2018-06-18

Solvency and financial condition report 2017

SEB Life and Pension Holding AB

SEB

Introduction

This report has been prepared in accordance with the Annual Accounts Act for Insurance Companies, Commission Delegated Regulation (EU) 2015/35 and EIOPA Guidelines for Reporting and Publication.

The report describes the activities carried out in SEB Life and Pension Holding AB ("the Company") and its subsidiaries that carry out insurance activities. The term "Insurance Group" is used for this group (unless otherwise stated), and it does not include Gamla Livförsäkringsaktiebolaget SEB Trygg Liv (publ) ("Gamla Liv") that is a subsidiary of SEB Life and Pension Holding AB.

There are some differences between the group concept of the solvency reporting and the group concept of the financial reporting according to the Annual Accounts Act's Group Concept.

Gamla Liv operates in accordance with mutual principles. Gamla Liv does not pay dividends and the Company has no determinative influence on the design of Gamla Liv's financial and operational business. Therefore Gamla Liv is not consolidated in the SEB Life and Pension Holding Group or in the SEB Group in the financial statements.

The solvency reporting includes Gamla Liv and its subsidiaries with the deduction and aggregation method in the calculation of the group-based capital requirement and own funds, while the analysis of the Insurance Group's risk profile and solvency position is performed excluding Gamla Liv. Gamla Liv's own funds and Solvency Capital Requirement under Solvency II rules are significant in relation to the other Group's own funds and capital requirements. Gamla Liv is included only as shares in subsidiaries in the Insurance Group's solvency balance sheet.

The subsidiary SEB Pensionsforsikring A/S owns a number of real estate companies and an administration company which are consolidated in the Holding and SEB Group according to the financial statements. The Insurance Group's solvency balance sheet includes the holdings of these companies as shares in subsidiaries.

In accordance with transitional rules, older solvency rules of the Insurance Business Act (Solvency I) are applied to the occupational pension activities in Sweden for the two Swedish companies. The transitional rules are expected to be in place until and including 2019.

The Board of Directors of the Company has adopted this report on 15 June 2018. The Board has participated in the preparation and approval of the report.

Summary

This report contains information about the Insurance Group’s business and performance, its corporate governance, risk profile, own funds and Solvency Capital Requirements for the reporting period 1 January to 31 December 2017. The Solvency and financial condition report is also prepared separately for each subsidiary of the Insurance Group.

Business and performance

The Insurance Group carries out life insurance and unit linked insurance business mainly in the Nordic and the Baltic countries.

Total assets under management including Gamla Liv were SEK 613 (580) billion at 31 December 2017 and the gross premium income amounted to SEK 36 (35) billion in 2017. Operating profit for the Insurance Group according to the financial reporting was 23 percent better compared to the previous year and is primarily due to increased income from unit linked insurance.

On December 14, 2017, the Company entered into an agreement to sell all shares in SEB Pensionsforsikring A/S and SEB Administration A/S to Danica Pension, Livsforsikringsaktieselskab, a subsidiary of Danske Bank.

On February 2017, it was announced that the Company's CEO Peter Dahlgren decided to leave SEB. He was succeeded by Nils Liljeberg, who was succeeded by David Teare in May.

During the year, a new portfolio system "Simcorp Dimension" was implemented within the Insurance Group.

System of governance

In the Company's capacity as an insurance holding company, the Board has adopted an instruction on the Insurance Group's system of governance. Through the instruction, the Company controls the elements that the system of governance should contain in the subsidiaries within the Insurance Group.

At the group level, there are three key functions: the Compliance function, the Internal Audit function and the Risk Management function. At the group level, the key functions primarily have a coordinating and supportive role regarding the key functions in the respective subsidiaries within the Insurance Group.

Risk profile

The Insurance Group’s business activities give rise to market-, counterparty-, underwriting- and operational risks. The two greatest risks expressed as Solvency Capital Requirement are underwriting risk and market risk. During the autumn, a so-called Own Risk and Solvency Assessment (“ORSA”) was carried out showing that there is a good balance between business strategy, risk profile and solvency position.

No material changes in Insurance Group’s Risk profile have been made during the reporting period.

Valuation for solvency purposes

The consolidated balance sheet has been prepared in accordance with IASB International Financial Reporting Standards (IFRS) of the European Commission. In the solvency balance sheet, assets and liabilities have been revalued in cases where Solvency II prescribes other valuation rules than IFRS. No material changes in assumptions in the calculation of assets, technical provisions and other liabilities of the Insurance Group have been made during the reporting period.

Capital Management

The Insurance Group’s total own funds (including Gamla Liv) at the end of the reporting period amounted to SEK 50,805 (43,843) million. The Solvency Capital Requirement (SCR) amounted to SEK 43,234 (36,172) million, giving a quota of 1.18 (1.21). The Insurance Group’s Solvency Capital Requirement increased by SEK 7,063 million or 19.5 percent during the reporting period. The increase in Solvency Capital Requirement is mainly attributable to increased capital requirements for share risk mainly as a result of increasing market values in equity-related assets.

Significant changes after the reporting period

On January 1, 2018, the new regulation IFRS 15 entered into force, which resulted in a changed assessment of capitalization of acquisition costs in the Insurance group. The effect of this change resulted in a decrease in the Insurance group's equity of SEK 2.0 billion and was mainly attributable to SEB Pension and Försäkring AB. Since only capitalized acquisition costs attributable to the occupational pension’s directive are included in the own funds, the own funds will be only affected by SEK 1.3 billion.

On February 2018, it was decided that simplification of the legal structure of the companies in Estonia, Latvia and Lithuania will be implemented in 2019. Three legal companies' life activities will be merged into one legal company. Through coordinated management and operations, new services can be offered in more efficient and effective ways to customers.

The Danish regulatory authority approved on 1 May 2018 the repayment of SEB Pensionsforsikring A/S subordinated loan on DKK 959 million to the Company.

On 30 May 2018 the Danish Competition Council, Konkurencerådet, approved the sale of SEB Pensionsforsikring A/S and SEB Administration A/S to Danica Pension, Livsforsikringsaktieselskab. The divestment was completed on 7 June 2018. The total value of the transaction amounted to DKK 6.5 billion and consisted of a purchase price of DKK 5 billion and an extra dividend on DKK 1.5 billion. The divestment of the Danish subsidiaries will reduce the risks and strengthen the insurance group's solvency position.

A Business and performance

A.1 Business

Overview according to the financial statements, SEK millions

	2017	2016
Assets under Management (AuM), the Holding Group	435,771	402,695
Assets under Management (AuM) Gamla Liv	177,212	176,892
Premiums gross, the Holding Group	36,328	34,609
Operating profit, the Holding Group	2,421	1,975

SEB Life and Pension Holding AB (“the Company”) with registration number 556201-7904 is a Swedish insurance holding company with the task of streamlining capital supply and co-ordinating life insurance operations within the SEB Group. The Company’s business mainly consists of the management of shares in subsidiaries. The Company is registered in Sweden and based in Stockholm. The Company’s address is 106 40 Stockholm.

The Company is a wholly owned subsidiary of Skandinaviska Enskilda Banken AB (publ) (“SEB”), company number 502032-9081, Stockholm.

The Company has subsidiaries that operate life insurance and unit linked insurance operations in Denmark, Estonia, Ireland, Latvia, Lithuania and Sweden (Appendix 1, Form S.32.01). Together with the subsidiaries, the Company constitutes the SEB Life and Pension Holding Group and is consolidated in SEB’s consolidated accounts.

The Company’s internal organisation is established in an instruction adopted by the Board. In addition to the Board and the Managing Director, the Company’s organisation consists of a management team.

Supervisory Authority and external auditors

The Insurance Group’s Supervisory Authority is Finansinspektionen, Box 7821, 103 97 Stockholm, e-mail: finansinspektionen@fi.se. Telephone +46 (0)8 408 980 00

The subsidiaries are supervised by the local supervisory authority of the respective country.

The Company’s external auditors are PricewaterhouseCoopers AB (“PwC”), 113 97 Stockholm. The auditor appointed is Eva Fällén.

Description of the subsidiaries

Gamla Livförsäkringsaktiebolaget SEB Trygg Liv (publ) (“Gamla Liv”) operates traditional life insurance business. Gamla Liv has been closed for new subscriptions since 1997 and operates in accordance with mutual principals and with policyholders, through the Trygg-Stiftelsen, as an indirect decision-making party on issues essential to the business. Given that Gamla Liv does not pay dividends and that the Company has no controlling influence on the design of Gamla Liv’s financial and operational activities, Gamla Liv is not consolidated in the Holding group or in the

SEB Group in the financial statements. Solvency reporting includes Gamla Liv in the Insurance Group's own funds and Solvency Capital Requirement.

SEB Pension and Försäkring AB ("Pension & Försäkring") operates both unit linked insurance and traditional life insurance business. Pension & Försäkring operates insurance administration for Gamla Liv. Pension & Försäkring owns 25 percent of FörsäkringsGirot Sverige AB.

SEB Administration A/S operates administrative activities.

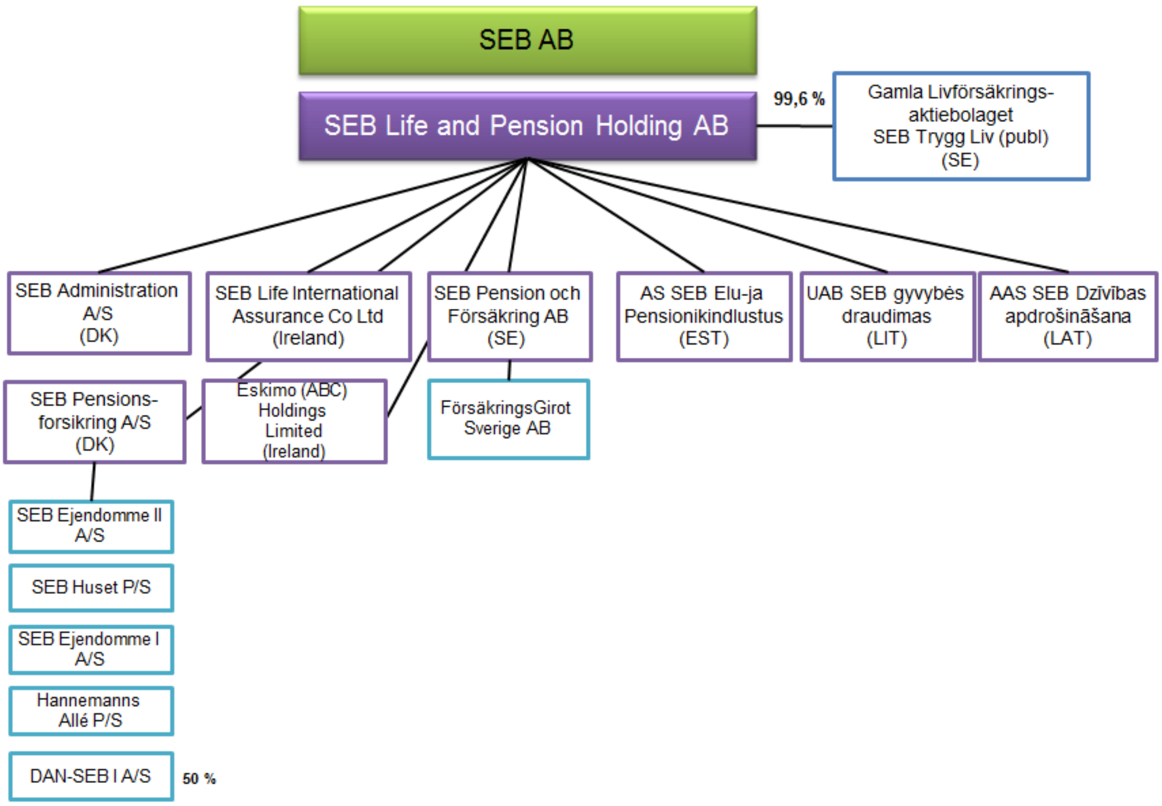
SEB Pensionsforsikring A/S ("SEB Pension Denmark") operates both unit-linked insurance and traditional life insurance activities. The companies in Denmark do pay a dividend and both companies are consolidated in the Holding and SEB Group according to the financial statements, while SEB Administration A / S is reported as a holding in subsidiaries on the solvency balance sheet.

SEB Life International Assurance Company DAC ("Life International") operates unit-linked insurance and is a life insurance company regulated and licensed in Ireland. The subsidiary Eskimo (ABC) Holdings Limited ("Life Eskimo") does not operative any activities.

The three Baltic subsidiaries AS SEB Elu-ja Pensionikindlustus ("SEB Life, Estonia"), AAS SEB Dzīvības apdrošināšana ("SEB Life, Latvia"), and UAB SEB gyvybės draudimas ("SEB Life, Lithuania") operate unit-linked insurance as well as traditional life insurance which are profit sharing.

The Company has a branch SEB Life and Pension Holding AB Riga Branch ("Riga Branch") in Latvia tasked with co-ordinating activities in the Baltic countries.

Image A.1.2 SEB Life group - legal structure



Intra-group transactions

Pension & Försäkring and Gamla Liv have an agreement, which means that Pension & Försäkring is mandated to carry out Gamla Liv's insurance administration. The compensation is paid at a market rate and it amounted to SEK 120 (125) million during the reporting period.

For further information about outsourcing within the Insurance Group, refer to Chapter B.7.

The Company has given a subordinated loan to SEB Pension Denmark and the receivable amount was SEK 1,265 (1,233) million at 31 December. The interest rate is set twice a year and interest receivables were SEK 19 million at year-end.

During the reporting period, Pension & Försäkring provided SEK 1,000 (950) million, SEB Pension Denmark SEK 1,342 (643) million and Life International SEK 246 (124) million in dividend to the Company. Pension & Försäkring had at year-end a group contribution debt of SEK 264 (236) million to the Company.

Business segments and geographical areas

The Company is tasked with streamlining capital supply and co-ordinating life insurance business within the SEB Group. The Company's business mainly consists of the management of shares in subsidiaries.

The Insurance Group provides insurance and asset management solutions for companies, individuals and institutions, primarily in the Nordic and Baltic countries.

For the purposes of solvency, the Insurance Group's insurance obligations are divided into the following business segments:

- Insurance with profit participation
- Unit-linked and index-linked insurance
- Other life insurance
- Health insurance
- Medical expense insurance for non-life insurance
- Income protection insurance for non-life insurance

SEB Pension & Försäkring (Sweden)
SEB Pension & Försäkring offers insurance solutions on the Swedish market within risk and unit-linked insurance and traditional life insurance. The insurance offer includes capital insurance, custody insurance, private pension insurance, occupational pension insurance, health insurance, group life insurance and health insurance. With a new range of traditional life insurance in Sweden, a wide range of products is offered.

Gamla Liv (Sweden)
Gamla Liv operates traditional life insurance business and is closed for new subscription. The business essentially consists of two branches, defined-contribution traditional occupational pension insurance and individual traditional insurance. All policyholders in the Company are resident in Sweden.

SEB Pension Denmark (Denmark)
SEB Pension Denmark offers pension products and risk insurance, classified as life insurance products, to private individuals and companies in Denmark. The business is divided into the following business areas:

- Insurance with bonus entitlement
- Unit-linked insurance and index insurance
- Other life insurance
- Health insurance

SEB Life International (Ireland)
SEB Life International is based in Ireland with branches in the United Kingdom and Luxembourg and operates throughout Europe. Life International primarily offers life insurance products with a single premium whereby customers have the flexibility to manage their own investment portfolio of shares, funds and other financial instruments. From a Solvency II perspective, all products are classified as "Unit-linked Insurance and Index Insurance".

SEB Life Estonia
SEB Life Estonia offers insurance solutions on the Estonian market in risk insurance, unit linked insurance and life insurance with guarantees. The customers are mainly private individuals. Offered products include products for loan protection, term life, pension's products and annuities.

SEB Life Latvia
SEB Life Latvia offers insurance solutions on the Latvian market in risk insurance, life insurance with guarantees and unit linked insurance. Offered products include guaranteed and fund-linked capital insurance, life and accident insurance for private and corporate customers and loan protection and annuity product for private customers. Most of the sales concern life insurance with guarantees.

SEB Life Lithuania
SEB Life Lithuania offers insurance solutions on the Lithuanian market in risk and unit linked insurance as well as traditional life insurance and health insurance. Customers include private individuals, companies and organisations. The products include unit-linked insurance, annuity insurance, risk protection products, loan protection products, life insurance products and health insurance solutions. Sales focus is on unit linked insurance and risk insurance.

Significant events during the reporting period

On December 14, 2017, the Company entered into an agreement to sell all shares in SEB Pensionsforsikring A/S and SEB Administration A/S to Danica Pension, Livsforsikringsaktieselskab, a subsidiary of Danske Bank. The total value of the transaction amounts to DKK 6.5 billion and consists of a purchase price of DKK 5 billion and an extra dividend before closing the transaction of DKK 1.5 billion. In addition to the extra dividend, the Company received a dividend of DKK 1.1 billion during the first half of 2017. The sale is conditional upon regulatory approvals as well as some common separation activities. The divestment of Danish subsidiaries will reduce the risks and strengthen the Insurance Group's solvency position.

A.2 Underwriting performance

Table A.2.1.

SEK millions	31 Dec 2017	31 Dec 2016	Change
Income investments contracts	3,453	3,234	219
Income insurance contracts	1,600	1,621	-21
Other Income	172	213	-41
Distribution expenses including deferred acquisition costs	–964	–953	-11
Operating expenses	–1,840	–2,140	300
Operating profit	2,421	1,975	446

Operating profit for the Insurance Group, according to the financial reporting was SEK 446 million higher than in the previous year, mainly due to increased income from investments contracts (primarily unit linked insurance) and lower operating expenses as a result of goodwill impairment in the previous year.

Tables A.2.2 and A.2.3 shows the Insurance Group's premiums per country and per line of business.

Table A.2.2 Premiums gross per country

SEK millions	2017	2016
Sweden	19,953	18,872
Denmark	12,211	11,580
Finland	1,375	1,681
Italy	882	602
Lithuania	406	515
Latvia	397	346
France	384	329
Estonia	224	201
Other countries	496	482
Total	**36,328**	**34,609**

Table A.2.3 Premiums and expenses per business area

2017	Life insurance				Accident insurance		
SEK millions	Health insurance	Insurance with bonus entitlement	Unit-linked insurance	Other life insurance	Health insurance	Income protection insurance	**Total**
Premiums	655	7,256	27,846	250	289	31	**36,328**
Expenses *)	-557	-5,948	-28,762	-250	-259	-12	**-35,789**

2016	Life insurance				Accident insurance		
SEK millions	Health insurance	Insurance with bonus entitlement	Unit-linked insurance	Other life insurance	Health insurance	Income protection insurance	**Total**
Premiums	641	6,758	26,646	229	308	27	**34,609**
Expenses *)	-649	-5,805	-25,814	-282	-262	-10	**-32,821**

*) Expenses include operating expenses and claims incurred

A.3 Investment performance

The Insurance Group's total assets under management amounted to SEK 436 (403) billion (including unit-linked insurance capital) as of 31 December 2017, an increase of 8 percent compared with the same period last year.

The Insurance Group's total investment results are shown per asset class in Table A.3.1. The greatest return is attributable to derivatives in the Danish portfolios and fund units in Sweden.

The Insurance Group has no gains or losses recognised directly against equity.

Investments in securitization

Investments in instruments that are characterized as securitization only occur to a limited extent within the Insurance Group. These investments are made within Pension & Försäkring and the SEB Pension Denmark. The scope of this exposure is defined in both companies' investment policies. The current exposure includes instruments with different ratings - from AAA to positions that lack ratings (equity). None of the companies invest directly in securitized credit structures but has exposure through external managers. Routines for managing risks associated with this kind of instrument are described in the subsidiary's investment policy.

Table A.3.1 Investment performance

Asset class, SEK million	2017	2016
Equities	1,886	3,898
Fund units	5,494	3,988
Properties	131	60
Corporate bonds	573	2,470
Cash and deposits	-22	2
Mortgage bonds	94	0
Government bonds	39	598
Structured securities	204	130
Secured securities	-6	96
Derivatives	6,741	2,665
Total	**15,134**	**13,907**

A.4 Performance of other activities

Other tangible income and expenses during the reporting period mainly relate to assignments between Pension & Försäkring and Gamla Liv. For the reporting period, the compensation was SEK 120 (125) million.

All leases within the Insurance Group refer to operational leasing. Life International, SEB Life Latvia and SEB Life Lithuania all have leases for their offices in each country.

A.5 Any other information

In February 2017, it was announced that the Company's CEO Peter Dahlgren decided to leave SEB. He was succeeded by Nils Liljeberg, who was succeeded by David Teare in May.

During the year, a new portfolio system "Simcorp Dimension" was successfully implemented within the Insurance Group. Gamla Liv implemented the same system in February 2018. This new system will contribute to a more efficient Solvency II reporting process.

B System of governance

B.1 General information on system of governance

The Company’s administrative and management structures

The Company’s management bodies consist of its board of directors and Managing Director. The Board has decided on the Company’s organisation by an Instruction regarding the Company’s organization and activities.

The Board is responsible for the Company’s organisation and the management of the Company’s affairs. The Board consists of three members. The Board has appointed a Managing Director to handle the daily running of the Company. In order to clarify the Managing Director’s duties in relation to the Board, the Board has adopted an Instruction regarding the Managing Director which indicates the duties of the Managing Director.

In the Company’s capacity as an insurance holding company, the Board has adopted an instruction on the Insurance Group’s system of governance. Through this instruction, the Company manages the elements of the system of governance that should be present at all subsidiaries within the Insurance Group. The Company’s Board has furthermore adopted instructions on, for example, key functions, risk and internal control which are to be implemented throughout the Insurance Group through decisions in the administrative, management or supervisory bodies of each Insurance company.

The Company monitors the business of the Insurance Group through ongoing reporting from the subsidiaries to the Board and the Managing Director.

Key functions

The Company has three key functions: the Compliance function, the Internal Audit function and the Risk Management function (within the Company called the Risk function). The activities of the key functions are governed by specific instructions adopted by the Board. Through the Board instructions, the Board has provided the key functions with the necessary powers and operational independence to fulfil their commitments.

The Company’s Compliance function primarily has a co-ordinating and supporting role regarding the compliance functions that exist in the respective subsidiaries of the Insurance Group. The Company’s Compliance function also monitors the development of various external regulations. The Compliance function reports to the Board and the Managing Director.

The Company’s Internal Audit function primarily has a co-ordinating and supporting role regarding the internal audit functions that exist in the respective subsidiaries of the Insurance Group. The function shall also assist the Company’s Board with investigations deemed to require internal audit expertise. The scope of such investigations is determined by the function taking into account available resources and the impact on audit activities in other areas. The internal audit function reports to the Board.

The Company’s Risk function primarily has a co-ordinating and supporting role regarding the risk functions that exist in each of the subsidiaries of the Insurance Group. The function is furthermore responsible for developing a group-wide risk management structure and monitoring its implementation within the Insurance Group. The Risk function reports to the Board.

Material changes in the system of governance

During the reporting period, no material changes have occurred in the system of governance system at group level.

Company principles and practice regarding remuneration

The Instruction regarding remuneration, etc.
The Company's Board has adopted an Instruction regarding remuneration that sets out the Company's principles for employee remuneration. The instruction shall be implemented throughout the Insurance Group by decision in the respective insurance, management, supervisory or supervisory bodies.

The Company's remuneration structure consists of three main components:

- basic salary
- variable remuneration, as well as
- pension and other benefits.

The Company applies a remuneration policy that means that an employee's total remuneration level should be a combination of the above-mentioned components and be a reflection of the employee's position and performance. The remuneration package is structured in different ways for different categories of employees in order to create the best balance taking into account the interests of customers, those entitled to remuneration and shareholders.

Share Program

Within the SEB Group, a group-wide program for share-based compensation is applied. The system is described on SEB's website, sebgroup.com under About SEB, Corporate Governance, Compensation, Share-based Compensation. Direct link: https://sebgroup.com/sv/om-seb/bolagsstyrning/ersattningssystem/aktiebaserad-ersattning

The Board

Within the SEB Group, a principle is applied to non-performing board assignments in addition to the salary received by the employee. In 2017, the Board member of the Company, who is not employed in the SEB Group, was granted a fee for his duties as a member. Pension payments have not been made.

The Managing Director and senior executives

The company's CEO is employed by the subsidiary Pension & Försäkring, which pays salary to the CEO. The Company bears a share of the costs incurred. See the Annual Report for Pension & Försäkring, Note 49, for more details.

B.2 Fit and proper requirements

Special requirements for competence, knowledge and expertise

The Company's Board has adopted an Instruction regarding the fit and proper assessment. The instruction contains requirements for both fitness and probity and sets out the Company's process for the fit and proper assessment. The instruction is to be implemented throughout the Insurance Group by decisions made by the management, supervisory or supervisory bodies of each subsidiary.

According to the instruction, everyone in the Company must have appropriate qualifications, experience and knowledge based on their duties. In terms of Board members and the Managing Director, it also states that they should have appropriate qualifications, experience and knowledge from the insurance sector, other financial sectors or other industries. In addition, the Managing Director must have relevant accounting knowledge and relevant leadership skills.

In terms of probity, it follows from the instruction that everyone in the Company should have a good reputation. When assessing whether a person meets the requirements for a good reputation, consideration should be given to the person's integrity and financial circumstances based on relevant information about the person's personality, personal conduct and reputation, as well as possible criminal, financial and supervisory aspects. The assessment also takes into account potential conflicts of interest and the role of the person within the Company.

The process of a fit and proper assessment for persons in key positions

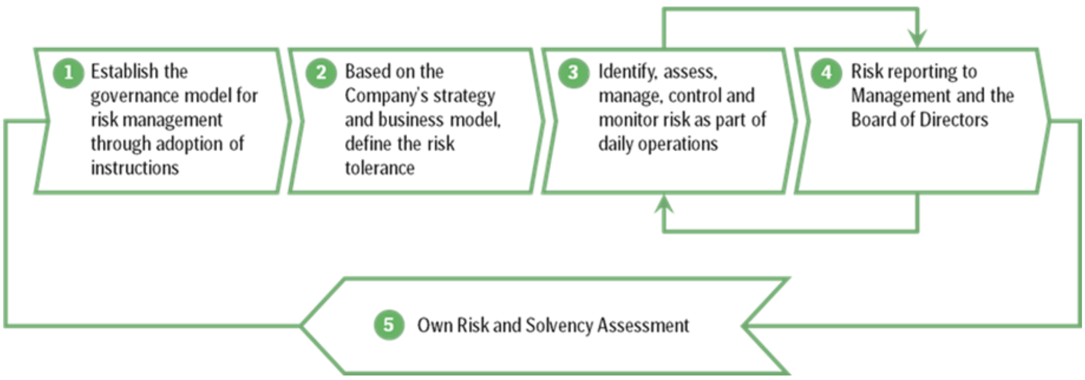
Prior to an employment with the Company, the Company applies a SEB group-wide regulatory framework for screening. The basic screening, which applies to everyone, includes identity checks, checks on grade sheets and certificate of education, references, credit information, extracts from the register on criminal acts and random drug tests. An extended screening, which applies to Managing Directors and other persons in key positions means that the background of the person is checked for a number of years in the past and checks are made of court disputes and the person's media exposure.

An employee's qualifications and reputation will then be assessed by the immediate manager at annual employee interviews.

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

The Insurance Group's business activities give rise to underwriting risk, financial risks, operational risks and business risks. Image B.3.1 shows the components that form the risk management system of the Group and each subsidiary.

Image B.3.1 Risk management system



Governance model for Risk Management

The Company's Board and CEO annually establish the guidelines that apply to risk management, risk reporting, internal control and follow-up within the Insurance Group. This is done by adopting an instruction regarding risk, an instruction regarding capital and own risk and solvency assessment as well as an instruction on internal control. These instructions are then adopted by the Board of each subsidiary with some local adjustment.

In addition, each subsidiary has more specific instructions and guidelines which define the risk management for each risk category in more detail. Examples of this are investment guidelines that govern the management of financial risks and insurance guidelines that govern the management of underwriting risks.

The Company's risk function primarily has a co-ordinating and supporting role regarding the risk functions that exist in each of the subsidiaries of the Insurance Group. The function is further responsible for following up and monitoring the implementation of the group-wide risk management structure and reporting any material deviations to the Company's Board.

In addition, monitoring of the Insurance Group's internal control and compliance is done through the work performed by the Company's independent control functions Compliance and Internal Audit.

Risk tolerance and solvency need

The Company's Board annually establishes the Insurance Group's tolerance of risk by adopting a so-called "Risk tolerance statement".

The overall tolerance of risk is defined by a solvency tolerance level which is set to avoid a situation where the ratio of own funds to its statutory Solvency Capital Requirement is at a level that adversely affects the Insurance Group's ability to achieve its business goals in the short and long term. In addition to a minimum tolerance level for the solvency ratio, the Board has also defined an internal target for the solvency ratio aimed at ensuring that there is enough time to implement appropriate measures in an orderly manner if a negative scenario develops which has not been anticipated in the business plan nor taken into account in the financial plan.

The derivation of the tolerance level and the desired solvency level is an activity that is part of the ORSA process which takes the following perspectives into account:

- The insurance group's risk profile and sensitivity to changes in the world at large
- The effectiveness of available measures that can be used to strengthen the solvency position
- Long-term financial stability
- Potential deficiencies in the models used for forward-looking assessments and data quality regarding inputs used in these models

Furthermore, the tolerance of risk per risk category is defined in qualitative terms and, at subsidiary level, through quantitative limits.

The Company's risk function continuously monitors that business is conducted within defined levels of tolerance risk and it reports any deviations to the Board and the CEO.

Risk management principles

The following risk management principles are common to the subsidiaries within the Insurance Group.

Underwriting risks are managed through risk assessments, underwriting limits and by using prudent assumptions in premiums and in calculating technical provisions as well as through reinsurance.

The management of the financial risks is determined by investment guidelines in each subsidiary, which are adopted by the Board. Investment guidelines indicate the companies' financial risk profile, strategic asset allocation, risk budgets and financial risk management organisation. Furthermore, the financial risks are monitored through simulations of historical financial crises and analyses of historical portfolio variances. A considerable part of the Insurance Group's business is unit-linked insurance where the companies do not carry a direct financial risk because the policyholder is responsible for the investment risk. However, revenues from unit-linked insurance mainly consist of fees based on the value of fund units and are therefore affected by the value development of the funds.

Operational risks are managed primarily through a clearly distributed responsibility for processes, internal controls and well-functioning system support. There are also procedures for crisis management, business continuity planning, incident reporting and quality routines for the introduction of new products and processes.

Business risks, including strategic risks, are handled in the context of business planning and in the ongoing follow-up of operations. Business planning is based on, among other things, competitor and world surveillance, analyses of developments in the insurance market and analysis of proposed changes in legislation and regulations and how these can affect the business model.

Further information about the Insurance Group's risk management, risk exposure and sensitivity to risks are set out in section C. Risk profile.

Reporting of risk

The aggregate risk position of the Insurance Group is reported by the risk function to the Company's Managing Director and Board at all board meetings. The risk report contains an overall analysis against the established risk tolerance, as well as sections per risk category describing risk exposure more in detail.

In addition, the risk function is responsible for escalation and reporting to the Company's CEO and Board if business is conducted outside the defined risk tolerance.

Own Risk and Solvency Assessment (ORSA)

Within the framework of the ORSA process, the business plan is analysed from a risk and solvency perspective. The overall objective is to evaluate whether identified risks and capital requirements are acceptable and manageable or whether the strategy should be reviewed to balance the risk profile in relation to the ability to manage risks and the financial position of the Insurance Group.

The ORSA process is carried out annually, but if there are significant changes in the Insurance Group's risk profile, the Company will evaluate whether there is a need to initiate a non-regular ORSA. Examples of events that could potentially involve a significant change in the risk profile are major adjustments to the business model or strategy such as launch of new products, material changes in the current investment strategy, dividend policy or similar.

The instruction regarding capital and the own risk and solvency assessment, adopted by the Board, stipulates that the Insurance Group's capitalisation should be risk-based and forward-looking. The ORSA process is designed to fulfil this purpose and is structured around the following activities:

1) Establish the business strategy and identify significant risks

2) Evaluation of the suitability of the standard formula

3) Prognosis of the financial position based on the business plan

4) Define stress scenarios

5) Prognosis of the financial position based on stress scenarios

6) Analyse the result of stress scenarios

7) Evaluation of solvency requirement

8) Review and approval of the ORSA report

9) Communicate ORSA results to interested parties

B.4 Internal control systems

Description of internal control system

All subsidiaries in the Insurance Group have implemented customised internal control systems in order to achieve business efficiency, to ensure reliability in internal and external reporting and to support compliance with external regulations and internal guidelines.

The internal control system of each subsidiary is structured around the following five components, which are further explained below: Control Environment, Risk Assessment, Control Activities, Information and Communication as well as Monitoring.

Control Environment
The control environment is defined by the corporate culture of the Insurance Group and each subsidiary and the overall attitude communicated by senior executives regarding the internal control system and its importance.

Examples of important components that contribute to a good control environment are clear division of responsibilities and continuous skill development for employees.

Risk Assessment
Each subsidiary continuously conducts various risk assessment activities in order to identify risks that need to be managed within the internal control framework. Examples of risk assessment activities are regular review of significant processes, the New Product Approval Process and analysis and follow-up of operational incidents.

Control Activities
Each subsidiary has defined control activities in order to create a structure that effectively addresses identified risks. The control structure includes both manual and automated controls and is documented in control catalogues per unit or in some similar way.

Information and communication
The Information and Communication component supports the other components within the framework and includes, for example:

- Compulsory education about internal instructions
- Discussions at group and unit levels about the respective control directories
- Various workshops on operational risks/internal controls facilitated by the risk function

All subsidiaries also have procedures for escalation such as whistle blower functionality.

Monitoring of control effectiveness within each subsidiary
In order to ensure that the internal control system is effective over time, each subsidiary has implemented suitable monitoring activities linked to defined control responsibilities.

- Regular follow-up of key risk indicators such as outstanding reconciliation differences, etc.
- Self-assessment of control effectiveness initiated by the risk function
- Random sampling performed by compliance
- Random sampling performed by internal audit
- Random sampling performed by external audit

The result of the monitoring activities, i.e. if the internal control system is effective or if improvements are necessary, will be presented to management and the Board as part of the regular risk reporting as well as in the form of compliance and audit reports.

Monitoring of control effectiveness from the perspective of the Group

The Company's key functions (Risk Function, the Compliance Function and Internal Audit) all take note of the reporting from the key function of each subsidiary including results from monitoring the effectiveness of internal control systems. This information is then consolidated in reports on the Insurance Group which are presented to the Company's management and Board.

The Compliance Function

The Company and its subsidiaries have a separate compliance function (the Compliance Function) whose role and responsibility are stated in special instructions adopted by the Board in each company.

The Compliance Function's responsibility covers mainly the following regulatory areas:

- Business regulation and Permit issues
- Consumer Protection
- Market Conduct
- Prevention of money laundering and terrorist financing

The main tasks of the Compliance Function are:

- Managing compliance risks
- Monitoring
- Investigate incidents
- Provide advice on compliance issues and application of rules
- Develop internal rules on compliance

- Educate and inform
- Relationship with authorities

The Compliance Function is independent in relation to the Company's business and reports to the Managing Director and the Board. The Compliance Function shall be provided with full access to materials, staff and property relevant to the performance of the function's duties and all employees are required to co-operate fully with the Compliance Function. Any limitation of this right shall be reported to the Board and the Managing Director.

The Compliance Function annually establishes a written compliance plan to be approved by the Board. The plan describes activities for the coming year. In addition, the Compliance Function must provide a written report annually summarising the compliance work carried out during the past year and the outcome of the work.

The Compliance Function attends board meetings and management team meetings when dealing with compliance issues.

The Compliance Function co-ordinates its activities with the internal audit function and risk management function to ensure an appropriate distribution of activities and minimise duplication.

The subsidiaries in the Baltics have outsourced the Compliance Function to SEB and this is performed by SEB's Compliance Function in each country.

B.5 Internal audit function

The Company's Internal audit function is provided by Pension & Försäkring. The Internal audit function is independent in relation to the business activities. The function maintains its independence and its objectivity from the business it reviews by not participating in the Company's operational activities and by adhering to the Board's instruction on the function and The Institute of Internal Auditor's Standard according to the International Professional Practices Framework. The Internal Audit Function further decides independently of its audit activities.

B.6 Actuarial function

The Company has no actuarial function. Actuarial competence and coordination is, however, provided by Pension & Försäkring. Within the Insurance Group there are instead actuarial functions within each subsidiary.

B.7 Outsourcing

The Board has adopted an instruction on outsourcing which will be implemented by the subsidiaries in the Insurance Group. The instruction specifies the conditions under which such arrangements may be made and how the process of outsourcing the business is to be carried out. The instruction states that critical or important operational functions should not be outsourced if it leads to:

- a significant deterioration of the quality of the system of governance,
- a significant increase in the operational risk,
- a deterioration of the supervisory authorities' ability to exercise supervision, or
- inability to maintain the ability to provide customers with satisfactory and continuous service.

The instruction further specifies what is to be governed by the agreement to be concluded between the client and the service provider. In summary, the requirements mean that the roles and responsibilities of the client or service provider are specified, that the client should be entitled to information about the performance of the services, that the service provider must co-operate with the supervisory authority and allow the supervisory authority access to the supplier's premises, that the service provider must protect confidential information that the service provider must establish, implement and maintain a catastrophe plan that the service provider must undertake to comply with applicable laws and regulations as well as instructions from the client and that the service provider's staff shall meet the client's eligibility requirements.

Material group-internal outsourcing

The subsidiaries within the Insurance Group mainly have the following material internal outsourcing. In all cases, the supplier is SEB or another company within the SEB Group.

Table B.7.1

Description	Country
Asset Management and Administration	Sweden
Services to prevent money laundering and terrorist financing	Sweden and Latvia
IT services mainly include application management services, network and internet services, workplace-related services, support services, management and operation of development and testing environments, system development services	Sweden, Latvia and Lithuania
Risk control services	Sweden

Gamla Liv has also outsourced its insurance administration to Pension & Försäkring.

For more detailed information about outsourcing within the various insurance companies, refer to the solvency and financial condition report of each subsidiary.

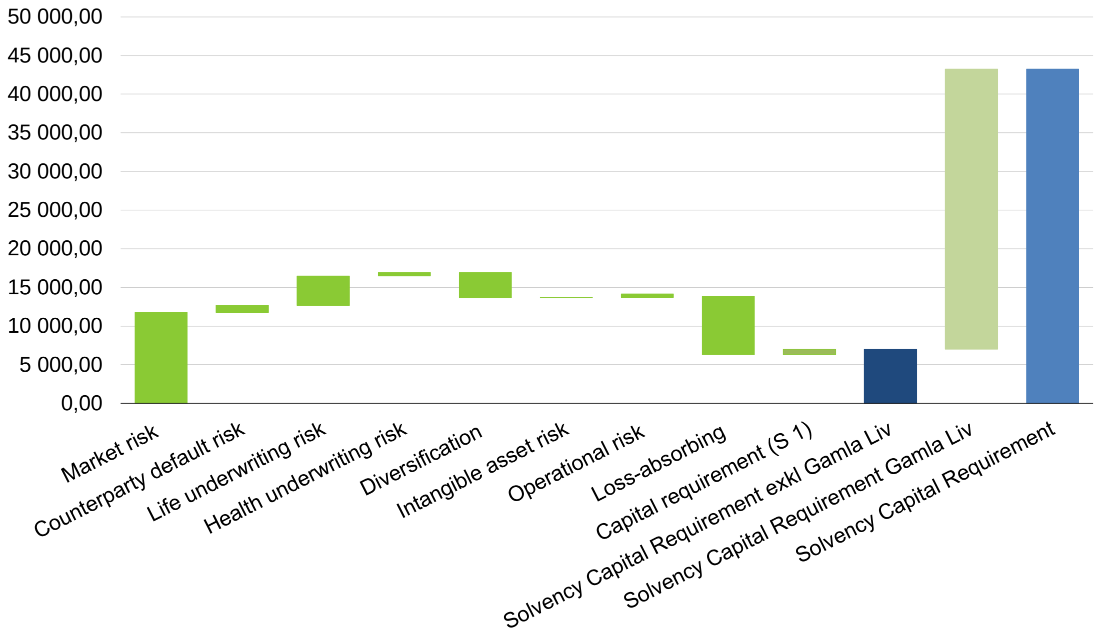
B.7 Any other information

The Insurance group has no other material information to provide regarding the system of governance.

C Risk profile

The Insurance Group's business give rise to underwriting risks (life risk and health risk), market risks, counterparty risks (credit risks), liquidity risks, operational risks and business risks. The two greatest risks expressed as Solvency Capital Requirement are underwriting risk and market risk, which is shown by the diagram below.

Figure C.1 Capital requirement per risk module, 31 December 2017



C.1 Underwriting risk

The Insurance Group is exposed to underwriting risks through its subsidiaries.

Underwriting risk is the risk of loss or adverse changes in the value in technical provisions due to incorrect assumptions regarding mortality risk, longevity risk, health/disability risk, lapse risk, expense risk and catastrophe risk.

Underwriting risks are managed by underwriting guidelines in terms of risk assessment, through reinsurance, appropriate product design and pricing and by diversification of underwriting risks through a spread over a large number of insurance contracts. In addition, the outcome of underwriting risks is continuously monitored. Each subsidiary has defined risk tolerance levels for these risks and the limits established are monitored by the each subsidiary.

The Insurance Group calculates the exposure of underwriting risks according to the Solvency Capital Requirement of the standard formula under Solvency II.

Mortality risk
Mortality risk is the risk of loss or adverse changes in the value of technical provisions due to the fact that the actual mortality of the life assureds are higher than the subsidiaries have assumed in their pricing or in their assumptions in determining the technical provisions.

The exposure of each subsidiary to mortality risk is limited by applying underwriting guidelines to ensure that the products are priced in correspondence with the life assured's health status and further by limiting the insurance amounts through reinsurance.

Longevity risk
Longevity is the risk of loss or adverse changes in the value of technical provisions due to the fact that the life assureds live longer than the subsidiaries each have assumed in their pricing or in their assumptions in determining the technical provisions.

The exposure of each subsidiary to longevity risk is limited by using careful assumptions for remaining life. Assumptions on future mortality include trends with a gradually longer life expectancy and are based on both internal and external data.

Health/disability risk
Health/disability risk of loss or adverse changes in the value of technical provisions due to the fact that the actual rate of disability of the insured is higher than the subsidiaries each have assumed in their pricing or in their assumptions in determining the technical provisions.

The exposure of each subsidiary to the risk of illness is limited by applying underwriting guidelines to ensure that the products are priced in correspondence with the insured's health status and further by limiting the insurance amounts through reinsurance.

Lapse and expense risk
Lapse risk is the risk of loss or adverse changes in the value of technical provisions due to the fact that policyholders cease to pay premiums, surrender, transfer or change the insurance contract in a way that the subsidiaries have not predicted in their pricing or in their assumptions when determining the technical provisions.

Expense cost risk is the risk of loss or adverse changes in the value of technical provisions due to the fact that the actual operating costs are higher than the subsidiaries each have assumed in their pricing or in their assumptions in determining the technical provisions.

Lapse or expense risk risks are managed through appropriate product design and pricing and by a regular follow-up of outcomes against assumptions. In practise:

- The insurance premium shall be set to cover future expected costs and expenses of the insurance contract.
- A product profitability analysis, including sensitivity analysis, shall be performed and compiled on a regular basis.
- Previously paid commission shall, as far as possible, be recovered in the event of premium lapses or similar.
- Regular follow-up of expense levels, and initiation of activities to further improve efficiency in the Company's operations.

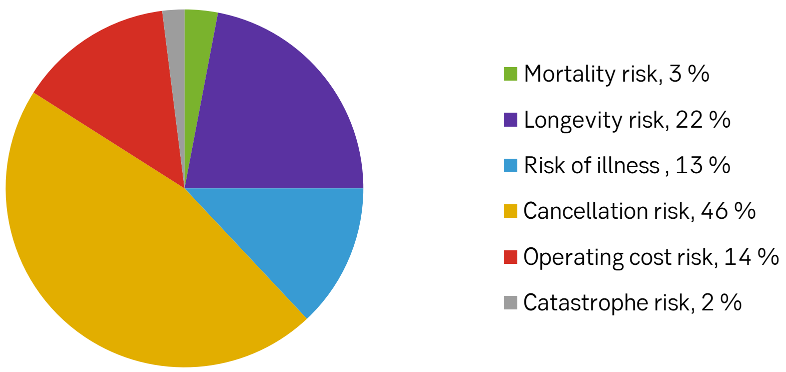
Concentration of risk
The Insurance Group has only limited exposure to concentration of risk in terms of underwriting risk.

Reinsurance
Reinsurance is used at each subsidiary in order to limit exposure to mortality risk and health/disability risk. The reinsurance arrangements may differ between the subsidiaries but usually include protection through retention limits for individual risks and for cumulative claims (catastrophe claims).

The reinsurers are carefully selected and take into account the credit rating, competence, experience, solvency and service level of the counterparty.

The reinsurance programmes are evaluated continuously, inter alia in order to evaluate their effectiveness, and the actuarial function of each subsidiary submits an opinion on the appropriateness of reinsurance programmes to the Board at least once a year.

Figure C.1 Life and health underwriting risks - Solvency capital requirement per typ of risk, 31 December 2017



C.2 Market risk

The Insurance Group is exposed to market risks through the investments linked to traditional life assurance and risk insurance operations at each subsidiary, as well as through investments of own equity.

In order to maintain a good balance between risk and return, each subsidiary has defined risk tolerance levels as well as strategic asset allocation per investment portfolio. Fixed limits are continuously monitored by the respective risk function, which also daily monitors how the market risk exposure has developed through, for example, Value-at-Risk calculations as well as historical scenario analyses.

In terms of unit-linked insurance, the Insurance Group does not carry the direct market risk because the policyholder is responsible for the investment risk. However, the income from unit linked insurance to a large extent comes from fees for assets under management based on the value of fund units and is therefore affected by the fund’s value development.

Risk exposure in terms of market risk

The main market risks the Insurance Group is exposed to is equity risk, interest rate risk, property risk, spread risk and currency risk.

Equity risk is the risk that the market value of equity investments will fall due to market and socioeconomic factors.

The Insurance Group is exposed to interest rate risk through the risk that the market value of assets carrying interest will decrease as interest rates rise. Interest rate risk increases with the maturity of the asset. Furthermore, there is a risk of interest rate exposure linked to the policyholders being entitled to guaranteed insurance sums and that technical provisions for life insurance are discounted at projected market rates.

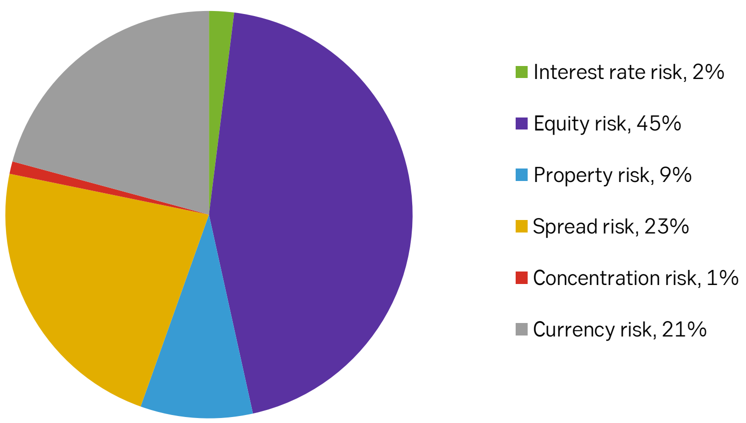
Property risk is the risk that the market value of the property portfolio will fall due to market and socioeconomic factors.

Spread risk arises when investing in investments in instruments such as corporate bonds and mortgage bonds, and symbolises the risk premium over the risk-free interest rate.

Currency risk arises in the Insurance Group by the subsidiaries operating in local currency, which differ from the group's currency. The subsidiaries investments may involve currency positions in relation to the currency of the Group. Furthermore, there is a currency risk exposure within the Company as the shares in subsidiaries are reported in Swedish kronor while the subsidiaries' equity is in local currency. (However, this risk is mostly managed through currency hedging.)

The Insurance Group calculates the exposure of market risks according to the Solvency Capital Requirements of the standard formula under Solvency II.

Figure C.2 Market risk - Solvency capital requirement per type of risk, 31 December 2017



Prudent person principle

The Boards of each subsidiary have defined investment guidelines, or similar steering documents, in accordance with prudent person principle. The following general principles apply to all subsidiaries in the Insurance Group:

- Investments should always be based on the policyholders' best interests and any conflicts of interest associated with the investment should always be evaluated and managed, especially regarding investments in securitised instruments.
- The portfolio's security, availability, liquidity and profitability shall be continuously analysed, evaluated and managed, compared against commitments and other management requirements.

- There must always exist a good picture of the purpose of the investment as well as understanding and knowledge about the investment's characteristics risk and return profile in isolation and how the portfolio as a whole is influenced by investment).
- Ensuring that all investments can be managed, valued and followed up in relevant systems and that sufficient expertise and experience exists to manage and administer the investment.
- Ensuring that the return on investment and risk, including solvency requirements, can be calculated and reported correctly.
- When using derivatives, it must be ensured that the exposure of the derivative reflects the underlying asset and that the expected risk transfer is achieved and that new risks arising from the use of derivatives are analysed and handled.

Material risk concentrations relating to market risk

For maximum exposures to specific geographic markets, instrument types and individual counterparties, these are regulated and limited within the framework of the investment guidelines of each subsidiary

The Insurance Group's traditional portfolios are highly diversified. The greatest concentrations, apart from shares in well-diversified funds, are bonds with high creditworthiness.

The operational organisation regarding investments is partly co-ordinated with a joint Investment Manager and there is co-operation between the subsidiaries in the preparation of investment plans etc. However, the management and Board of each subsidiary own the final approval of the strategic asset allocation, risk tolerance and specific investments in each portfolio.

Risk reduction in terms of market risk

The steering and risk reduction regarding market risk is determined by the investment guidelines adopted by the Board of respective subsidiary.

Equity risk is primarily managed through diversification across several markets and sectors which helps reduce the risk of individual factors impact on the equity portfolio of each subsidiary and the aggregated exposure for the Insurance Group.

As the Insurance Group's portfolios consist largely of interest-bearing assets and the technical provisions are largely discounted at market rates, the analysis of the interest rate sensitivity of the assets and liabilities is central to the asset management of respective subsidiary. Examples of measures to balance these risks are interest rate immunisation programmes where derivatives are used to limit unwanted outcomes due to changes in market interest rates.

Property risk is managed through a highly diversified portfolio with a breakdown between different markets and because investments are made both in property-related securities and in directly owned properties.

The Insurance Group's exposure to spread risk is continuously monitored through defined limit structures and stress tests. Currency risk is managed through currency hedging using derivatives.

C.3 Credit risk

Credit risk is the risk that a counterparty cannot fulfil its commitments. The risk can be split into issuer risk, which is defined as the risk that borrowers on the bond market cannot fulfil their obligations, as well as settlement risk associated with temporary exposures in securities trading.

The Insurance Group's issuer risk is governed by rating-based limit models implemented within each subsidiary.

The settlement risk is handled by requiring collateral from counterparties for all unrealised gains from the repo and derivatives markets. Correspondingly, collateral is provided for unrealised commitments. Collateral management is governed by standard agreements.

Information on the credit quality of bonds and other interest-bearing securities is described in the solvency and financial condition reports for each subsidiary.

C.4 Liquidity risk

Liquidity risk refers to the risk that the Insurance Group or any of its subsidiaries may find it difficult to fulfil its short-term financial obligations due to a lack of liquid assets.

Liquidity risk is managed through ongoing monitoring of future payments and through limits designed to maintain sufficient liquidity in the investment portfolios of each subsidiary.

In order to assess the assets' market liquidity, each asset class is classified based on market turnover, etc. The result is then compared with expected outflow of debt. In addition, hypothetical stress tests are performed with assumptions regarding unexpected outflow of debt and reduced asset disposal rates. Based on this, a liquidity quota can be prepared which is analysed in order to assess short-term payment ability.

The outcome of these liquidity analyses shows that the short-term payment ability is good.

C.5 Operational risks

The Insurance Group's operational risks are primarily managed through a clearly distributed responsibility within each subsidiary for processes and internal controls as well as well-functioning system support (for more information, see section B.4 Internal Control System).

In addition, each subsidiary of the Insurance Group has implemented the following tools/processes for managing operational risks:

SEB Operational Risk Self-Assessment
In order to identify operational risks where the risk management needs to be strengthened, regular evaluations and assessments are conducted at the process level.

Identification of operational risks associated with business planning
As part of the business planning process, operational risks that potentially compromise the ability to achieve strategic and financial goals are identified and analysed.

Registration and follow-up of operational incidents
All operational incidents are recorded in a central incident management system and analysed to understand the root cause and whether there is a need to strengthen the internal control structure or initiate other activities to reduce the risk of similar incidents occurring again.

New Product Approval Process (NPAP)
The purpose of NPAP is to ensure that the business does not start activities that contain risks that cannot be managed and controlled in a professional and sustainable manner.

Business Continuity Planning
Each subsidiary has plans and procedures to ensure preparedness associated with critical processes and systems in the event of large-scale interference. The purpose of these continuity plans is to restore operations as quickly and smoothly as possible.

The plans are tested and updated annually.

Crisis management
Each subsidiary has appointed a crisis management with the task of, in the event of a crisis, quickly determine the scope, assessing the effects, identifying, prioritising and co-ordinating the actions that should be initiated.

Information Security
There are appointed security officers within the Insurance Group with the task of monitoring the management of information security as well as raising awareness of the risks and how they are to be addressed. This role also participates in NPAP which evaluates all new initiatives.

Examples of routines implemented to handle information security risks are regular review of system permissions as well as selected log files.

Cyber Security
The Insurance Group bases its work on cyber security in the following framework: “NIST Cyber security framework” and “ISF Cyber resilience framework”. The goal is efficiently to prevent/handle negative outcomes in the event of cyber-attacks.

Compliance and legal risks
The Compliance Function is responsible for informing and educating the business in terms of regulatory requirements and monitoring their handling (see section B.4).

In terms of the management of the Insurance Group’s legal risks, these are co-ordinated and supervised by the Legal Department.

Follow-up and analysis of outstanding audit observations
The Insurance Group has a process for the continuous monitoring and analysis of outstanding audit observations to mitigate the risks identified by internal and/or external auditors.

C.6 Other material risks

In addition to the risks described in previous sections, the Insurance Group is exposed to business risks. Common to all identified business risks is that they may potentially adversely affect sales volumes or product margins.

Business risks are handled in the context of business planning and in the ongoing follow-up of the business.

Business planning is based on, among other things, competitor and world surveillance, analyses of developments in the insurance market and analysis of proposed changes in legislation and regulations and how these can affect the business. Alongside business planning, a forward assessment of the insurance group's risks and solvency situation is carried out as described above under the heading "Own Risk and Solvency Assessment" in Section B.3.

C.7 Any other information

The Insurance Group's business is highly diversified and there is only limited concentration of risk. The concentration of risk that should be highlighted is that most of the Insurance Group's IT administration is outsourced to SEB AB, potentially causing all subsidiaries to suffer from key IT incidents and malfunctions.

D Valuations for Solvency purposes

The Group's balance sheet has been prepared in accordance IASBs IFRS (International Financial Reporting Standards) by European Commission. Assets and liabilities have been revalued in the solvency balance sheet where Solvency II prescribes valuation rules other than IFRS and these are described in the following sections.

Gamla Liv is not consolidated in the solvency balance sheet. Gamla Liv is only included as shares in subsidiaries.

There have been no material changes in assumptions in the calculation of assets, technical provisions and other liabilities of the Insurance Group during the reporting period.

D.1 Assets

The valuation principles and the differences between the valuation in IFRS and Solvency II are described below for each significant item in the solvency balance sheet. The Insurance Group's complete solvency balance sheet will be found in Appendix 1 (S.02.01.02).

Goodwill

Goodwill is valued according to the financial statements at acquisition value adjusted for any accumulated impairment losses. According to Solvency II, goodwill is valued at zero and no value is reported in the solvency balance sheet.

Deferred acquisition cost

For occupational pension in Pension & Försäkring, valued under Solvency I, deferred acquisition cost (DAC) is reported under "Other" on the asset side and valued at the same value as in the financial statement. For other business DAC is valued at zero in the solvency balance sheet.

Intangible assets

Intangible assets are reported at amortised cost less accumulated amortisation and impairment losses according to the financial statements. Under Solvency II, intangible assets from subsidiary acquisition are valued at zero. Other intangible assets relate to capitalised development costs and are valued in accordance with the financial statements.

Assets held for unit-linked and deposit insurance contracts

Assets held for unit-linked and deposit insurance agreements together constitute the securities portfolio that covers the policyholders' unit-linked and custody agreements. Assets include financial instruments, liquid assets and other financial assets and the valuation follows the same principles as described below.

Investment assets

Financial instruments

Financial instruments include listed and unlisted equities, fund units, interest-bearing securities and derivatives.

Assets are mostly market-listed assets, meaning that they are traded on an active market. An active market is a market with publicly available prices that represent actual market transactions. The assets traded on an active market are shares, fund units, bonds, derivatives and currencies.

For assets where there is no active market, different valuation techniques are used to estimate a fair value at the point of valuation that is deemed to correspond to the price at which a transaction between competent, independent parties can be implemented. Assets not traded on an active market are Private Equity and hedge funds and certain short-term interest rate instruments.

Fund units are valued at the net asset value, which is the rate at which transactions are made when trading units in the funds. Holdings in funds are reported to the Company's share of the valuation made by the fund manager of the fund's total holdings and is usually updated when new valuation has been obtained. Hedge funds are usually valued monthly or quarterly. Private Equity funds are valued quarterly. Other funds are valued daily.

Interest-bearing instruments traded on an active market are valued at fair value at the latest quoted buy rate or, if no such price, at the latest quoted transaction rate. Interest-bearing instruments that are not traded on an active market and where quoted prices are missing are valued after a present value calculation taking into consideration the market interest rates of comparable securities on the closing date.

Derivatives are valued at fair value. Derivatives with positive fair values are reported as investments while derivatives with negative fair values are reported as liabilities. Where there are listed courses, these are used. For non-listed derivatives, valuation is made through accepted theoretical models based on information about underlying instruments.

Investment Properties
Properties held for the purpose of generating rental income and/or value growth is reported as investment properties and is valued at fair value. Different forecasts on discounted cash-flow based on reliable estimates of future cash-flow are used for the valuation.

Receivables under reinsurance contracts

See section D.2. for differences in valuation between financial reporting and solvency II.

Table D.1.1 shows the various asset classes and differences in the solvency and financial statements of the Insurance Group.

Table D.1.2 shows the change in the various assets classes according to Solvency during the reporting period.

Table D.1.1 Assets, SEK millions

Per 31 December, 2017	Solvency	Financial Reporting	Difference
Goodwill	0	321	-321
Deferred acquisition costs “DAC” *)	0	3,958	-3,958
Intangible assets	56	206	-150
Deferred tax receivables	10	5	5
Tangible fixed assets held for own use	6	6	0
Investment assets (other than assets held for index and unit-linked contracts) **)	130,967	130,978	-11
Assets held for index-regulated agreements and unit-linked insurance contracts	347,365	347,365	0
Loans and mortgage loans	3,486	3,486	0
Receivables under reinsurance contracts	528	551	-23
Insurance claims and receivables from intermediaries	231	231	0
Reinsurance receivables	15	15	0
Receivables (accounts receivable, non-insurance)	163	163	0
Cash and cash equivalents	7,273	7,273	0
Other	2,393	398	1,995
Total assets	**492,494**	**494,956**	**-2,462**

*) For occupational pension, valued according to Solvency I for the Swedish companies, DAC is reported at SEK 1,995 million under Other. For other business at SEK 1,963 million, DAC is valued at zero in the solvency balance sheet.

**) The difference in investment assets in solvency and financial reporting is due to differences in the classification of derivatives between assets and liabilities. This is not difference in valuation.

Table D.1.2 Assets according to Solvency, SEK millions

Per 31 December, 2017	2017	2016	Change
Intangible assets	56	51	5
Deferred tax receivables	10	20	-10
Tangible fixed assets held for own use	6	4	2
Investment assets (other than assets held for index and unit-linked contracts) **)	130,967	141,156	-10,189
Assets held for index-regulated agreements and unit-linked insurance contracts	347,365	318,884	28,481
Loans and mortgage loans	3,486	3,833	-347
Receivables under reinsurance contracts	528	516	12
Insurance claims and receivables from intermediaries	231	225	6
Reinsurance receivables	15	6	9
Receivables (accounts receivable, non-insurance)	163	180	-17
Cash and cash equivalents	7,273	7,020	253
Other	2,393	2,423	-30
Total assets	**492,494**	**474,319**	**18,175**

The largest increase was in assets held for index-adjusted contracts and unit linked insurance contracts, which increased by 9 percent and are attributable to positive value developments.

D.2 Technical provisions

In this section, the valuation of technical provisions (TP) is defined for solvency purposes and how this differs from the financial reporting.

Table D.2.1 shows technical provisions within the Insurance Group broken down by lines of business (material class), including how these are allocated to different types of provisions: TP as a whole, best estimate and risk margin.

Table D.2.1 Technical provision

Per 31 December 2017, SEK millions	TP calculated as a whole	Best estimate	Risk margin	TP
Index-/unit-linked	203,794	138,195	1,082	343,071
With profit participation	10,272	70,142	231	80,645
Other life	23	1,529	107	1,659
Health similar to life	1,158	4,034	185	5,377
Health similar to non-life	0	272	23	295
Total	**215,247**	**214,172**	**1,628**	**431,047**

Per 31 December 2016, SEK millions	TP calculated as a whole	Best estimate	Risk margin	TP
Index-/unit-linked	182,769	130,717	962	314,448
With profit participation	8,733	66,451	230	75,414
Other life	20	1,747	78	1,845
Health similar to life	1,198	4,000	174	5,371
Health similar to non-life	0	291	37	329
Total	**192,719**	**203,206**	**1,481**	**397,407**

For occupational pension, Pension & Försäkring has used the option to continue with Solvency I rules for valuation of technical provisions. Occupational pension is reported as TP as a whole. In SEB Pension Denmark and in SEB Life, Lithuania the asset values of the policyholders' fund units within unit-linked is reported as TP as a whole.

The best estimate corresponds to the probability weighted average of future cash-flows, taking account of the time value of money. All valuation of best estimate is based on mark to model techniques as there are no clear market values.

For the major part of with profit participation business in Pension & Försäkring and SEB Life, Estonia, the estimated time value of financial options and guarantees (TVFOG) is added by using stochastic valuation. For that purpose, an Economic Scenario Generator has been used.

When calculating the risk margin, subsidiaries in the Insurance Group have used a simplified method in accordance with the Solvency II regulatory framework. As the man method, the Solvency Capital Requirement is calculated approximately for each future year by multiplying the initial Solvency Capital Requirement with the ratio between the best estimate for the coming years and the initial best estimate while other methods have been used for some line of businesses where different types of risk factors have been used to calculate the Solvency Capital Requirement for coming years. When calculating the Solvency Capital Requirement for risk margin purposes, the market risk and counterparty risk (except for reinsurance) have been excluded, except for Life International, which has included also the market risk with the exception of interest rate risk.

The most important assumptions that influence the valuation of technical provisions are discount rates, lapse rates, mortality rates, expense assumptions and management actions related to the pay-out of future discretionary bonuses.

Uncertainties in the valuation

The uncertainty in the valuation of the technical provisions is related to the extent to which future cash-flows can be estimated and whether the data used in the calculation cannot be considered complete, accurate and appropriate. Due to the uncertainty about future events, the modelling of future cash-flows will necessarily be incomplete, leading to a certain degree of error and ambiguity in the valuation.

The valuation of best estimate is based on different cash-flow models with a large number of different assumptions about parameters, which generally is derived from historical data. These assumptions contain uncertainties that may have a non-significant deviation from future outcomes.

In particular, there is uncertainty in:

- Policyholders' behaviour regarding the exercise of contractual rights to change the agreement
- Assumptions of cost
- Changes in demographic, legal, medical, technical, social and economic development
- Times, frequency and extent of injury events, including uncertainty in injury inflation

The level of sufficient level of detail should also be continuously assessed.

The difference between valuation methods for financial reporting and Solvency

Tables D.2.2 shows the differences between the valuation of technical provisions for solvency purposes and those used in the financial statements for each business area excluding Gamla Liv.

Table D.2.2. Technical provisions

Per 31 December 2017 **SEK millions**	**TP** **Solvency**	**TP** **Financial reporting**	**Difference**
Index-/unit-linked	343,071	346,685	-3,614
With profit participation and other life	82,304	85,251	-2,947
Health similar to life	5,377	5,256	121
Health similar to non-life	295	343	-48
Total	**431,047**	**437,535**	**-6,487**

The difference is primarily attributable to future profits being recognised in the Solvency Valuation, thereby reducing the technical provisions as compared to those in the financial reporting. This is in turn an effect of the present value of future expected expenses being lower than the corresponding present value of future expected fees.

Other differences relate to the risk margin being added to Solvency valuation.

The Insurance Group does not use the following adjustments or transitional rules:

- Matching adjustment in accordance with Article 77b of Solvency II Directive 2009/138 / EC.
- Transitional rules for risk-free interest rates in accordance with Article 308c of Solvency II Directive 2009/138 / EC.
- Transitional rules for technical provisions in accordance with Article 308d of Solvency II Directive 2009/138 / EC.

The Insurance Group uses volatility adjustments in accordance with Article 77d of Solvency II Directive 2009/138/EC as this is applied at SEB Pension Denmark. If no volatility adjustment was used, TP would be SEK 89 million higher.

Table D.2.3. Change of technical provisions Solvency during the reporting period

Solvency TP SEK millions	2017	2016	Difference
Index-/unit-linked	343,071	314,448	28,623
With profit participation and other life	82,304	77,259	5,045
Health similar to life	5,377	5,371	6
Health similar to non-life	295	329	-33
Total	**431,047**	**397,407**	**33,640**

The increase in technical provisions is mainly attributable to unit linked and index-linked insurance as a result of positive changes in value of the underlying market assets.

Valuation of reinsurance recoverables under reinsurance contracts

Tables D.2.3. shows reinsurance recoverables (RR) separately for each line of business.

SEK millions	RR Solvency	RR Financial reporting	Difference
Index-/unit-linked	-15.5	8.9	-24.5
With profit participation and other life	52.5	368.0	-315.6
Health similar to life	491.9	174.1	317.9
Health similar to non-life	-0.7	0.4	-1.1
Total	**528.2**	**551.5**	**-23.3**

The difference to the financial reporting primarily relates to the fact that future cash-flows are to a greater extent included in the Solvency Valuation. In addition, the premium of waiver component for unit-linked insurance in Pension & Försäkring in the financial reporting has been segmented to health insurance similar to life insurance in Solvency.

D.3 Other liabilities

Other liabilities have been valued in accordance with IFRS and subsequently adjusted according to Solvency II requirements. Below describes the valuation principles and the differences against the solvency valuation of the essential items.

Provisions other than technical provisions

Provisions other than technical provisions relate to deferred front-end fees in SEB Life International. The difference to the financial statement is that prepaid fees from customers are excluded in solvency reporting.

Deferred tax liabilities

Deferred tax liabilities refer to temporary differences between the reported values of assets and liabilities according to the financial reporting and the values used as tax base, with the addition of adjustment between IFRS and Solvency II.

Derivatives

Derivatives with negative market values are reported as a liability and valued at fair value according to the same principles as for derivatives with positive market values.

Subordinated liabilities

Subordinated liabilities are subordinated loan from SEB and valued at nominal value.

Other liabilities

Other liabilities include non-cash-settled securities transactions, accounts payables and other liabilities. At the first reporting date, the liabilities are valued at fair value including transaction costs. After the first reporting date, the liabilities are valued at accrued acquisition value including transaction costs using the effective interest rate method.

Table D.3.1 shows the difference between financial reporting and Solvency for other liabilities for the Insurance Group.

Table D.3.1 Other liabilities

Per 31 December 2017, SEK millions	Solvency	Financial reporting	Difference
Provisions other than technical provisions	409	1,007	-598
Deferred tax liabilities	919	235	684
Derivatives	27,850	27,861	-11
Financial liabilities other than liabilities to credit institutions	478	478	0
Insurance liabilities and liabilities to intermediaries	302	302	0
Reinsurance liabilities	310	310	0
Liabilities (accounts payables, non-insurance)	8,551	8,551	0
Subordinated liabilities	2,575	2,575	0
Other liabilities not shown elsewhere	6,074	6,074	0
Sum other liabilities	**47,467**	**47,392**	**75**

The difference in derivatives in solvency and financial reporting is not due to differences in valuation differences but in the classification between assets and liabilities.

The table below shows the change in other liabilities in the solvency balance sheet during the reporting period

Table D.3.2 Change in other liabilities during reporting period

Per 31 December, SEK millions	2017	2016	Difference
Provisions other than technical provisions	409	128	281
Deferred tax liabilities	919	890	28
Derivatives	27,850	42,704	-14,854
Financial liabilities other than liabilities to credit institutions	478	311	167
Insurance liabilities and liabilities to intermediaries	302	226	76
Reinsurance liabilities	310	377	-67
Liabilities (accounts payables, non-insurance)	8,551	10,162	-1,611
Subordinated liabilities	2,575	2,575	0
Other liabilities not shown elsewhere	6,074	5,630	443
Sum all other liabilities	**47,467**	**63,004**	**-15,537**

D.4 Alternative methods for valuation

To used alternative valuation methods, see the description of the various asset classes in section D1.

D.5 Any other information

The insurance group has no other material information to provide regarding valuation for solvency purposes.

E Capital Management

E.1 Own funds

Capital management

The capital management is described and illustrated in section B.3 "Risk management system including own risk and solvency assessment (ORSA)". The aim of ORSA is to analyse the Insurance Group's business plan from a perspective of risk to ensure that all significant risks associated with the proposed strategy are identified and evaluated. The ORSA process is also the main tool for the Board and the management to determine if identified risks are acceptable and manageable in view of the Group's capital strength and overall risk management capability, or whether measures are needed to balance the risk in relation to available capital resources.

The outcome of the 2017 ORSA process shows that the Insurance Group is financially strong and well capitalised in relation to its risk exposure and capital requirements. This conclusion is based on the analysis of the Insurance Group's risk profile and forward-looking financial forecasts for the Solvency Position of the Insurance Group in four different scenarios:

- A baseline scenario with assumptions in line with the Insurance Group's business plan
- Three negative scenarios based on the risks identified in the Insurance Group's business environment and potential downturns in the macroeconomic environment

Own funds components and levels (Tiers)

Table E.1.1 shows the bridge from equity in the financial statement to available own funds in accordance with the solvency rules.

Table E.1.1

SEK millions	**31 Dec 2017**	**31 Dec 2016**
Shareholders' equity according to the Group's financial reporting	9,883	10,129
Intangible assets from acquisition of subsidiaries and goodwill are excluded	–471	– 476
Deferred acquisition costs are excluded *	–1,963	– 2,076
Technical provisions are valued lower	+6,487	+6,169
Reinsurance recoverables are valued lower	–23	-22
Subordinated liabilities are included	+2,575	+2,575
Foreseeable dividend	–2,000	–2,500
Other adjustments	+67	+184
Own funds according to the solvency rules, excluding Gamla Liv	**14,555**	**13,983**

* Deferred acquisition costs related to the Occupational Pensions Directive are still included by SEK 1,995 million as at 31 Dec 2017 and at SEK 1,947 million as at 31 Dec 2016.

The main difference between equity in the financial statements and own funds in Solvency reporting is the effect of revaluation of technical provisions. Provisions are lower in solvency reporting as they are reduced by expected fees in the future premiums from existing customers. Other major differences are that deferred acquisition costs (except the part attributable to the Occupational Pensions Directive) and intangible assets and goodwill from acquisition of subsidiaries are excluded while subordinated liabilities in the form of subordinated loans are included. Finally own funds are reduced with foreseeable dividend of profits from the reporting period.

Table E.1.2 shows the available own funds breakdown into tiers under the solvency rules.

Table E.1.2

Tier, SEK millions	Own funds item	31 Dec 2017	31 Jan 2016
Basic own funds Tier 1, unrestricted	Share capital	120	120
	Share premium reserve	24	24
	Reconciliation reserve	11,836	11,261
Total basic own funds Tier 1, unrestricted		**11,980**	**11,404**
Basic own funds Tier 1, restricted	Subordinated liabilities	-	2,575
Basic own funds Tier 2	Subordinated liabilities	2,575	
Basic own funds Tier 3	Deferred tax assets		4
Own funds excluding Gamla Liv	**Available own funds**	14,555	**13,983**
Eligible own funds Gamla Liv	Mainly bonus potential to policyholders	36,250	29,860
Total own funds including Gamla Liv	**Available own funds**	**50,805**	**43,843**

The Insurance Group's own funds consist of the share capital, share premium reserve and retained earnings (reconciliation reserve) tier 1 and, subordinated liabilities (subordinated loan) tier 2. Subordinated liabilities in the form of Subordinated debt has been reclassified from Basic own funds tier 1 with a restriction to tier 2 capital during the reporting period No capital items are dealt with in accordance with the transitional rules.

The reconciliation reserve is directly available for loss coverage. The subordinated liabilities refer to subordinated loans that the Company has received from its owner SEB.

Gamla Liv is owned at 99.6% but is operated under mutual principles where no profit distribution to shareholders is allowed but all surpluses are attributed to the policyholders. Therefore Gamla Liv is not consolidated in the financial reporting. When the Solvency Capital Requirement for the Insurance Group is calculated, the authorities require the company to be included. Therefore, when the capital base is calculated to meet the requirement, Gamla Liv is included according to the deduction and aggregation (D&A) method (alternative consolidation method 2). The method means that an amount corresponding to Gamla Liv's capital requirements is included in the Insurance Group's capital base. If the capital base were below the requirement, the lower amount would be included.

The Insurance Group's total own funds at the end of the reporting period amounted to SEK 14,555 (13,983) million. SEK 11,980 (11,404) million of own funds is Tier 1 capital, unrestricted. SEK 0 (2,575) million is Tier 1 capital with restrictions, SEK 2,575 (0) million is Tier 2 capital and SEK 0 (4) million is Tier 3 capital. During the year, own funds excluding Gamla Liv increased by SEK 572 million. During the year, the capital base was affected by SEK 2,500 million that has been paid in dividend to the shareholder. Foreseeable dividend has been reduced by SEK 500 million (from SEK 2,500 to 2,000 million). Group contributions have been submitted to the owner with SEK 62 million. In addition, own funds increased with the net result for the year amounting to SEK 2,267 million for the insurance group, a positive effect from the solvency valuation of technical provisions with SEK 318 million (from SEK 6,169 to SEK 6,487 million) and other positive items (primarily currency translation of equity in foreign subsidiaries) by SEK 49 million.

The capital that may be included for Gamla Liv increased during the year by SEK 6,390 million due to increased capital requirements for this company. The total own funds including Gamla Liv has therefore increased by SEK 6,962 million during the year.

Own funds in relation to capital requirements

The Solvency Capital Requirement excluding Gamla Liv amounted to SEK 6,984 (6,312) million at the end of the period, which means that the solvency ratio was 2.08 (2.22). At the same time, the capital requirement including Gamla Liv was SEK 43,234 (36,172) million which gives a ratio of 1.18 (1.21). The Solvency Capital Requirement is described in more detail in Section E2.

E.2 Solvency Capital Requirement and Minimum Capital Requirement

As of 31 December 2017, the Solvency Capital Requirement of the Insurance Group excluding Gamla Liv amounted to SEK 6,984 (6,312) million and SEK 43,234 (36,172) million including Gamla Liv.

Solvency Capital Requirement broken down by risk modules

Table E.2.1 shows Solvency Capital Requirement broken down by risk module.

Table E.2.1

SEK millions	31 Dec 2017	31 Dec 2016
Market risk	11,765	10,407
Counterparty risk	897	1,178
Underwriting risk for life insurance	3,804	3,585
Underwriting risk for health insurance	465	431
Underwriting risk for accident insurance	-	-
Diversification	-3,253	-3,236
Intangible asset risk	11	10
Primary Solvency Capital Requirement	**13,689**	**12,376**
Operational risks	479	451
Loss absorption capacity of technical provisions	-7,566	-6,884
Loss absorption capacity in deferred taxes	-288	-257
Capital requirements for business carried out in accordance with Article 4 of Directive 2003/41 / EC	670	626
Solvency Capital Requirements	**6,984**	**6,312**
Solvency Capital Requirements for Gamla Liv	36,250	29,860
Solvency Capital Requirements including Gamla Liv	**43,234**	**36,172**

Pension & Försäkring and Gamla Liv have chosen to apply transitional rules for its occupational pension business, which means that older provisions of the Insurance Business Act (Solvency 1) are used in determining Solvency Capital Requirements. These are reported as "Capital requirements for business carried out in accordance with Article 4 of Directive 2003/41 / EC"

The Insurance Group uses a combination of the consolidation method (Method 1 under Articles 230-232 of the Solvency II Directive) and the aggregation and settlement method (Method 2 under Article 233 of Solvency II Directive). The combination means that Gamla Liv is included with the combination and aggregation method in the calculation of the group-based solvency capital requirement and the own funds, while the consolidation method is used for the Insurance Group in general.

The Solvency Capital Requirement for the Insurance Group calculated according to Method 1 amounts to SEK 6,984 (6,312) million.

Standard formula and the use of simplifications

The calculation of the Solvency Capital Requirement for the Insurance Group uses the standard formula for all risk modules. Simplified calculations of the standard formula are used to a limited extent in the risk modules counterparty risk, life insurance risk and health insurance risk.

Minimum Capital Requirements

Minimum Capital Requirements are only calculated at the subsidiary level and not at the group level, but for information it may be mentioned that the Solvency Capital Requirement for the Insurance Group exceeds the sum of the Minimum Capital Requirements of the subsidiaries SEK 2,833 (2,646) excluding Gamla Liv.

Material changes in the Solvency Capital Requirement

Table E.2.2 shows the change in the Solvency Capital Requirement over the reporting period.

Table E.2.2

SEK millions	31 Dec 2017	31 Dec 2016	Change	Change %
Solvency Capital Requirements	**6,984**	**6,312**	**673**	**10.7 %**
Solvency Capital Requirements for Gamla Liv	36,250	29,860	6,390	21.4 %
Solvency Capital Requirements including Gamla Liv	**43,234**	**36,172**	**7,063**	**19.5 %**

The Insurance Group's Solvency Capital Requirement excluding Gamla Liv has increased by SEK 673 million or 10.7 percent. The increase in Solvency Capital Requirement is mainly attributable to increased capital requirements for equity as a result of increasing market values in equity-related assets, partly due to the so-called symmetrical adjustment for equity increased during the period. The Solvency Capital Requirement including Gamla Liv has increased by SEK 7,063 million or 19.5 percent. The increase for Gamla Liv is almost exclusively attributable to increased Solvency Capital Requirements for market risk.

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

The Insurance Group does not apply duration-based equity risk when calculating the Solvency Capital Requirement.

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

SEB Pension Denmark uses a partially internal model for longevity risk. However, no account has been taken of this in the Insurance Group but all capital requirements are calculated according to the standard formula.

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

The Insurance Group has met the capital requirements throughout the reporting period.

E.6 Any other information

The Insurance Group does not use any company specific parameters.

Appendix 1 Templates

All amounts in SEK thousands. The forms that are applicable to the Insurance Group are reported below.

S.02.01.02
Balance sheet

		Solvency II value
Assets		**C0010**
Intangible assets	**R0030**	55 772
Deferred tax assets	**R0040**	10 090
Pension benefit surplus	**R0050**	0
Property, plant & equipment held for own use	**R0060**	6 193
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	130 966 561
Property (other than for own use)	**R0080**	610 991
Holdings in related undertakings, including participations	**R0090**	1 853 453
Equities	**R0100**	12 368 243
Equities – listed	**R0110**	2 792 966
Equities – unlisted	**R0120**	9 575 277
Bonds	**R0130**	63 519 443
Government Bonds	**R0140**	10 126 768
Corporate Bonds	**R0150**	51 945 570
Structured notes	**R0160**	834 604
Collateralised securities	**R0170**	612 501
Collective Investments Undertakings	**R0180**	18 229 335
Derivatives	**R0190**	34 375 262
Deposits other than cash equivalents	**R0200**	9 835
Other investments	**R0210**	0
Assets held for index-linked and unit-linked contracts	**R0220**	347 365 284
Loans and mortgages	**R0230**	3 486 477
Loans on policies	**R0240**	1 160
Loans and mortgages to individuals	**R0250**	0
Other loans and mortgages	**R0260**	3 485 317
Reinsurance recoverables from:	**R0270**	528 179
Non-life and health similar to non-life	**R0280**	-719
Non-life excluding health	**R0290**	0
Health similar to non-life	**R0300**	-719
Life and health similar to life, excluding health and index-linked and unit-linked	**R0310**	544 435
Health similar to life	**R0320**	491 948
Life excluding health and index-linked and unit-linked	**R0330**	52 487
Life index-linked and unit-linked	**R0340**	-15 537
Deposits to cedants	**R0350**	0
Insurance and intermediaries receivables	**R0360**	231 423
Reinsurance receivables	**R0370**	14 552
Receivables (trade, not insurance)	**R0380**	162 702
Own shares (held directly)	**R0390**	0
Amounts due in respect of own fund items or initial fund called up but not yet paid in	**R0400**	0
Cash and cash equivalents	**R0410**	7 273 017
Any other assets, not elsewhere shown	**R0420**	2 393 334
Total assets	**R0500**	**492 493 586**

S.02.01.02 Balance sheet, continue		Solvency II value
Liabilities		**C0010**
Technical provisions – non-life	**R0510**	295 331
Technical provisions – non-life (excluding health)	**R0520**	0
Technical provisions calculated as a whole	**R0530**	0
Best Estimate	**R0540**	0
Risk margin	**R0550**	0
Technical provisions - health (similar to non-life)	**R0560**	295 331
Technical provisions calculated as a whole	**R0570**	0
Best Estimate	**R0580**	271 967
Risk margin	**R0590**	23 364
Technical provisions - life (excluding index-linked and unit-linked)	**R0600**	87 680 739
Technical provisions - health (similar to life)	**R0610**	5 376 984
Technical provisions calculated as a whole	**R0620**	1 157 519
Best Estimate	**R0630**	4 034 068
Risk margin	**R0640**	185 397
Technical provisions – life (excluding health and index-linked and unit-linked)	**R0650**	82 303 755
Technical provisions calculated as a whole	**R0660**	10 294 673
Best Estimate	**R0670**	71 671 185
Risk margin	**R0680**	337 897
Technical provisions – index-linked and unit-linked	**R0690**	343 071 096
Technical provisions calculated as a whole	**R0700**	203 794 466
Best Estimate	**R0710**	138 194 838
Risk margin	**R0720**	1 081 792
Contingent liabilities	**R0740**	0
Provisions other than technical provisions	**R0750**	408 889
Pension benefit obligations	**R0760**	0
Deposits from reinsurers	**R0770**	0
Deferred tax liabilities	**R0780**	918 752
Derivatives	**R0790**	27 850 004
Debts owed to credit institutions	**R0800**	0
Financial liabilities other than debts owed to credit institutions	**R0810**	477 763
Insurance & intermediaries payables	**R0820**	302 051
Reinsurance payables	**R0830**	309 772
Payables (trade, not insurance)	**R0840**	8 550 680
Subordinated liabilities	**R0850**	2 575 000
Subordinated liabilities not in Basic Own Funds	**R0860**	0
Subordinated liabilities in Basic Own Funds	**R0870**	2 575 000
Any other liabilities, not elsewhere shown	**R0880**	6 073 593
Total liabilities	**R0900**	**478 513 670**
Excess of assets over liabilities	**R1000**	**13 979 916**

S.05.01.02 Premiums, claims and expenses by line of business

		Line of Business for: **life insurance obligations**						Life reinsurance obligations		Total
		Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Health reinsurance	Life reinsurance	
		C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0300
Premiums written										
Gross	**R1410**	654 939	7 256 145	27 846 137	250 223					36 007 445
Reinsurers' share	**R1420**	147 569	9 392	26 233	151 012					334 206
Net	**R1500**	507 370	7 246 753	27 819 903	99 211					35 673 238
Premiums earned										
Gross	**R1510**	631 953	7 256 830	27 846 150	250 178					35 985 112
Reinsurers' share	**R1520**	147 568	9 394	26 241	151 003					334 205
Net	**R1600**	484 386	7 247 437	27 819 909	99 175					35 650 907
Claims incurred										
Gross	**R1610**	534 438	5 344 998	26 511 643	315 859					32 706 938
Reinsurers' share	**R1620**	83 485	6 540	8 338	59 712					158 075
Net	**R1700**	450 953	5 338 457	26 503 306	256 147					32 548 863
Changes in other technical provisions										
Gross	**R1710**	7 691	-3 067 967	-9 261 367	-225 465					-12 547 107
Reinsurers' share	**R1720**	0	874	3	-906					-29
Net	**R1800**	7 691	-3 068 841	-9 261 369	-224 559					-12 547 078
Expenses incurred	**R1900**	105 902	609 881	2 258 791	-5 657					2 968 918
Other expenses	**R2500**									
Total expenses	**R2600**									2 968 918

S.05.02.01 Premiums, claims and expenses by country, non-life obligations		**Home Country**	**Country (by amount of gross premiums written) - non-life obligations**			**Total for top 5 countries and home country (by amount of gross premiums written) - non-life obligations**
		C0010	**C0020**	**C0030**	**C0040**	**C0070**
	R0010		Estonia	Latvia	Lithuanian	
		C0080	**C0090**	**C0100**	**C0110**	**C0140**
Premiums written						
Gross - Direct Business	**R0110**	288 901	18 185	13 070	321	320 477
Gross - Proportional reinsurance accepted	**R0120**			0		0
Gross - Non-proportional reinsurance accepted	**R0130**					
Reinsurers' share	**R0140**		692		0	692
Net	**R0200**	288 901	17 493	12 590	580	319 564
Premiums earned						
Gross - Direct Business	**R0210**	287 810	18 185	13 306	4 810	324 111
Gross - Proportional reinsurance accepted	**R0220**			0		0
Gross - Non-proportional reinsurance accepted	**R0230**					
Reinsurers' share	**R0240**		692	479	0	1 172
Net	**R0300**	287 810	17 493	12 827	5 069	323 198
Claims incurred						
Gross - Direct Business	**R0310**	176 412	3 286	2 181	3 929	185 808
Gross - Proportional reinsurance accepted	**R0320**			0		0
Gross - Non-proportional reinsurance accepted	**R0330**					
Reinsurers' share	**R0340**		299			299
Net	**R0400**	176 412	2 987	2 181	4 953	186 533
Changes in other technical provisions						
Gross - Direct Business	**R0410**		-161		-10	-171
Gross - Proportional reinsurance accepted	**R0420**			0		0
Gross - Non- proportional reinsurance accepted	**R0430**					
Reinsurers’ share	**R0440**				0	0
Net	**R0500**		-161	-58	190	-29
Expenses incurred	**R0550**	77 504	5 167	1 604	659	84 934
Other expenses	**R1200**					
Total expenses	**R1300**					84 934

S.22.01.22
Impact of long term guarantees measures and transitional

		Amount with Long Term Guarantee measures and transitional	Impact of transitional on technical provisions	Impact of transitional on interest rate	Impact of volatility adjustment set to zero	Impact of matching adjustment set to zero
			C0030	C0050	C0070	C0090
Technical provisions	**R0010**	431 047 166			88 952	
Basic own funds	**R0020**	14 554 916			-88 952	
Eligible own funds to meet Solvency Capital Requirement	**R0050**	50 805 263			-88 952	
Solvency Capital Requirement	**R0090**	43 234 102			-5 649	

S.23.01.22						
Own funds		**Total**	**Tier 1 - unrestricted**	**Tier 1 - restricted**	**Tier 2**	**Tier 3**
		C0010	**C0020**	**C0030**	**C0040**	**C0050**
Basic own funds before deduction for participations in other financial sector						
Ordinary share capital (gross of own shares)	**R0010**	120 000	120 000			
Non-available called but not paid in ordinary share capital at group level	**R0020**					
Share premium account related to ordinary share capital	**R0030**	24 000	24 000			
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**	11 835 916	11 835 916			
Subordinated liabilities	**R0140**	2 575 000		0	2 575 000	
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 should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	**R0220**	R0220-C0010				
Deductions						
Deductions for participations in other financial undertakings, including non-regulated undertakings carrying out financial activities	**R0230**					
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**					
Total of non-available own fund items	**R0270**					
Total deductions	**R0280**					

S.23.01.22 Own funds continue		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Total basic own funds after deductions	R0290	14 554 916	11 979 916	0	2 575 000	0
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300			0		
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310					
Unpaid and uncalled preference shares callable on demand	R0320					
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0350					
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340					
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 insitutions, alternative investment fund manager, financial institutions	R0410					0
Institutions for occupational retirement provision	R0420					
Non regulated entities carrying out financial activities	R0430					
Total own funds of other financial sectors	R0440					
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	36 250 347	36 250 347	0	0	0
Own funds aggregated when using the D&A and combination of method net of IGT	R0460	36 250 347	36 250 347	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	14 554 916	11 979 916	0	2 575 000	0
Total available own funds to meet the minimum consolidated group SCR	R0530	14 554 916	11 979 916	0	2 575 000	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	14 554 916	11 979 916	0	2 575 000	0
Total eligible own funds to meet the minimum consolidated group SCR	R0570	12 556 490	11 979 916	0	576 574	0
Consolidated Group SCR	R0590	6 983 755				
Minimum consolidated Group SCR	R0610	2 882 868				
Ratio of Eligible own funds to the consolidated Group SCR (excluding other financial sectors and the undertakings included via D&A)	R0630	2,08				
Ratio of Eligible own funds to Minimum Consolidated Group SCR	R0650	4,36				
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	50 805 263	48 230 263	0	2 575 000	0
SCR for entities included with D&A method	R0670	36 250 347				
Group SCR	R0680	43 234 102				
Ratio of Eligible own funds to group SCR including other financial sectors and the undertakings included via D&A	R0690	1,18				

S.23.01.22 Reconciliation reserve		C0060	Tier 1 - unrestricted
Excess of assets over liabilities	R0700	13 979 916	
Own shares (held directly and indirectly)	R0710	0	
Foreseeable dividends, distributions and charges	R0720	2 000 000	
Other basic own fund items	R0730	144 000	
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	0	
Other non-available own funds	R0750	0	
Reconciliation reserve	R0760	11 835 916	
Expected profits			
Expected profits included in future premiums (EPIFP) - Life business	R0770	652 642	
Expected profits included in future premiums (EPIFP) - Non- life business	R0780	35 177	
Total Expected profits included in future premiums (EPIFP)	R0790	687 818	

S.25.01.22 Solvency Capital Requirement - for groups on Standard Formula		Gross solvency capital requirement	USP	Simplifications
		C0110	C0080	C0090
Market risk	R0010	11 764 914		
Counterparty default risk	R0020	897 026		
Life underwriting risk	R0030	3 803 702		
Health underwriting risk	R0040	465 032		
Non-life underwriting risk	R0050			
Diversification	R0060	-3 252 640		
Intangible asset risk	R0070	10 793		
Basic Solvency Capital Requirement	R0100	13 688 828		

Calculation of Solvency Capital Requirement		C0100
Operational risk	R0130	479 113
Loss-absorbing capacity of technical provisions	R0140	-7 566 145
Loss-absorbing capacity of deferred taxes	R0150	-288 480
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	670 439
Solvency Capital Requirement excluding capital add-on	R0200	6 983 755
Capital add-ons already set	R0210	
Solvency capital requirement for undertakings under consolidated method	R0220	6 983 755
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	R0400	
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	
Total amount of Notional Solvency Capital Requirements for ring fenced funds (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 Requirements for matching adjustment portfolios	R0430	
Diversification effects due to RFF nSCR aggregation for article 304	R0440	
Net future discretionary benefits	R0460	13 506 454
Minimum consolidated group solvency capital requirement	R0470	2 882 868
Information on other entities		
Capital requirement for other financial sectors (Non-insurance capital requirements)	R0500	
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	
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	
Overall SCR		
SCR for undertakings included via D and A	R0560	36 250 347
Solvency capital requirement	R0570	43 234 102

S.32.01.22 List of undertaking's

								Criteria of influence						Inclusion in the scope of Group supervision		Group solvency calculation
Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal Name of the undertaking	Type of undertaking	Legal form	Category (mutual/non mutual)	Supervisory Authority	% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	Included into scope of group supervision[YES/NO]	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
DK	LEI/54930075ZDVZ1FPHY467	LEI	SEB Pensionsforsikring A/S	Life undertakings	aktieselskaber	Non-mutual	Finanstilsynet	100,0%	100,0%	100,0%	N/A	Dominant	100,0%	YES	.	Method 1: Full consolidation
IE	LEI/635400ATDJAWUVSBWM50	LEI	SEB LIFE INTERNATIONAL ASSURANCE COMPANY DAC	Life undertakings	incorporated companies limited by	Non-mutual	Central Bank of Ireland	100,0%	100,0%	100,0%	N/A	Dominant	100,0%	YES	.	Method 1: Full consolidation
SE	LEI/5493006M54JZLSHYA349	LEI	SEB Life and Pension Holding AB	Insurance holding company as defined in Art. 212 section [f] of Directive 2009/138/EC	försäkringsaktiebolag	Non-mutual	Finansinspektionen	100,0%	100,0%	100,0%	N/A	Dominant	100,0%	YES	.	Method 1: Full consolidation
LT	LEI/549300YR36DTW4GUQM64	LEI	UAB SEB gyvybes draudimas	Composite insurer	akcine bendrove	Non-mutual	The Bank of Lithuania	100,0%	100,0%	100,0%	N/A	Dominant	100,0%	YES	.	Method 1: Full consolidation
EE	LEI/54930018R45RNR82T848	LEI	Aktsiaselts SEB Elu-ja Pensionikindlustus	Composite insurer	aktsiaselts	Non-mutual	Financial Supervision	100,0%	100,0%	100,0%	N/A	Dominant	100,0%	YES	.	Method 1: Full consolidation
SE	LEI/549300JSCP0FWW1SE044	LEI	SEB Pension och Försäkring AB	Composite insurer	försäkringsaktiebolag	Non-mutual	Finansinspektionen	100,0%	100,0%	100,0%	N/A	Dominant	100,0%	YES	.	Method 1: Full consolidation
LV	LEI/549300EOIPME5OPE8U19	LEI	Apdrošinašanas akciju sabiedriba "SEB Dzivibas apdrošinašana"	Composite insurer	apdrošinašanas akciju sabiedriba	Non-mutual	Financial and Capital Market	100,0%	100,0%	100,0%	N/A	Dominant	100,0%	YES	.	Method 1: Full consolidation
SE	LEI/5493007QZK2UFPJ6NV33	LEI	Gamla Livförsäkringsaktiebolaget SEB Trygg Liv (publ)	Composite insurer	försäkringsaktiebolag	Mutual	Finansinspektionen	99,6%	100,0%	0,0%		Significant	100,0%	YES	.	Method 2: Solvency II
SE	SC/556375-9603	Specific code	Fastighetsaktiebolaget Meteor	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU)	_NR_	Non-mutual		99,6%	100,0%	100,0%		Significant	100,0%	YES	.	Method 2: Solvency II
SE	SC/LU04480117441	Specific code	Gamla Liv International Real Estate Fund	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU)	_NR_	Non-mutual		99,6%	100,0%	100,0%		Significant	100,0%	YES	.	Method 2: Solvency II
SE	SC/969695-1087	Specific code	Livfastigheter Gullbergsvass 1:12 KB	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU)	_NR_	Non-mutual		99,6%	100,0%	100,0%		Significant	100,0%	YES	.	Method 2: Solvency II
SE	SC/556022-3447	Specific code	AB Framtidsvärden	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU)	_NR_	Non-mutual		99,6%	100,0%	100,0%		Significant	100,0%	YES	.	Method 2: Solvency II
SE	SC/916613-4115	Specific code	HB Släggan 3	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU)	_NR_	Non-mutual		99,6%	100,0%	100,0%		Significant	100,0%	YES	.	Method 2: Solvency II
SE	SC/556660-5514	Specific code	Livfastigheter S-berget Större 14 AB	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU)	_NR_	Non-mutual		99,6%	100,0%	100,0%		Significant	100,0%	YES	.	Method 2: Solvency II
SE	SC/556048-4486	Specific code	Hiby AB	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU)	_NR_	Non-mutual		99,6%	100,0%	100,0%		Significant	100,0%	YES	.	Method 2: Solvency II
SE	SC/556881-3736	Specific code	Livfastigheter Läraren 5 AB	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU)	_NR_	Non-mutual		99,6%	100,0%	100,0%		Significant	100,0%	YES	.	Method 2: Solvency II
SE	SC/556683-9097	Specific code	Livfastigheter Käpplingeholmen 4 AB	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU)	_NR_	Non-mutual		99,6%	100,0%	100,0%		Significant	100,0%	YES	.	Method 2: Solvency II
DK	LEI/5493005GDWHEMDHKCH10	LEI	SEB Ejendomme I	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU)	_NR_	Non-mutual		100,0%	100,0%	100,0%		Dominant	100,0%	YES	.	Method 1: Full consolidation
DK	LEI/549300TAYO0XIFDJN656	LEI	SEB Ejendomme II	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU)	_NR_	Non-mutual		100,0%	100,0%	100,0%		Dominant	100,0%	YES	.	Method 1: Full consolidation
DK	LEI/549300FZ4ACJ2SVPU994	LEI	DAN-SEB I	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU)	_NR_	Non-mutual		40,0%	40,0%	40,0%		Significant	40,0%	YES	.	Method 1: Full consolidation
DK	LEI/549300M5HHQ2YXGIEQ73	LEI	Hannemanns Allé P/S	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU)	_NR_	Non-mutual		100,0%	100,0%	100,0%		Dominant	100,0%	YES	.	Method 1: Full consolidation
DK	LEI/5493002IMBBL2PCFP614	LEI	SEB Huset P/S	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU)	_NR_	Non-mutual		100,0%	100,0%	100,0%		Dominant	100,0%	YES	.	Method 1: Full consolidation
IE	LEI/635400UE4GWNAQFWJJ92	LEI	Eskimo Holdings ABC Limited	Other	_NR_	Non-mutual		100,0%	100,0%	100,0%		Dominant	100,0%	YES	.	Method 1: Full consolidation
DK	LEI/549300WPM72PYXWZRY36	LEI	SEB Administration A/S	Other	_NR_	Non-mutual		100,0%	100,0%	100,0%		Dominant	100,0%	YES	.	Method 1: Full consolidation
DK	SC/38880942	Specific code	Teknikerbyen	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU)	_NR_	Non-mutual		100,0%	100,0%	100,0%		Significant	100,0%	YES	.	Method 1: Full consolidation