC/549300FOASW7JFUQV048SE00196 | 100.0000% | 100.0000% | 100.0000% | Inga | (1) Dominant | 100.0000% | (1) Included in the scope | | (1) Method 1: Full consolidation |
| (SE) Sweden | SC/549300FOASW7JFUQV048SE00223 | 23.4000% | 23.4000% | 23.4000% | Inga | (2) Significant | 23.4000% | (1) Included in the scope | | (3) Method 1: Adjusted equity method |
| (SE) Sweden | SC/549300FOASW7JFUQV048SE00256 | 28.8000% | 28.8000% | 28.8000% | Inga | (2) Significant | 28.8000% | (1) Included in the scope | | (3) Method 1: Adjusted equity method |
| (SE) Sweden | SC/549300FOASW7JFUQV048SE00281 | 45.0000% | 45.0000% | 45.0000% | Inga | (2) Significant | 45.0000% | (1) Included in the scope | | (3) Method 1: Adjusted equity method |
| (SE) Sweden | SC/549300FOASW7JFUQV048SE00343 | 100.0000% | 0.0000% | 100.0000% | Inga | (1) Dominant | 100.0000% | (1) Included in the scope | | (5) Method 2: Solvency II |
| (SE) Sweden | SC/549300FOASW7JFUQV048SE00351 | 38.0000% | 4.3000% | 38.0000% | Inga | (2) Significant | 38.0000% | (1) Included in the scope | | (10) Other method |
| (SE) Sweden | SC/549300FOASW7JFUQV048SE00363 | 49.9000% | 0.0000% | 49.9000% | Inga | (2) Significant | 49.9000% | (1) Included in the scope | | (5) Method 2: Solvency II |

# Agria Djurförsäkring

## S.02.01 Balance sheet

| | | Solvency II value |
|---|---|---|
| **Assets** | | C0010 |
| Goodwill | R0010 | |
| Deferred acquisition costs | R0020 | |
| Intangible assets | R0030 | |
| Deferred tax assets | R0040 | 0 |
| Pension benefit surplus | R0050 | |
| Property, plant & equipment held for own use | R0060 | 13,085 |
| Investments (other than assets held for index-linked and unit-linked contracts) | R0070 | 2,434,659 |
| Property (other than for own use) | R0080 | |
| Holdings in related undertakings, including participations | R0090 | 369,614 |
| Equities | R0100 | 25,963 |
| Equities - listed | R0110 | 25,963 |
| Equities - unlisted | R0120 | |
| Bonds | R0130 | 1,513,479 |
| Government Bonds | R0140 | 491,394 |
| Corporate Bonds | R0150 | 1,022,085 |
| Structured notes | R0160 | |
| Collateralised securities | R0170 | |
| Collective Investments Undertakings | R0180 | 505,697 |
| Derivatives | R0190 | 19,906 |
| Deposits other than cash equivalents | R0200 | |
| Other investments | R0210 | |
| Assets held for index-linked and unit-linked contracts | R0220 | |
| Loans and mortgages | R0230 | |
| Loans on policies | R0240 | |
| Loans and mortgages to individuals | R0250 | |
| Other loans and mortgages | R0260 | |
| Reinsurance recoverables from: | R0270 | 16,708 |
| Non-life and health similar to non-life | R0280 | 16,708 |
| Non-life excluding health | R0290 | 16,708 |
| Health similar to non-life | R0300 | |
| Life and health similar to life, excluding health and index-linked and unit-linked | R0310 | |
| Health similar to life | R0320 | |
| Life excluding health and index-linked and unit-linked | R0330 | |
| Life index-linked and unit-linked | R0340 | |
| Deposits to cedants | R0350 | 18,067 |
| Insurance and intermediaries receivables | R0360 | 70,135 |
| Reinsurance receivables | R0370 | 466 |
| Receivables (trade, not insurance) | R0380 | 131,604 |
| Own shares (held directly) | R0390 | |
| Amounts due in respect of own fund items or initial fund called up but not yet paid in | R0400 | |
| Cash and cash equivalents | R0410 | 696,741 |
| Any other assets, not elsewhere shown | R0420 | 36,959 |
| **Total assets** | R0500 | 3,418,424 |

## S.02.01 Balance sheet, cont.

| | | Solvency II value |
|---|---|---|
| **Liabilities** | | C0010 |
| Technical provisions - non-life | R0510 | 655,458 |
| Technical provisions - non-life (excluding health) | R0520 | 655,458 |
| Technical provisions calculated as a whole | R0530 | |
| Best Estimate | R0540 | 609,138 |
| Risk margin | R0550 | 46,320 |
| Technical provisions - health (similar to non-life) | R0560 | |
| Technical provisions calculated as a whole | R0570 | |
| Best Estimate | R0580 | |
| Risk margin | R0590 | |
| Technical provisions - life (excluding index-linked and unit-linked) | R0600 | |
| Technical provisions - health (similar to life) | R0610 | |
| Technical provisions calculated as a whole | R0620 | |
| Best Estimate | R0630 | |
| Risk margin | R0640 | |
| Technical provisions - life (excluding health and index-linked and unit-linked) | R0650 | |
| Technical provisions calculated as a whole | R0660 | |
| Best Estimate | R0670 | |
| Risk margin | R0680 | |
| Technical provisions - index-linked and unit-linked | R0690 | |
| Technical provisions calculated as a whole | R0700 | |
| Best Estimate | R0710 | |
| Risk margin | R0720 | |
| Other technical provisions | R0730 | |
| Contingent liabilities | R0740 | |
| Provisions other than technical provisions | R0750 | 2,145 |
| Pension benefit obligations | R0760 | |
| Deposits from reinsurers | R0770 | |
| Deferred tax liabilities | R0780 | 120,624 |
| Derivatives | R0790 | 24,327 |
| Debts owed to credit institutions | R0800 | |
| Financial liabilities other than debts owed to credit institutions | R0810 | 4,623 |
| Insurance & intermediaries payables | R0820 | 24,044 |
| Reinsurance payables | R0830 | 883 |
| Payables (trade, not insurance) | R0840 | 534,952 |
| Subordinated liabilities | R0850 | |
| Subordinated liabilities not in Basic Own Funds | R0860 | |
| Subordinated liabilities in Basic Own Funds | R0870 | |
| Any other liabilities, not elsewhere shown | R0880 | 83,880 |
| **Total liabilities** | R0900 | 1,450,936 |
| **Excess of assets over liabilities** | R1000 | 1,967,488 |

## S.05.01 Premiums, claims and expenses by line of business – non-life insurance

| | | Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance) | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Medical expense insurance | Income protection insurance | Workers' compensation insurance | Motor vehicle liability insurance | Other motor insurance | Marine, aviation and transport insurance | Fire and other damage to property insurance | General liability insurance | Credit and suretyship insurance | Legal expenses insurance | Assistance | Miscellaneous financial loss |
| | | C0010 | C0020 | C0030 | C0040 | C0050 | C0060 | C0070 | C0080 | C0090 | C0100 | C0110 | C0120 |
| **Premiums written** | | | | | | | | | | | | | |
| Gross - Direct Business | R0110 | | | | | | | 5,705,325 | 16,347 | | | | |
| Gross - Proportional reinsurance accepted | R0120 | | | | | | | 36,134 | | | | | |
| Gross - Non-proportional reinsurance accepted | R0130 | | | | | | | | | | | | |
| Reinsurers' share | R0140 | | | | | | | 5,230 | 2,779 | | | | |
| Net | R0200 | | | | | | | 5,736,229 | 13,568 | | | | |
| **Premiums earned** | | | | | | | | | | | | | |
| Gross - Direct Business | R0210 | | | | | | | 5,532,512 | 14,696 | | | | |
| Gross - Proportional reinsurance accepted | R0220 | | | | | | | 16,773 | | | | | |
| Gross - Non-proportional reinsurance accepted | R0230 | | | | | | | | | | | | |
| Reinsurers' share | R0240 | | | | | | | 5,230 | 2,779 | | | | |
| Net | R0300 | | | | | | | 5,544,055 | 11,917 | | | | |
| **Claims incurred** | | | | | | | | | | | | | |
| Gross - Direct Business | R0310 | | | | | | | 3,484,481 | 9,209 | | | | |
| Gross - Proportional reinsurance accepted | R0320 | | | | | | | 8,386 | | | | | |
| Gross - Non-proportional reinsurance accepted | R0330 | | | | | | | | | | | | |
| Reinsurers' share | R0340 | | | | | | | 10,045 | 3,755 | | | | |
| Net | R0400 | | | | | | | 3,482,822 | 5,454 | | | | |
| **Changes in other technical provisions** | | | | | | | | | | | | | |
| Gross - Direct Business | R0410 | | | | | | | 0 | 0 | | | | |
| Gross - Proportional reinsurance accepted | R0420 | | | | | | | 0 | | | | | |
| Gross - Non-proportional reinsurance accepted | R0430 | | | | | | | | | | | | |
| Reinsurers' share | R0440 | | | | | | | 0 | 0 | | | | |
| Net | R0500 | | | | | | | 0 | 0 | | | | |
| **Expenses incurred** | R0550 | | | | | | | 1,572,589 | 9,204 | | | | |
| **Other expenses** | R1200 | | | | | | | | | | | | |
| **Total expenses** | R1300 | | | | | | | | | | | | |

## S.05.01 Premiums, claims and expenses by line of business – non-life insurance, cont.

| | | Line of business for: accepted non-proportional reinsurance | | | | Total |
|---|---|---|---|---|---|---|
| | | Health | Casualty | Marine, aviation, transport | Property | |
| | | C0130 | C0140 | C0150 | C0160 | C0200 |
| **Premiums written** | | | | | | |
| Gross - Direct Business | R0110 | | | | | 5,721,672 |
| Gross - Proportional reinsurance accepted | R0120 | | | | | 36,134 |
| Gross - Non-proportional reinsurance accepted | R0130 | | | | | |
| Reinsurers' share | R0140 | | | | | 8,009 |
| Net | R0200 | | | | | 5,749,797 |
| **Premiums earned** | | | | | | |
| Gross - Direct Business | R0210 | | | | | 5,547,208 |
| Gross - Proportional reinsurance accepted | R0220 | | | | | 16,773 |
| Gross - Non-proportional reinsurance accepted | R0230 | | | | | |
| Reinsurers' share | R0240 | | | | | 8,009 |
| Net | R0300 | | | | | 5,555,972 |
| **Claims incurred** | | | | | | |
| Gross - Direct Business | R0310 | | | | | 3,493,690 |
| Gross - Proportional reinsurance accepted | R0320 | | | | | 8,386 |
| Gross - Non-proportional reinsurance accepted | R0330 | | | | | |
| Reinsurers' share | R0340 | | | | | 13,800 |
| Net | R0400 | | | | | 3,488,276 |
| **Changes in other technical provisions** | | | | | | |
| Gross - Direct Business | R0410 | | | | | 0 |
| Gross - Proportional reinsurance accepted | R0420 | | | | | 0 |
| Gross - Non-proportional reinsurance accepted | R0430 | | | | | |
| Reinsurers' share | R0440 | | | | | 0 |
| Net | R0500 | | | | | 0 |
| **Expenses incurred** | R0550 | | | | | 1,581,793 |
| **Other expenses** | R1200 | | | | | |
| **Total expenses** | R1300 | | | | | 1,581,793 |

## S.05.02 Premiums, claims and expenses by country – non-life insurance

| | | Home Country | Total Top 5 and home country | Top 5 countries (by amount of gross premiums written) - non-life obligations | | | | |
|---|---|---|---|---|---|---|---|---|
| | R0010 | | | (GB) United Kingdom | (NO) Norway | (DK) Denmark | | |
| | | C0080 | C0140 | C0090 | C0090 | C0090 | C0090 | C0090 |
| **Premiums written** | | | | | | | | |
| Gross - Direct Business | R0110 | 3,102,424 | 5,524,854 | 1,188,651 | 862,266 | 371,513 | | |
| Gross - Proportional reinsurance accepted | R0120 | 0 | 0 | | | | | |
| Gross - Non-proportional reinsurance accepted | R0130 | | | | | | | |
| Reinsurers' share | R0140 | 4,587 | 7,727 | 0 | 325 | 2,815 | | |
| Net | R0200 | 3,097,837 | 5,517,127 | 1,188,651 | 861,941 | 368,698 | | |
| **Premiums earned** | | | | | | | | |
| Gross - Direct Business | R0210 | 3,076,719 | 5,372,685 | 1,130,723 | 812,294 | 352,949 | | |
| Gross - Proportional reinsurance accepted | R0220 | 0 | 0 | | | | | |
| Gross - Non-proportional reinsurance accepted | R0230 | | | | | | | |
| Reinsurers' share | R0240 | 4,587 | 7,727 | 0 | 325 | 2,815 | | |
| Net | R0300 | 3,072,132 | 5,364,958 | 1,130,723 | 811,969 | 350,134 | | |
| **Claims incurred** | | | | | | | | |
| Gross - Direct Business | R0310 | 1,925,920 | 3,386,681 | 690,461 | 532,385 | 237,915 | | |
| Gross - Proportional reinsurance accepted | R0320 | 0 | 0 | | | | | |
| Gross - Non-proportional reinsurance accepted | R0330 | | | | | | | |
| Reinsurers' share | R0340 | 10,045 | 13,800 | 0 | 0 | 3,755 | | |
| Net | R0400 | 1,915,875 | 3,372,881 | 690,461 | 532,385 | 234,160 | | |
| **Changes in other technical provisions** | | | | | | | | |
| Gross - Direct Business | R0410 | 0 | 0 | 0 | 0 | 0 | | |
| Gross - Proportional reinsurance accepted | R0420 | 0 | 0 | | | | | |
| Gross - Non-proportional reinsurance accepted | R0430 | | | | | | | |
| Reinsurers' share | R0440 | 0 | 0 | 0 | 0 | 0 | | |
| Net | R0500 | 0 | 0 | 0 | 0 | 0 | | |
| **Expenses incurred** | R0550 | 770,177 | 1,398,379 | 366,092 | 163,847 | 98,263 | | |
| **Other expenses** | R1200 | | | | | | | |
| **Total expenses** | R1300 | | 1,398,379 | | | | | |

## S.17.01 Non-life technical provisions

| | | Direct business and accepted proportional reinsurance | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Medical expense insurance | Income protection insurance | Workers' compensation insurance | Motor vehicle liability insurance | Other motor insurance | Marine, aviation and transport insurance | Fire and other damage to property insurance | General liability insurance | Credit and suretyship insurance | Legal expenses insurance | Assistance | Miscellaneous financial loss |
| | | C0020 | C0030 | C0040 | C0050 | C0060 | C0070 | C0080 | C0090 | C0100 | C0110 | C0120 | C0130 |
| **Technical provisions calculated as a whole** | R0010 | | | | | | | 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 | | | | | | | | | | | | |
| **Technical provisions calculated as a sum of BE and RM** | | | | | | | | | | | | | |
| **Best Estimate** | | | | | | | | | | | | | |
| Premium provisions | | | | | | | | | | | | | |
| Gross | R0060 | | | | | | | 211,148 | 7,290 | | | | |
| Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default | R0140 | | | | | | | -1,907 | -478 | | | | |
| Net Best Estimate of Premium Provisions | R0150 | | | | | | | 213,055 | 7,768 | | | | |
| **Claims provisions** | | | | | | | | | | | | | |
| Gross | R0160 | | | | | | | 373,647 | 17,053 | | | | |
| Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default | R0240 | | | | | | | 13,381 | 5,712 | | | | |
| Net Best Estimate of Claims Provisions | R0250 | | | | | | | 360,266 | 11,341 | | | | |
| **Total Best estimate - gross** | R0260 | | | | | | | 584,795 | 24,343 | | | | |
| **Total Best estimate - net** | R0270 | | | | | | | 573,321 | 19,109 | | | | |
| **Risk margin** | R0280 | | | | | | | 45,663 | 657 | | | | |
| **Amount of the transitional on Technical Provisions** | | | | | | | | | | | | | |
| Technical provisions calculated as a whole | R0290 | | | | | | | | | | | | |
| Best Estimate | R0300 | | | | | | | | | | | | |
| Risk margin | R0310 | | | | | | | | | | | | |
| **Technical provisions - total** | | | | | | | | | | | | | |
| Technical provisions - total | R0320 | | | | | | | 630,458 | 25,000 | | | | |
| Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total | R0330 | | | | | | | 11,474 | 5,234 | | | | |
| Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total | R0340 | | | | | | | 618,984 | 19,766 | | | | |

## S.17.01 Non-life technical provisions, cont

| | | Accepted non-proportional reinsurance | | | | |
|---|---|---|---|---|---|---|
| | | Non-proportional health reinsurance | Non-proportional casualty reinsurance | Non-proportional marine, aviation and transport reinsurance | Non-proportional property reinsurance | Total Non-Life obligation |
| | | C0140 | C0150 | C0160 | C0170 | C0180 |
| **Technical provisions calculated as a whole** | R0010 | | | | | 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 | | | | | |
| **Technical provisions calculated as a sum of BE and RM** | | | | | | |
| **Best Estimate** | | | | | | |
| Premium provisions | | | | | | |
| Gross | R0060 | | | | | 218,438 |
| Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default | R0140 | | | | | -2,385 |
| Net Best Estimate of Premium Provisions | R0150 | | | | | 220,823 |
| **Claims provisions** | | | | | | |
| Gross | R0160 | | | | | 390,700 |
| Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default | R0240 | | | | | 19,093 |
| Net Best Estimate of Claims Provisions | R0250 | | | | | 371,607 |
| **Total Best estimate - gross** | R0260 | | | | | 609,138 |
| **Total Best estimate - net** | R0270 | | | | | 592,430 |
| **Risk margin** | R0280 | | | | | 46,320 |
| **Amount of the transitional on Technical Provisions** | | | | | | |
| Technical provisions calculated as a whole | R0290 | | | | | |
| Best Estimate | R0300 | | | | | |
| Risk margin | R0310 | | | | | |
| **Technical provisions - total** | | | | | | |
| Technical provisions - total | R0320 | | | | | 655,458 |
| Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total | R0330 | | | | | 16,708 |
| Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total | R0340 | | | | | 638,750 |

## S.19.01 Non-life insurance claims information

**Total Non-Life Business**

| Accident year / Underwriting year | Z0020 | (1) Accident year |
|---|---|---|

**Gross Claims Paid (non-cumulative)**

(absolute amount)

| | | Development year | | | | | | | | | | | In Current year | Sum of years (cumulative) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Year | | 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 & + | | |
| | | C0010 | C0020 | C0030 | C0040 | C0050 | C0060 | C0070 | C0080 | C0090 | C0100 | C0110 | C0170 | C0180 |
| Prior | R0100 | | | | | | | | | | | 27 | 27 | 27 |
| N-9 | R0160 | 1,278,060 | 134,008 | 4,166 | 1,707 | 1,708 | 133 | 40 | 19 | -115 | 0 | | 0 | 1,419,726 |
| N-8 | R0170 | 1,401,291 | 137,087 | 3,910 | 1,316 | 488 | 1,142 | 3 | -78 | 0 | | | 0 | 1,545,159 |
| N-7 | R0180 | 1,517,995 | 155,341 | 8,676 | 1,511 | 530 | 139 | 128 | 34 | | | | 34 | 1,684,354 |
| N-6 | R0190 | 1,699,983 | 189,984 | 4,985 | 1,202 | 407 | 92 | 20 | | | | | 20 | 1,896,673 |
| N-5 | R0200 | 1,883,819 | 181,706 | 5,075 | 1,046 | 469 | 1,015 | | | | | | 1,015 | 2,073,130 |
| N-4 | R0210 | 2,097,130 | 201,899 | 6,071 | 963 | 391 | | | | | | | 391 | 2,306,454 |
| N-3 | R0220 | 2,365,394 | 223,100 | 6,341 | 1,319 | | | | | | | | 1,319 | 2,596,154 |
| N-2 | R0230 | 2,721,979 | 254,306 | 13,632 | | | | | | | | | 13,632 | 2,989,917 |
| N-1 | R0240 | 3,030,470 | 247,643 | | | | | | | | | | 247,643 | 3,278,113 |
| N | R0250 | 3,285,975 | | | | | | | | | | | 3,285,975 | 3,285,975 |
| Total | R0260 | | | | | | | | | | | | 3,550,056 | 23,075,682 |

**Gross undiscounted Best Estimate Claims Provisions**

| | | Development year | | | | | | | | | | | Year end (discounted data) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Year | | 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 & + | |
| | | C0200 | C0210 | C0220 | C0230 | C0240 | C0250 | C0260 | C0270 | C0280 | C0290 | C0300 | C0360 |
| Prior | R0100 | | | | | | | | | | | 1,777 | 1,772 |
| N-9 | R0160 | 0 | 0 | 0 | 3,215 | 1,515 | 1,373 | 971 | 973 | 964 | 27 | | 27 |
| N-8 | R0170 | 0 | 0 | 9,474 | 10,429 | 10,295 | 938 | 36 | 34 | 41 | | | 41 |
| N-7 | R0180 | 0 | 18,989 | 5,577 | 4,014 | 2,747 | 41 | 19 | 14 | | | | 14 |
| N-6 | R0190 | 234,426 | 10,721 | 3,576 | 717 | 294 | 163 | 158 | | | | | 157 |
| N-5 | R0200 | 239,008 | 17,654 | 11,181 | 4,698 | 3,035 | 199 | | | | | | 198 |
| N-4 | R0210 | 246,481 | 15,159 | 6,086 | 2,489 | 2,164 | | | | | | | 2,155 |
| N-3 | R0220 | 279,765 | 22,861 | 5,603 | 1,564 | | | | | | | | 1,554 |
| N-2 | R0230 | 325,551 | 20,854 | 12,023 | | | | | | | | | 11,929 |
| N-1 | R0240 | 379,685 | 35,067 | | | | | | | | | | 34,528 |
| N | R0250 | 341,728 | | | | | | | | | | | 338,325 |
| Total | R0260 | | | | | | | | | | | | 390,700 |

## S.23.01 Own funds

| | | Total | Tier 1 - unrestricted | Tier 1 - restricted | Tier 2 | Tier 3 |
|---|---|---|---|---|---|---|
| **Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation (EU) 2015/35** | | C0010 | C0020 | C0030 | C0040 | C0050 |
| Ordinary share capital (gross of own shares) | R0010 | 40,000 | 40,000 | | | |
| Share premium account related to ordinary share capital | R0030 | | | | | |
| Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings | R0040 | | | | | |
| Subordinated mutual member accounts | R0050 | | | | | |
| Surplus funds | R0070 | | | | | |
| Preference shares | R0090 | | | | | |
| Share premium account related to preference shares | R0110 | | | | | |
| Reconciliation reserve | R0130 | 1,677,488 | 1,677,488 | | | |
| Subordinated liabilities | R0140 | | | | | |
| An amount equal to the value of net deferred tax assets | R0160 | 0 | | | | 0 |
| Other own fund items approved by the supervisory authority as basic own funds not specified above | R0180 | | | | | |
| **Own funds from the financial statements that shall not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds** | | | | | | |
| Own funds from the financial statements that shall not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds | R0220 | | | | | |
| **Deductions** | | | | | | |
| Deductions for participations in financial and credit institutions | R0230 | | | | | |
| **Total basic own funds after deductions** | R0290 | 1,717,488 | 1,717,488 | | | 0 |
| **Ancillary own funds** | | | | | | |
| Unpaid and uncalled ordinary share capital callable on demand | R0300 | | | | | |
| Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand | R0310 | | | | | |
| Unpaid and uncalled preference shares callable on demand | R0320 | | | | | |
| A legally binding commitment to subscribe and pay for subordinated liabilities on demand | R0330 | | | | | |
| Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC | R0340 | | | | | |
| Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC | R0350 | | | | | |
| Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC | R0360 | | | | | |
| Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC | R0370 | | | | | |
| Other ancillary own funds | R0390 | | | | | |
| **Total ancillary own funds** | R0400 | | | | | |
| **Available and eligible own funds** | | | | | | |
| Total available own funds to meet the SCR | R0500 | 1,717,488 | 1,717,488 | | | 0 |
| Total available own funds to meet the MCR | R0510 | 1,717,488 | 1,717,488 | | | |
| Total eligible own funds to meet the SCR | R0540 | 1,717,488 | 1,717,488 | | | 0 |
| Total eligible own funds to meet the MCR | R0550 | 1,717,488 | 1,717,488 | | | |
| **SCR** | R0580 | 996,751 | | | | |
| **MCR** | R0600 | 448,538 | | | | |
| **Ratio of Eligible own funds to SCR** | R0620 | 172.3086% | | | | |
| **Ratio of Eligible own funds to MCR** | R0640 | 382.9081% | | | | |

## S.23.01 Own funds, reconciliation reserve

| | | |
|---|---|---|
| **Reconciliation reserve** | | C0060 |
| Excess of assets over liabilities | R0700 | 1,967,488 |
| Own shares (held directly and indirectly) | R0710 | |
| Foreseeable dividends, distributions and charges | R0720 | 250,000 |
| Other basic own fund items | R0730 | 40,000 |
| Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds | R0740 | |
| **Reconciliation reserve** | R0760 | 1,677,488 |
| **Expected profits** | | |
| Expected profits included in future premiums (EPIFP) - Life business | R0770 | |
| Expected profits included in future premiums (EPIFP) - Non-life business | R0780 | 525,551 |
| **Total EPIFP** | R0790 | 525,551 |

## S.25.02 Solvency Capital Requirement – for groups using the standard formula and partial internal model

| Unique number of component | Components description | Calculation of the Solvency Capital Requirement | Amount modelled | USP | Simplifications |
|---|---|---|---|---|---|
| C0010 | C0020 | C0030 | C0070 | C0090 | C0120 |
| 1 | Market risk | 184,532 | 184,532 | | |
| 2 | Counterparty default risk | 59,110 | 0 | | |
| 3 | Life underwriting risk | 0 | 0 | | |
| 4 | Health underwriting risk | 0 | 0 | | |
| 5 | Non-life underwriting risk | 876,380 | 820,794 | | |
| 6 | Intangible asset risk | 0 | 0 | | |
| 7 | Operational risk | 166,919 | 0 | | |
| 9 | LAC Deferred Taxes (negative amount) | -141,612 | 0 | | |

| Calculation of Solvency Capital Requirement | | C0100 |
|---|---|---|
| Total undiversified components | R0110 | 1,145,329 |
| Diversification | R0060 | -148,577 |
| Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC | R0160 | |
| **Solvency capital requirement, excluding capital add-on** | R0200 | 996,751 |
| Capital add-ons already set | R0210 | 0 |
| **Solvency Capital Requirement** | R0220 | 996,751 |
| **Other information on SCR** | | |
| Amount/estimate of the overall loss-absorbing capacity of technical provisions | R0300 | |
| Amount/estimate of the overall loss-absorbing capacity of deferred taxes | R0310 | -141,612 |
| Capital requirement for duration-based equity risk sub-module | R0400 | |
| Total amount of Notional Solvency Capital Requirements for remaining part | R0410 | |
| Total amount of Notional Solvency Capital Requirements for ring fenced funds (other than those related to business operated in accordance with Art. 4 of Directive 2003/41/EC (transitional)) | R0420 | |
| Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios | R0430 | |
| Diversification effects due to RFF nSCR aggregation for article 304 | R0440 | |

| | | YES/NO | LAC DT |
|---|---|---|---|
| **Approach to tax rate** | | C0109 | C0130 |
| Approach based on average tax rate | R0590 | (2) No | |
| **Calculation of loss absorbing capacity of deferred taxes** | | | |
| LAC DT | R0640 | | -141,612 |
| LAC DT justified by reversion of deferred tax liabilities | R0650 | | -120,624 |
| LAC DT justified by reference to probable future taxable economic profit | R0660 | | -20,988 |
| LAC DT justified by carry back, current year | R0670 | | |
| LAC DT justified by carry back, future years | R0680 | | |
| Maximum LAC DT | R0690 | | -234,503 |

## S.28.01 Minimum Capital Requirement – Only life or only non-life insurance or reinsurance activity

**Linear formula component for non-life insurance and reinsurance obligations**

| | | C0010 |
|---|---|---|
| MCRNL Result | R0010 | 487,855 |

| | | 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 | 573,321 | 5,736,229 |
| General liability insurance and proportional reinsurance | R0090 | 19,109 | 13,567 |
| Credit and suretyship insurance and proportional reinsurance | R0100 | 0 | 0 |
| Legal expenses insurance and proportional reinsurance | R0110 | 0 | 0 |
| Assistance and proportional reinsurance | R0120 | 0 | 0 |
| Miscellaneous financial loss insurance and proportional reinsurance | R0130 | 0 | 0 |
| 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 |

**Linear formula component for life insurance and reinsurance obligations**

| | | C0040 |
|---|---|---|
| MCRL Result | 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 | 487,855 |
| SCR | R0310 | 996,751 |
| MCR cap | R0320 | 448,538 |
| MCR floor | R0330 | 249,188 |
| Combined MCR | R0340 | 448,538 |
| Absolute floor of the MCR | R0350 | 43,604 |
| | | |
| **Minimum Capital Requirement** | R0400 | 448,538 |