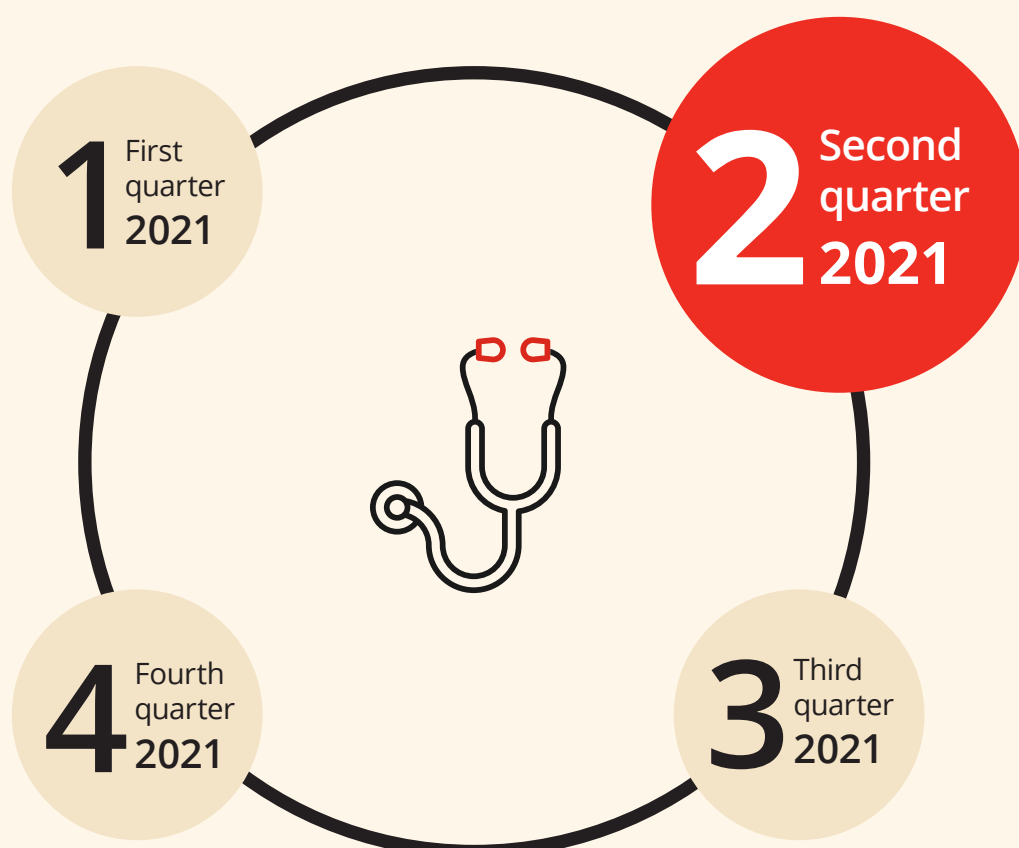


Interim report

Storebrand Helseforsikring AS (unaudited)



Interim Report Storebrand Helseforsikring AS

As at 30 June 2021

Pre tax profit is NOK 26.6 million (NOK 39.0 million) in 2nd quarter and NOK 34.1 million (NOK 30.4 million) as at 30.06.2021.

Premiums earned totaled NOK 225.0 million (NOK 205.5 million) in 2nd quarter, an increase of 10 percent from the same period in 2020. So far this year the earned premium for own account totalled NOK 448.5 million (NOK 404.8 million) an increase of 11 per cent compared to the same period last year. The demand for medical expense insurance in the market remains high and Storebrand Health has a leading market position 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 157.7 million (NOK 144.7 million) in 2nd quarter and NOK 343.6 million (NOK 316.8 million) so far this year. The claims ratio for own account stood at 70 per cent (70 per cent) in 2nd quarter and 77 per cent (79 per cent) year to date. The Covid-19 pandemic has to some extent impacted the level of the claims and how fast claims are reported. This makes earlier experience less useful, and therefore increases the uncertainty in the claims reserves.

Insurance-related operating costs came to NOK 39.8 million (NOK 28.9 million) in 2nd quarter and NOK 74.7 million (NOK 58.6 million) compared with the same period in 2020. The net cost ratio for own account ended up at 18 per cent (14 per cent) in 2nd quarter. Year to date the cost ratio ended up at 17 per cent (15 per cent).

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 financial return in 2nd quarter was 0.17 per cent and 0.46 percent (1.29 per cent) year to date.

The net non-technical result amounted to NOK minus 0.9 million (NOK 7.1 million) in 2nd quarter and NOK 3.9 million (NOK 2.7 million) year to date. Currency fluctuations resulted in a total currency gain/loss including the effects of currency derivatives of minus NOK 1.9 million (NOK 0.5 million) in 2nd quarter and NOK 1.1 million (minus NOK 2.6 million) so far this year.

Solvency margin should be above 100 per cent and was 159 per cent year to date 2021. At year-end 2020 the solvency margin was 155 per cent.

Lysaker, 30th August 2021

Board of directors Storebrand Helseforsikring AS

Storebrand Helseforsikring AS

Statement of comprehensive income

NOK thousand	2Q		01.01.-30.06		Full year
	2021	2020	2021	2020	2020
TECHNICAL ACCOUNTS					
PREMIUMS					
Gross premiums earned	225,623	205,995	449,767	405,838	845,226
- Reinsurers' share	-610	-509	-1,239	-1,042	-2,274
Premium income for own account	225,013	205,487	448,528	404,796	842,952
Other insurance related income	8	13	22	27	54
CLAIMS EXPENSES					
Incurred claims gross	-157,957	-144,975	-343,874	-319,364	-635,290
- Reinsurers' share	228	285	256	804	1,942
Claims expenses for own account	-157,729	-144,691	-343,618	-318,560	-633,347
INSURANCE RELATED OPERATING EXPENSES					
Sales expenses	-18,410	-13,745	-33,550	-27,095	-57,332
Insurance related administration expenses (incl. commissions for reinsurance received)	-21,368	-15,162	-41,131	-31,495	-67,188
Insurance related operating expenses	-39,778	-28,907	-74,681	-58,590	-124,519
Other insurance related operating costs					
Technical profit	27,514	31,902	30,251	27,673	85,139
NON-TECHNICAL ACCOUNTS					
NET INCOME FROM FINANCIAL ASSETS					
Interest and dividend etc from financial assets	-13	-3	-16	-12	6,292
Change in value on investments	7,337	-3,699	4,619	3,958	-351
Realised gain and loss on investments	-4,400	9,726	-5,933	10,113	10,678
Net income from investments	2,925	6,024	-1,331	14,058	16,619
Other income	-3,886	1,069	5,125	3,342	2,256
Other expenses	75		75	-14,668	-14,654
Non-technical profit	-887	7,092	3,869	2,733	4,221
Pre tax profit	26,628	38,994	34,120	30,406	89,361
Tax	-6,656	-9,727	-8,530	-7,602	-21,915
Profit/loss for the year	19,971	29,268	25,590	22,805	67,445
OTHER COMPREHENSIVE INCOME ELEMENTS AND EXPENSES NOT TO BE CLASSIFIED TO PROFIT/LOSS					
Change in actuarial assumptions					-27
Tax on other comprehensive income and expenses not to be classified to profit/loss					7
Comprehensive income	19,971	29,268	25,590	22,805	67,425

Storebrand Helseforsikring AS

Statement of financial position

NOK thousand	30.06 2021	31.12 2020
ASSETS		
Intangible assets	134,618	120,868
Total intangible assets	134,618	120,868
FAIR VALUE FINANCIAL INVESTMENTS		
Bonds and other securities - fixed yield	531,502	429,581
Financial derivatives	1,761	
Total fair value financial instruments	533,263	429,581
RECEIVABLES		
Receivables in connection with direct business transactions		
- Due from policyholders	283,094	206,408
Receivables to connected parties	863	592
Other receivables	15,775	12,778
Total receivables	299,732	219,777
OTHER ASSETS		
Cash and bank equivalents	49,283	34,018
Pension assets	31	31
Total other assets	49,313	34,049
Prepaid costs and income earned not received	4,576	554
Total prepaid costs and income earned not received	4,576	554
Total assets	1,021,502	804,828

Storebrand Helseforsikring AS

Statement of financial position cont.

NOK thousand	30.06 2021	31.12 2020
EQUITY AND LIABILITIES		
PAID IN CAPITAL		
Share capital	33,000	33,000
Share premium reserve	122,000	122,000
Total paid in capital	155,000	155,000
EARNED EQUITY		
Allocation to guarantee scheme	16,279	15,572
Other earned equity	148,480	123,596
Total earned equity	164,759	139,169
GROSS INSURANCE LIABILITIES		
Reserve for unearned premiums gross	449,748	329,779
Claims reserve gross	155,947	105,221
Total insurance liabilities gross	605,695	435,000
RESERVES FOR LIABILITIES		
Period tax liabilities	12,177	15,546
Deferred tax	19,344	10,814
Total reserves for liabilities	31,521	26,360
LIABILITIES		
Liabilities in connection with direct insurance	41,027	23,980
Financial derivatives		672
Other liabilities	14,225	8,726
Total liabilities	55,252	33,377
Accrued expenses and received, unearned income	9,275	15,923
Total accrued expenses and received, unearned income	9,275	15,923
Total equity and liabilities	1,021,502	804,828

Storebrand Helseforsikring AS

Statement of change in equity

NOK thousand	Share capital	Share premi- um reserve	Total paid in capital	Guarantee scheme	Other equity	Total earned equity	Total equity
Equity 01.01.20	33,000	122,000	155,000	14,378	57,365	71,743	226,743
Profit					67,445	67,445	67,445
Change in guarantee scheme				1,194	-1,194		
Change in actuarial assumptions					-27	-27	-27
Tax on other comprehensive income and expenses					7	7	7
Equity 31.12.20	33,000	122,000	155,000	15,572	123,596	139,169	294,169
Profit					25,590	25,590	25,590
Change in guarantee scheme				706	-706		
Equity 31.03.21	33,000	122,000	155,000	16,279	148,480	164,759	319,759

Storebrand Helseforsikring AS

Statement of cash flow 1. January - 30. June

NOK thousand	2021	2020
Cash flows from operations		
Net receipts - insurance	508,858	453,718
Net payments/claims insurance	-292,892	-304,596
Payment of income tax	-3,369	3,690
Payments relating to operations	-76,147	-87,201
Net cash flow from operations before financial assets	136,450	65,611
Net receipts/payments - financial assets	-100,560	-14,880
Net cash flow from financial assets	-100,560	-14,880
Net cash flow from operations	35,890	50,731
Cash flows from investment activities		
Net receipts/payment - sale/purchase of fixed assets	-20,626	-36,538
Net cash flow from investment activities	-20,626	-36,538
Cash flows from financing activities		
Payment of dividends		
Net cash flow from financing activities	0	0
Net cash flow for the period	15,264	14,194
-of which net cash flow inn the period before financial asset	115,824	29,074
Net movement in cash and cash equivalents	15,264	14,194
Cash and cash equivalents at start of the period	34,018	27,597
Cash equivalents at the end of the period	49,283	41,791

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 2020 annual report, and the interim financial statements are prepared in accordance with these accounting policies.

There is none new or amended accounting standards that entered into effect as at 1 January 2021 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.

Covid-19

The Covid -19 pandemic causes greater uncertainty regarding several estimates. It is still considerable uncertainty regarding the further development of Covid-19 and the consequences for the society.

Storebrand Helseforsikring experiences so far that Covid-19 has affected both the level of the claims and how fast the customers report the claims to the company. This makes earlier experience less useful for calculating the claims reserves and causes greater uncertainty than usual in the claims reserves.

Note 03 | Financial risks

2020 was strongly affected by the Covid-19 virus and economic uncertainty. The effects from the pandemic are still uncertain. Vaccinations seems to have given resistance towards the virus and reduced the pandemic in many countries where large parts of the population have been vaccinated. At the same time are mutations of the virus creating concerns and subsequent waves of infections in some countries. Some businesses have seen a boom in demand and sales during the pandemic, while others have had to reduce staff and taken financial losses. The central bank of Norway reduced the government interest rate to zero in 2020 but has indicated that they expect to start a gradual increase from second half of 2021. This is related to a normalization of both the unemployment and the economy. The equity market and long-term interest rates have had positive developments in 2021. The financial markets have been robust and operated as expected despite some early operational troubles in March 2020. The liquidity and pricing processes are operating as expected.

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, deferred tax assets of NOK 8 million counts as group 3 capital and therefore not calculated in the minimum capital requirement. With a total solvency capital of NOK 221 million, the company's solvency capital coverage is 159 per cent while the minimum capital requirement is covered by 340 per cent.

SOLVENCY CAPITAL

NOK thousand	Total	30.06.21				Totalt
		Group 1 unlimited	Group 1 limited	Group 2	Group 3	
Share capital	33,000	33,000				33,000
Share premium	122,000	122,000				122,000
Reconciliation reserve	57,963	57,963				24,824
Deferred tax assets	8,122				8,122	16,583
Total solvency capital	221,085	212,963			8,122	196,407
Total solvency capital available to cover minimum capital requirement	212,963	212,963				179,824

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	30.06.21	31.12.20
Market	14,553	10,092
Counterparty	18,483	11,557
Health	148,861	137,764
Operational	26,465	25,357
Diversification	-22,817	-15,316
Loss-absorbing capacity of deferred taxes	-46,386	-42,363
Total solvency requirement	139,158	127,090
Solvencymargin	158.9 %	154.5 %
Minimum capital requirement	62,621	50,943
Minimum margin	340.1 %	353.0 %

Note 05 | Tax

RECONCILIATION OF EXPECTED AND ACTUAL TAX CHARGE

NOK thousand	30.06.21
Ordinary pre-tax profit	34,120
Expected tax on income at nominal rate	-8,530
Tax charge	-8,530
Effective tax rate	25.0 %

