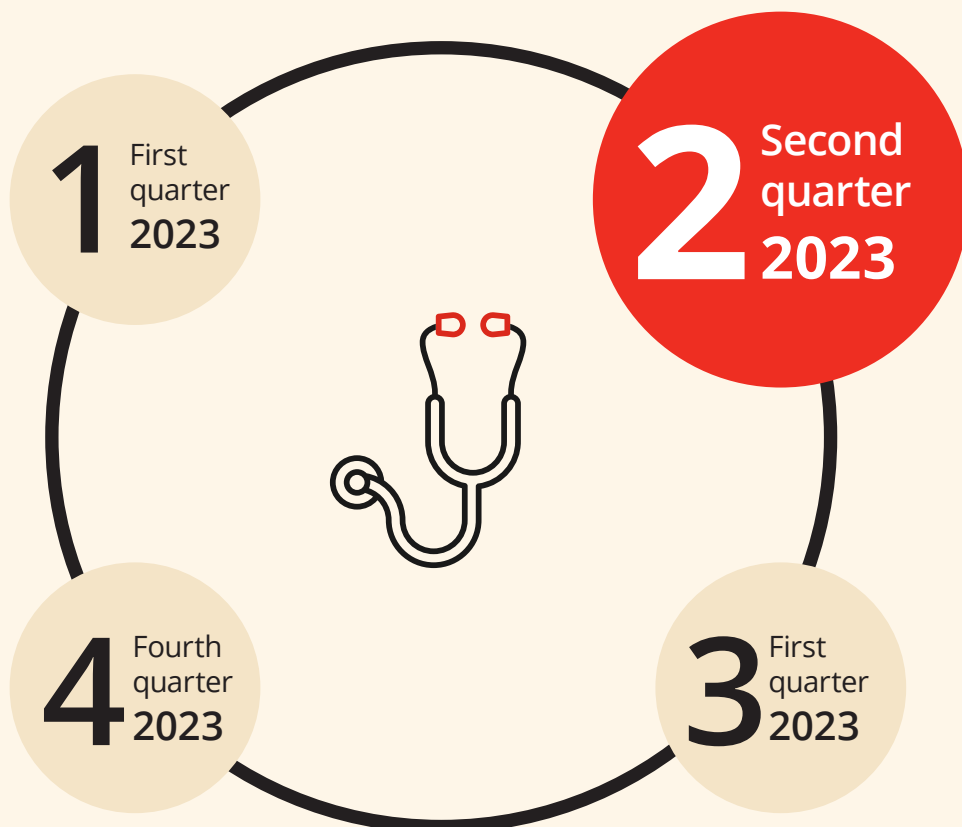


# Interim report

Storebrand Helseforsikring AS (unaudited)



# Interim Report Storebrand Helseforsikring AS

## As at 30 June 2023

Pre tax profit is minus NOK 138.0 million (NOK 0.3 million) in the 2nd quarter and minus NOK 190.5 (NOK minus 18.9 million) at 30.06.2023. The weak result is due to high paid claims in the areas of specialist doctor treatment, surgery, hospitalization and cancer, and increased insurance reserves.

Norwegian accounting and solvency regulations require insurance undertakings to recognize a loss if there is reason to believe that the remaining premium on policies in force will be insufficient to cover claims. A Premium Deficiency Reserve (PDR) totaling 105.7 million has therefore been booked as at 30.6.2023. This reserve will be released against claims over remaining time of policies in force.

In May the company had issued new share capital of NOK 275 million, NOK 2 million in share capital and NOK 273 million in share premium reserve. The new share issue was divided 50/50 between the two owners.

Premiums earned totaled NOK 302.6 million (NOK 261.1 million) in 2nd quarter, an increase of 16 per cent from the same period in 2022. So far this year the earned premium for own account totalled NOK 589.3 million (NOK 508.3 million), an increase of 16 percent compared to the same period last year.

The demand for medical expense insurance in the market remains high and Storebrand Health is one of the market leaders in Norway in terms of written premiums. This type of employee benefits is increasing in popularity among the employees.

Cost of claims amounted to NOK 393.8 million (NOK 211.8 million) in the 2nd quarter and was NOK 686.1 million (NOK 435.6 million) year to date. High claims costs in the quarter are due to both an allocation in PDR of NOK 105.7 million and to the negative development in the Group Business in both Norway and Sweden. The claims ratio is up from 86 per cent in 2022 to 116 per cent this year.

Insurance-related operating costs was NOK 53.2 million (NOK 46.4 million) in 2nd quarter and NOK 100.7 million (NOK 89.3 million) year to date. The cost increase is mainly caused by increased business volume. The net cost ratio for own account ended up at 18 per cent, the same as in 2nd quarter last year and 17 per cent (18 per cent) year to date.

The company has a conservative investment strategy, and the investment portfolio has low credit risk and short interest duration, with all of the investment portfolio invested in one of Storebrand's bond funds. The investment portfolio has increased from NOK 531.6 million in 1st quarter to NOK 786.2 million at 30.06.2023 mostly due to the capital increase at the end of May. The financial return in 2nd quarter was 0.79 per cent (minus 0.23 per cent) and 1.70 per cent (minus 0.41 per cent) as at 30.06.2023.

Currency fluctuations resulted in a total currency gain/loss including the effects of currency derivatives of NOK 1.2 million (minus NOK 1.6 million) in the 2nd quarter and minus NOK 3.1 million (minus NOK 0.8 million) so far this year.

The net non-technical result amounted to NOK 6.3 million (minus NOK 2.7 million) in 2nd quarter and NOK 6.9 million (minus NOK 2.6 million) year to date.

Solvency margin should be above 100 per cent and was 197 per cent at 30.06.2023 after the share issue of NOK 275 million. This is an increase from 111 per cent in the 1st quarter. The increase is also due to higher interest rates that have reduced the value of the liabilities more than the value of assets. At year-end 2022 the solvency margin was 146 per cent.

Lysaker, 30 August 2023

Board of directors Storebrand Helseforsikring AS

# Storebrand Helseforsikring AS

## Statement of comprehensive income

| NOK thousand  | 2Q              |                 | 01.01.-30.06    |                 | Full year        |
|---|-----------------|-----------------|-----------------|-----------------|------------------|
|   | 2023            | 2022            | 2023            | 2022            | 2022             |
| <b>TECHNICAL ACCOUNTS</b>   |                 |                 |                 |                 |                  |
| PREMIUMS  |                 |                 |                 |                 |                  |
| Gross premiums earned   | 303,313         | 261,825         | 590,816         | 509,805         | 1,057,369        |
| - Reinsurers' share   | -735            | -750            | -1,514          | -1,465          | -2,902           |
| <b>Premium income for own account</b>   | <b>302,579</b>  | <b>261,075</b>  | <b>589,302</b>  | <b>508,340</b>  | <b>1,054,467</b> |
| Other insurance related income  | 72              | 103             | 141             | 214             | 354              |
| CLAIMS EXPENSES   |                 |                 |                 |                 |                  |
| Incurred claims gross   | -394,077        | -211,888        | -686,919        | -436,066        | -883,033         |
| - Reinsurers' share   | 319             | 113             | 806             | 505             | 952              |
| <b>Claims expenses for own account</b>  | <b>-393,758</b> | <b>-211,775</b> | <b>-686,113</b> | <b>-435,561</b> | <b>-882,081</b>  |
| INSURANCE RELATED OPERATING EXPENSES  |                 |                 |                 |                 |                  |
| Sales expenses  | -19,724         | -17,075         | -37,913         | -34,436         | -69,103          |
| Insurance related administration expenses (incl. commissions for reinsurance received)      | -33,448         | -29,313         | -62,817         | -54,832         | -110,992         |
| <b>Insurance related operating expenses</b>   | <b>-53,172</b>  | <b>-46,389</b>  | <b>-100,730</b> | <b>-89,268</b>  | <b>-180,095</b>  |
| <b>Other insurance related operating costs</b>  |                 |                 |                 |                 |                  |
| <b>Technical profit</b>   | <b>-144,280</b> | <b>3,015</b>    | <b>-197,399</b> | <b>-16,276</b>  | <b>-7,355</b>    |
| <b>NON-TECHNICAL ACCOUNTS</b>   |                 |                 |                 |                 |                  |
| NET INCOME FROM FINANCIAL ASSETS  |                 |                 |                 |                 |                  |
| Interest and dividend etc from financial assets   | 22              | -51             | 23              | -80             | 6,635            |
| Change in value on investments  | -2,447          | 1,607           | 6,064           | 253             | -906             |
| Realised gain and loss on investments   | 6,024           | -76             | 7,035           | -2,569          | -3,251           |
| <b>Net income from investments</b>  | <b>3,599</b>    | <b>1,480</b>    | <b>13,122</b>   | <b>-2,395</b>   | <b>2,478</b>     |
| Other income  | 3,156           | -3,368          | 3,593           | 591             | 3,003            |
| Other expenses  | -474            | -821            | -9,811          | -821            | -782             |
| <b>Non-technical profit</b>   | <b>6,281</b>    | <b>-2,709</b>   | <b>6,905</b>    | <b>-2,625</b>   | <b>4,699</b>     |
| <b>Pre tax profit</b>   | <b>-137,999</b> | <b>305</b>      | <b>-190,495</b> | <b>-18,901</b>  | <b>-2,656</b>    |
| Tax   | 34,500          | -96             | 47,624          | 4,706           | 1,053            |
| <b>Profit/loss for the year</b>   | <b>-103,499</b> | <b>210</b>      | <b>-142,871</b> | <b>-14,195</b>  | <b>-1,603</b>    |
| <b>OTHER COMPREHENSIVE INCOME ELEMENTS AND EXPENSES NOT TO BE CLASSIFIED TO PROFIT/LOSS</b> |                 |                 |                 |                 |                  |
| Change in actuarial assumptions   |                 |                 |                 |                 | -36              |
| Tax on other comprehensive income and expenses not to be classified to profit/loss          |                 |                 |                 |                 | 9                |
| <b>Comprehensive income</b>   | <b>-103,499</b> | <b>210</b>      | <b>-142,871</b> | <b>-14,195</b>  | <b>-1,630</b>    |

# Storebrand Helseforsikring AS

## Statement of financial position

| NOK thousand  | 31.06<br>2023    | 31.12<br>2022  |
|---|------------------|----------------|
| <b>ASSETS</b>   |                  |                |
| Intangible assets   | 91,198           | 101,234        |
| <b>Total intangible assets</b>                              | <b>91,198</b>    | <b>101,234</b> |
| FAIR VALUE FINANCIAL INVESTMENTS                            |                  |                |
| Bonds and other securities - fixed yield                    | 786,233          | 467,219        |
| Financial derivatives                                       |                  |                |
| <b>Total fair value financial instruments</b>               | <b>786,233</b>   | <b>467,219</b> |
| RECEIVABLES   |                  |                |
| Receivables in connection with direct business transactions |                  |                |
| - Due from policyholders                                    | 374,121          | 269,055        |
| Receivables arising from reinsurance business               |                  |                |
| Receivables to connected parties                            | 1,854            |                |
| Other receivables   | 24,294           | 10,444         |
| <b>Total receivables</b>                                    | <b>400,270</b>   | <b>279,498</b> |
| OTHER ASSETS  |                  |                |
| Cash and bank equivalents                                   | 36,092           | 28,109         |
| Deferred tax assets   | 40,807           |                |
| Pension assets  | 38               | 38             |
| <b>Total other assets</b>                                   | <b>76,937</b>    | <b>28,148</b>  |
| Prepaid costs and income earned not received                | 4,856            | 4,779          |
| <b>Total prepaid costs and income earned not received</b>   | <b>4,856</b>     | <b>4,779</b>   |
| <b>Total assets</b>   | <b>1,359,493</b> | <b>880,878</b> |

# Storebrand Helseforsikring AS

## Statement of financial position cont.

| NOK thousand  | 30.06<br>2023    | 31.12<br>2022  |
|---|------------------|----------------|
| <b>EQUITY AND LIABILITIES</b>                               |                  |                |
| PAID IN CAPITAL   |                  |                |
| Share capital   | 35,000           | 33,000         |
| Share premium reserve                                       | 395,000          | 122,000        |
| <b>Total paid in capital</b>                                | <b>430,000</b>   | <b>155,000</b> |
| EARNED EQUITY   |                  |                |
| Allocation to guarantee scheme                              | 21,269           | 19,770         |
| Other earned equity   | -10,024          | 134,345        |
| <b>Total earned equity</b>                                  | <b>11,244</b>    | <b>154,115</b> |
| GROSS INSURANCE LIABILITIES                                 |                  |                |
| Reserve for unearned premiums gross                         | 705,715          | 395,920        |
| Claims reserve gross  | 160,549          | 110,851        |
| <b>Total insurance liabilities gross</b>                    | <b>866,264</b>   | <b>506,771</b> |
| RESERVES FOR LIABILITIES                                    |                  |                |
| Period tax liabilities                                      |                  | 780            |
| Deferred tax  |                  | 6,817          |
| <b>Total reserves for liabilities</b>                       | <b>0</b>         | <b>7,598</b>   |
| LIABILITIES   |                  |                |
| Liabilities in connection with direct insurance             | 30,176           | 34,738         |
| Financial derivatives                                       | 2,953            | 4              |
| Liabilities to related parties                              | 240              | 499            |
| Other liabilities   | 6,991            | 12,076         |
| <b>Total liabilities</b>                                    | <b>40,360</b>    | <b>47,317</b>  |
| Accrued expenses and received, unearned income              | 11,626           | 10,077         |
| <b>Total accrued expenses and received, unearned income</b> | <b>11,626</b>    | <b>10,077</b>  |
| <b>Total equity and liabilities</b>                         | <b>1,359,493</b> | <b>880,878</b> |

# Storebrand Helseforsikring AS

## Statement of change in equity

| NOK thousand                                   | Share capital | Share premi-<br>um reserve | Total paid in<br>capital | Guarantee<br>scheme | Other equity   | Total earned<br>equity | Total equity   |
|--|---------------|----------------------------|--------------------------|---------------------|----------------|------------------------|----------------|
| <b>Equity 01.01.22</b>                         | <b>33,000</b> | <b>122,000</b>             | <b>155,000</b>           | <b>17,191</b>       | <b>138,554</b> | <b>155,745</b>         | <b>310,745</b> |
| Profit   |               |                            |                          |                     | -1,603         | -1,603                 | -1,603         |
| Change in guarantee scheme                     |               |                            |                          | 2,579               | -2,579         | 0                      | 0              |
| Change in actuarial assumptions                |               |                            |                          |                     | -36            | -36                    | -36            |
| Tax on other comprehensive income and expenses |               |                            |                          |                     | 9              | 9                      | 9              |
| <b>Equity 31.12.22</b>                         | <b>33,000</b> | <b>122,000</b>             | <b>155,000</b>           | <b>19,770</b>       | <b>134,345</b> | <b>154,115</b>         | <b>309,115</b> |
| Share issue                                    | 2,000         | 273,000                    | 275,000                  |                     |                |                        | 275,000        |
| Profit   |               |                            |                          |                     | -142,871       | -142,871               | -142,871       |
| Change in guarantee scheme                     |               |                            |                          | 1,499               | -1,499         | 0                      | 0              |
| <b>Equity 30.06.23</b>                         | <b>35,000</b> | <b>395,000</b>             | <b>430,000</b>           | <b>21,269</b>       | <b>-10,024</b> | <b>11,244</b>          | <b>441,244</b> |

# Storebrand Helseforsikring AS

## Statement of cash flow 1. January - 30. June

| NOK thousand  | 2023            | 2022           |
|---|-----------------|----------------|
| <b>Cash flows from operations</b>                             |                 |                |
| Net receipts - insurance                                      | 789,469         | 544,299        |
| Net payments/claims insurance                                 | -636,415        | -389,529       |
| Payment of income tax   | -780            | -5,011         |
| Payments relating to operations                               | -113,798        | -82,700        |
| <b>Net cash flow from operations before financial assets</b>  | <b>38,475</b>   | <b>67,058</b>  |
| Net receipts/payments - financial assets                      | -302,942        | -24,784        |
| <b>Net cash flow from financial assets</b>                    | <b>-302,942</b> | <b>-24,784</b> |
| <b>Net cash flow from operations</b>                          | <b>-264,467</b> | <b>42,274</b>  |
| <b>Cash flows from investment activities</b>                  |                 |                |
| Net receipts/payment - sale/purchase of fixed assets          | -2,550          | -16,981        |
| <b>Net cash flow from investment activities</b>               | <b>-2,550</b>   | <b>-16,981</b> |
| <b>Cash flows from financing activities</b>                   |                 |                |
| Share issue   | 275,000         |                |
| Payment of dividends  |                 | -18,000        |
| <b>Net cash flow from financing activities</b>                | <b>275,000</b>  | <b>-18,000</b> |
| <b>Net cash flow for the period</b>                           | <b>7,983</b>    | <b>7,294</b>   |
| -of which net cash flow inn the period before financial asset | 310,925         | 32,077         |
| Net movement in cash and cash equivalents                     | 7,983           | 7,294          |
| Cash and cash equivalents at start of the period              | 28,109          | 26,153         |
| <b>Cash equivalents at the end of the period</b>              | <b>36,092</b>   | <b>33,446</b>  |

# Notes

## Storebrand Helseforsikring AS

### Note 01 | Accounting principles

A description of the accounting policies applied in the preparation of the financial statements are provided in the 2022 annual report, and the interim financial statements are prepared in accordance with these accounting policies.

Storebrand Helseforsikring is classified as a medium-sized P&C insurance company in Norwegian regulation and can therefore choose to use IFRS 17 in the company accounts from 2023, or still use the calculation and measurements in accordance with the Norwegian Regulations on Financial Statements for General Insurance Companies as today. The Board of the company has chosen not to shift to IFRS 17 for 2023. A transition to IFRS 17 will be considered by the Board annually.

There is none new or amended accounting standards that entered into effect as at 1 January 2023 that have caused significant effects on the company's interim financial statements.

### Note 02 | Estimates

In preparing the financial statements the management is required to make judgments, estimates and assumptions of uncertain amounts. The estimates and underlying assumptions are reviewed on an ongoing basis and are based on historical experience and expectations of future events and represent the management's best judgment at the time the financial statements were prepared. Actual results may differ from these estimates.

The most important estimates, in the sense that their ultimate realization could lead to material adjustments of recognized amounts, are the claims reserves. Estimates are made for expected payments for the period up to the renewal date for contracts in force and expected remaining payments for incurred but not finally settled claims for contracts that has been in force. There is uncertainty connected to the frequency, size and late reporting of claims, and estimates changes may cause increases or reductions in reserves and corresponding changes in claims costs reported in the accounts.

### Note 03 | Financial risks

This uncertainty in the economy has led to an increased risk for valuation of financial instruments. Storebrand Helseforsikring AS has established risk management based upon guidelines and established principles which dampens effects from volatile markets, but the investment results are affected by the marked declines. Financial instruments which are priced based upon models have increased uncertainty of the value. Illiquid assets will probably also see pricing differences between the calculated price and offered prices in the market depending on timing.

### Note 04 | Solvency II

Storebrand Helseforsikring AS is subject to the European solvency regime Solvency II. The company is largely funded with group 1 capital. In addition, net counting deferred tax assets of NOK 26.1 million counts as group 3 capital and therefore not calculated in the minimum capital requirement. With a total solvency capital of NOK 343.6 million, the company's solvency capital coverage is 197 per cent while the minimum capital requirement is covered by 432 per cent. The current solvency coverage is good after the share issue of NOK 275 million.



## SOLVENCY CAPITAL

| NOK thousand   | Total          | 30.06.23             |                    |         |               | Totalt         |
|--|----------------|----------------------|--------------------|---------|---------------|----------------|
|  |                | Group 1<br>unlimited | Group 1<br>limited | Group 2 | Group 3       |                |
| Share capital  | 35,000         | 35,000               |                    |         |               | 33,000         |
| Share premium  | 395,000        | 395,000              |                    |         |               | 122,000        |
| Reconciliation reserve   | -112,575       | -112,575             |                    |         |               | 54,293         |
| Deferred tax assets  | 56,243         |                      |                    |         | 56,243        | 14,900         |
| Not counting tier 3 capital  | -30,102        |                      |                    |         | -30,102       |                |
| <b>Total solvency capital</b>  | <b>343,565</b> | <b>317,425</b>       |                    |         | <b>26,140</b> | <b>224,193</b> |
| <b>Total solvency capital available to cover minimum capital requirement</b> | <b>317,425</b> | <b>317,425</b>       |                    |         |               | <b>209,293</b> |

Solvency is calculated with the standard model under Solvency II, and the distribution of the capital requirement of the different risk modules included is shown below.

## SOLVENCY CAPITAL REQUIREMENT AND -MARGIN

| NOK thousand                              | 30.06.23       | 31.12.22       |
|---|----------------|----------------|
| Market                                    | 25,930         | 11,374         |
| Counterparty                              | 7,571          | 3,193          |
| Health                                    | 187,593        | 169,131        |
| Operational                               | 34,465         | 31,633         |
| Diversification                           | -23,202        | -10,508        |
| Loss-absorbing capacity of deferred taxes | -58,089        | -51,206        |
| <b>Total solvency requirement</b>         | <b>174,267</b> | <b>153,617</b> |
| <b>Solvencymargin</b>                     | <b>197.1 %</b> | <b>145.9 %</b> |
| <b>Minimum capital requirement</b>        | <b>73,442</b>  | <b>62,626</b>  |
| <b>Minimum margin</b>                     | <b>432.2 %</b> | <b>334.2 %</b> |

## Note 05 | Tax

### RECONCILIATION OF EXPECTED AND ACTUAL TAX CHARGE

| NOK thousand                           | 30.06.23      |
|--|---------------|
| Ordinary pre-tax profit                | -190,495      |
| Expected tax on income at nominal rate | 47,624        |
| <b>Tax charge</b>                      | <b>47,624</b> |
| Effective tax rate                     | 25%           |

