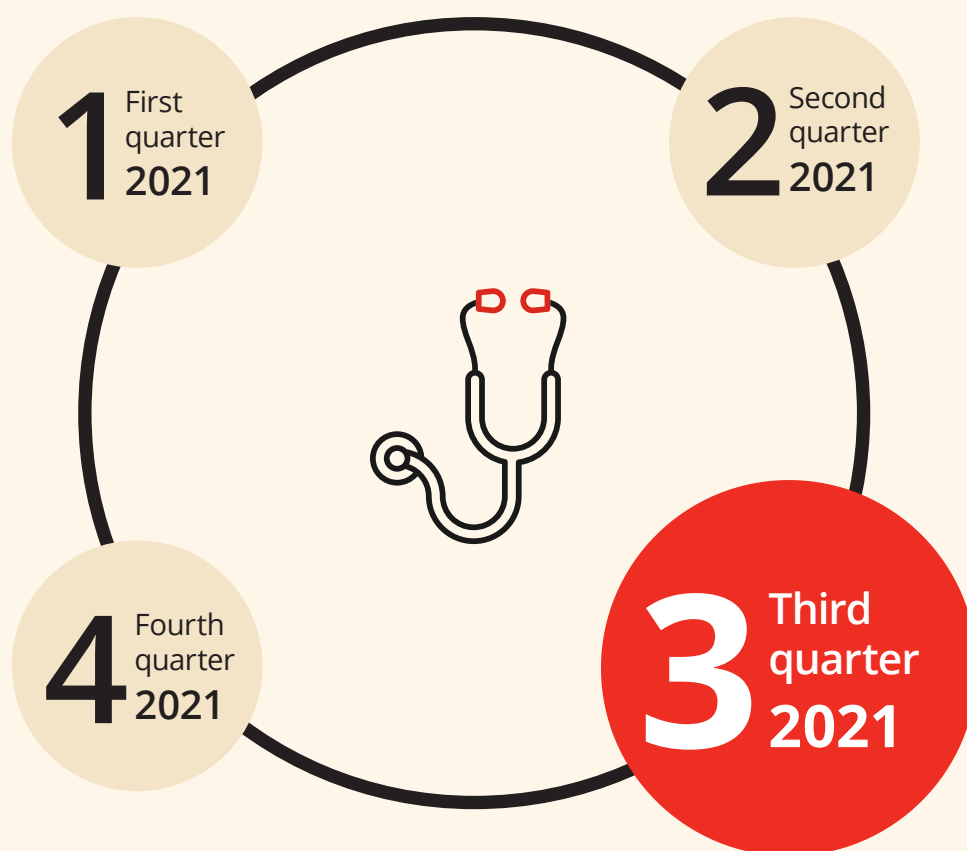


Interim report

Storebrand Helseforsikring AS (unaudited)



Interim Report Storebrand Helseforsikring AS

As at 30 September 2021

Pre tax profit is NOK 34.9 million (NOK 47.0 million) in 3rd quarter and NOK 69.0 million (NOK 77.4 million) as at 30.09.2021.

Premiums earned totaled NOK 238.8 million (NOK 217.5 million) in 3rd quarter, an increase of 10 percent from the same period in 2020. So far this year the earned premium for own account totalled NOK 687.4 million (NOK 622.3 million) an increase of 10 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 166.5 million (NOK 141.6 million) in 3rd quarter and NOK 510.1 million (NOK 460.1 million) so far this year. The claims ratio for own account stood at 70 per cent (65 per cent) in 3rd quarter and 74 per cent (74 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 reserve.

Insurance-related operating costs came to NOK 39.0 million (NOK 29.6 million) in 3rd quarter and NOK 113.7 million (NOK 88.2 million) compared with the same period in 2020. The net cost ratio for own account ended up at 16 per cent (14 per cent) in 3rd quarter. Year to date the cost ratio ended up at 17 per cent (14 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 3rd quarter was 0.17 per cent (0.36 per cent) and 0.64 percent (1.66 per cent) year to date.

The net non-technical result amounted to NOK 1.5 million (NOK 0.7 million) in 3rd quarter and NOK 5.4 million (NOK 3.4 million) year to date. Currency fluctuations resulted in a total currency gain/loss including the effects of currency derivatives of minus NOK 0.4 million (minus NOK 0.9 million) in 3rd quarter and minus NOK 1.5 million (minus NOK 3.4 million) so far this year.

Solvency margin should be above 100 per cent and was 163 per cent at 30.09.2021. At year-end 2020 the solvency margin was 155 per cent.

Lysaker, 25th November 2021

Board of directors Storebrand Helseforsikring AS

Storebrand Helseforsikring AS

Statement of comprehensive income

NOK thousand	3Q		01.01.-30.09		Full year
	2021	2020	2021	2020	2020
TECHNICAL ACCOUNTS					
PREMIUMS					
Gross premiums earned	239,429	218,040	689,197	623,878	845,226
- Reinsurers' share	-595	-515	-1,834	-1,557	-2,274
Premium income for own account	238,835	217,525	687,363	622,321	842,952
Other insurance related income	73	13	95	40	54
CLAIMS EXPENSES					
Incurred claims gross	-166,867	-142,060	-510,741	-461,424	-635,290
- Reinsurers' share	399	477	654	1,282	1,942
Claims expenses for own account	-166,468	-141,582	-510,086	-460,142	-633,347
INSURANCE RELATED OPERATING EXPENSES					
Sales expenses	-14,669	-13,798	-48,219	-40,894	-57,332
Insurance related administration expenses (incl. commissions for reinsurance received)	-24,367	-15,816	-65,498	-47,311	-67,188
Insurance related operating expenses	-39,036	-29,614	-113,717	-88,205	-124,519
Other insurance related operating costs					
Technical profit	33,404	46,341	63,655	74,014	85,139
NON-TECHNICAL ACCOUNTS					
NET INCOME FROM FINANCIAL ASSETS					
Interest and dividend etc from financial assets	7		-9	-12	6,292
Change in value on investments	-3,203	1,456	1,416	5,414	-351
Realised gain and loss on investments	3,291	565	-2,642	10,678	10,678
Net income from investments	95	2,021	-1,236	16,080	16,619
Other income	1,479	-1,318	6,603	2,024	2,256
Other expenses	-75			-14,668	-14,654
Non-technical profit	1,499	703	5,368	3,436	4,221
Pre tax profit	34,903	47,044	69,023	77,450	89,361
Tax	-8,726	-11,761	-17,256	-19,363	-21,915
Profit/loss for the year	26,177	35,283	51,767	58,088	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	26,177	35,283	51,767	58,088	67,425

Storebrand Helseforsikring AS

Statement of financial position

NOK thousand	30.09 2021	31.12 2020
ASSETS		
Intangible assets	133,126	120,868
Total intangible assets	133,126	120,868
FAIR VALUE FINANCIAL INVESTMENTS		
Bonds and other securities - fixed yield	525,447	429,581
Financial derivatives		
Total fair value financial instruments	525,447	429,581
RECEIVABLES		
Receivables in connection with direct business transactions		
- Due from policyholders	262,470	206,408
Receivables to connected parties	666	592
Other receivables	24,077	12,778
Total receivables	287,213	219,777
OTHER ASSETS		
Cash and bank equivalents	13,708	34,018
Pension assets	31	31
Total other assets	13,739	34,049
Prepaid costs and income earned not received	4,230	554
Total prepaid costs and income earned not received	4,230	554
Total assets	963,755	804,828

Storebrand Helseforsikring AS

Statement of financial position cont.

NOK thousand	30.09 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	16,632	15,572
Other earned equity	174,304	123,596
Total earned equity	190,936	139,169
GROSS INSURANCE LIABILITIES		
Reserve for unearned premiums gross	370,654	329,779
Claims reserve gross	133,057	105,221
Total insurance liabilities gross	503,712	435,000
RESERVES FOR LIABILITIES		
Period tax liabilities	12,177	15,546
Deferred tax	28,069	10,814
Total reserves for liabilities	40,246	26,360
LIABILITIES		
Liabilities in connection with direct insurance	56,328	23,980
Financial derivatives	2,171	672
Other liabilities	5,777	8,726
Total liabilities	64,276	33,377
Accrued expenses and received, unearned income	9,586	15,923
Total accrued expenses and received, unearned income	9,586	15,923
Total equity and liabilities	963,755	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	0	0
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					51,767	51,767	51,767
Change in guarantee scheme				1,059	-1,059	0	0
Equity 31.09.21	33,000	122,000	155,000	16,632	174,304	190,936	345,936

Storebrand Helseforsikring AS

Statement of cash flow 1. January – 30. September

NOK thousand	2021	2020
Cash flows from operations		
Net receipts - insurance	704,524	651,426
Net payments/claims insurance	-482,249	-433,218
Payment of income tax	-3,369	3,690
Payments relating to operations	-124,369	-109,813
Net cash flow from operations before financial assets	94,537	112,084
Net receipts/payments - financial assets	-89,075	-45,633
Net cash flow from financial assets	-89,075	-45,633
Net cash flow from operations	5,462	66,451
Cash flows from investment activities		
Net receipts/payment - sale/purchase of fixed assets	-25,772	-53,917
Net cash flow from investment activities	-25,772	-53,917
Cash flows from financing activities		
Payment of dividends		
Net cash flow from financing activities	0	0
Net cash flow for the period	-20,310	12,534
-of which net cash flow inn the period before financial asset	68,765	58,168
Net movement in cash and cash equivalents	-20,310	12,534
Cash and cash equivalents at start of the period	34,018	27,597
Cash equivalents at the end of the period	13,708	40,131

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 and the start of 2021 was affected by the Covid-19 virus and economic uncertainty. The effects from the pandemic are still uncertain, but the pandemic seems to be under control in the Nordics and several other countries. Vaccinations and experienced health care workers have resulted in reduced restrictions in many countries. Despite the positive developments, are mutations of the virus worrying and some countries with high rates of vaccinations have seen suddenly increased numbers of infections. Some businesses have had a boom in demand and sales during the pandemic, while others have had to reduce staff and taken financial losses. The reduced restrictions and measurements to prevent Covid-19 spreading seems to have led to a normalisation across industries. Globally has Covid-19 led to reductions in the production which together with limited shipping capacity has created effects in the supply chain for several businesses.

The central bank of Norway reduced the government interest rate to zero in 2020 but has started to increase this interest rate and signalled a continued path towards more normal levels. The equity market indices and long-term interest rates have had positive developments in 2021, while some segments such as growth equities have suffered declining equity prices. The financial markets have been robust and operated as expected throughout the pandemic despite some early operational troubles in March 2020. The liquidity and pricing processes are operating as expected. The effects from the Covid-19 are thus regarded as reduced and at a similar level as normal future uncertainty.

Financial instruments which are valued at level 1 or 2 reflect the fair value as the price on these instruments are fixed by using the traded or quoted price in the market.

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 1.4 million counts as group 3 capital and therefore not calculated in the minimum capital requirement. With a total solvency capital of NOK 228 million, the company's solvency capital coverage is 163 per cent while the minimum capital requirement is covered by 370 per cent.

SOLVENCY CAPITAL

NOK thousand	Total	30.09.21				31.12.20
		Group 1 unlimited	Group 1 limited	Group 2	Group 3	Total
Share capital	33,000	33,000				33,000
Share premium	122,000	122,000				122,000
Reconciliation reserve	71,346	71,346				24,824
Deferred tax assets	1,452				1,452	16,583
Total solvency capital	227,798	226,346	0	0	1,452	196,407
Total solvency capital available to cover minimum capital requirement	226,346	226,346	0	0		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	30.09.21	31.12.20
Market	13,734	10,092
Counterparty	21,259	11,557
Health	148,925	137,764
Operational	27,036	25,357
Diversification	-24,009	-15,316
Loss-absorbing capacity of deferred taxes	-46,736	-42,363
Total solvency requirement	140,209	127,090
Solvencymargin	162.5 %	154.5 %
Minimum capital requirement	61,262	50,943
Minimum margin	369.5 %	353.0 %

Note 05 | Tax

RECONCILIATION OF EXPECTED AND ACTUAL TAX CHARGE

NOK thousand	30.09.21
Ordinary pre-tax profit	69,023
Expected tax on income at nominal rate	-17,256
Tax charge	-17,256
Effective tax rate	25.0 %

