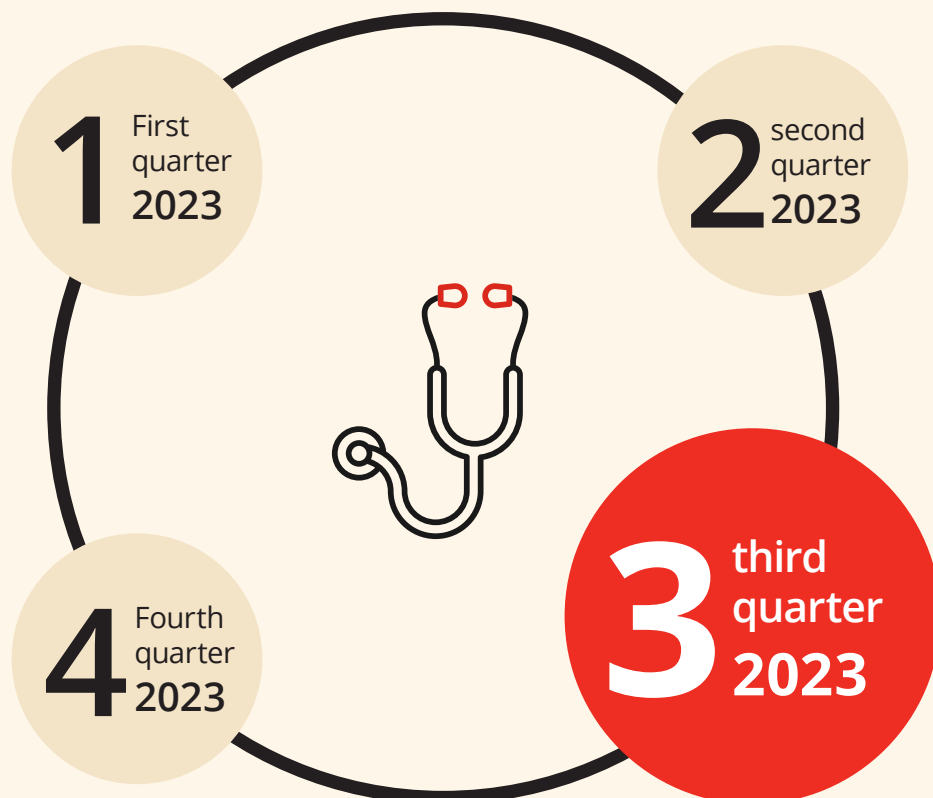


Interim report

Storebrand Helseforsikring AS (unaudited)



Interim Report Storebrand Helseforsikring AS

As at 30 September 2023

Storebrand ASA (Storebrand) has entered into an agreement to sell its 50 % stake in Storebrand Helseforsikring AS (the Company) to ERGO International AG (ERGO). ERGO currently owns 50% of the Company and will own 100 % after the transaction. The closing of the transaction is expected in the first quarter of 2024. Completion of the transaction is subject to approval from the Norwegian Financial Supervisory.

Storebrand and ERGO have successfully developed the Company together for many years. After a strategic review it has been concluded that it is in the Company's best interest to have one owner going forward. Storebrand will continue distributing the Company's products in the Norwegian and Swedish market.

Pretax profit is NOK 91.3 million (NOK 17.9 million) in the 3rd quarter and minus NOK 99.2 million (NOK minus 1.0 million) at 30.09.2023. The weak result is due to high claims payments in the areas of specialist doctor treatment, surgery, hospitalization, 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 was therefore booked as at 30.6.2023. This reserve will be released against claims over the remaining time of policies in force. In the third quarter NOK 37.1 million was released from the PDR and the reserve totals NOK 68.7 million at 30.09.2023.

Premiums earned totaled to NOK 302.5 million (NOK 266.0 million) in 3rd quarter, an increase of 14 per cent from the same period in 2022. So far this year earned premium for own account totalled to NOK 891.8 million (NOK 774.3 million), an increase of 15 percent compared to the same period last year.

Cost of claims amounted to NOK 170.3 million (NOK 202.3 million) in the 3rd quarter and was NOK 856.4 million (NOK 637.8 million) year to date. The release of PDR has contributed to the low claims costs in the quarter, seasonality over the year with less claims in the summer months has also contributed. Year to date the high claims have been caused by a negative development in the Group Business in both Norway and Sweden. The claims ratio is up from 82 per cent in 2022 to 96 per cent this year.

Insurance-related operating costs was NOK 53.4 million (NOK 44.5 million) in 3rd quarter and NOK 154.2 million (NOK 133.7 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 (17 per cent) in 3rd quarter and 17 per cent (17 per cent) year to date.

The company has a conservative investment strategy, and the investment portfolio is invested in one of Storebrand's bond funds with low credit risk and short interest duration. The financial return in 3rd quarter was 1.51 per cent (0.16 per cent) and 3.24 per cent (minus 0.25 per cent) as at 30.09.2023.

Currency fluctuations resulted in a total currency gain/loss including the effects of currency derivatives of minus NOK 0.3 million (minus NOK 2.5 million) in the 3rd quarter and minus NOK 3.4 million (minus NOK 3.3 million) so far this year.

The net non-technical result amounted to NOK 12.4 million (NOK 1.4 million) in 3rd quarter and NOK 19.3 million (minus NOK 4.1 million) year to date.

The solvency margin should be above 100 per cent and was 247 per cent at 30.09.2023 after the share issue of NOK 275 million in May and a positive result after tax of NOK 68.4 million in the 3rd quarter. This is an increase from 197 per cent in the 2nd quarter. At year-end 2022 the solvency margin was 146 per cent.

Lysaker, 8 November 2023

Board of directors Storebrand Helseforsikring AS

Storebrand Helseforsikring AS

Statement of comprehensive income

NOK thousand	3Q		01.01.-30.09		Full year
	2023	2022	2023	2022	2022
TECHNICAL ACCOUNTS					
PREMIUMS					
Gross premiums earned	303,219	266,699	894,035	776,504	1,057,369
- Reinsurers' share	-752	-694	-2,266	-2,159	-2,902
Premium income for own account	302,466	266,005	891,769	774,345	1,054,467
Other insurance related income	77	73	218	286	354
CLAIMS EXPENSES					
Incurred claims gross	-171,654	-202,418	-858,573	-638,485	-883,033
- Reinsurers' share	1,361	131	2,168	636	952
Claims expenses for own account	-170,292	-202,287	-856,405	-637,848	-882,081
INSURANCE RELATED OPERATING EXPENSES					
Sales expenses	-21,033	-16,952	-58,946	-51,388	-69,103
Insurance related administration expenses (incl. commissions for reinsurance received)	-32,391	-27,520	-95,207	-82,352	-110,992
Insurance related operating expenses	-53,424	-44,472	-154,153	-133,741	-180,095
Other insurance related operating costs					
Technical profit	78,828	19,318	-118,572	3,042	-7,355
NON-TECHNICAL ACCOUNTS					
NET INCOME FROM FINANCIAL ASSETS					
Interest and dividend etc from financial assets	116	-21	138	-101	6,635
Change in value on investments	10,653	1,790	16,718	2,044	-906
Realised gain and loss on investments	447	211	7,483	-2,358	-3,251
Net income from investments	11,216	1,980	24,339	-415	2,478
Other income	1,226	-92	4,819	499	3,003
Other expenses	-11	-3,335	-9,822	-4,156	-782
Non-technical profit	12,431	-1,447	19,336	-4,072	4,699
Pre tax profit	91,259	17,871	-99,236	-1,030	-2,656
Tax	-22,815	-4,449	24,809	258	1,053
Profit/loss for the year	68,444	13,423	-74,427	-773	-1,603
OTHER COMPREHENSIVE INCOME ELEMENTS AND EXPENSES NOT TO BE CLASSIFIED TO PROFIT/LOSS					
Change in actuarial assumptions					-36
Tax on other comprehensive income and expenses not to be classified to profit/loss					9
Comprehensive income	68,444	13,423	-74,427	-773	-1,630

Storebrand Helseforsikring AS

Statement of financial position

NOK thousand	30.09 2023	31.12 2022
ASSETS		
Intangible assets	86,326	101,234
Total intangible assets	86,326	101,234
FAIR VALUE FINANCIAL INVESTMENTS		
Bonds and other securities - fixed yield	808,405	467,219
Financial derivatives		
Total fair value financial instruments	808,405	467,219
RECEIVABLES		
Receivables in connection with direct business transactions		
- Due from policyholders	305,274	269,055
Receivables to connected parties	482	
Other receivables	25,380	10,444
Total receivables	331,136	279,498
OTHER ASSETS		
Cash and bank equivalents	24,680	28,109
Deferred tax assets	17,992	
Pension assets	38	38
Total other assets	42,711	28,148
Prepaid costs and income earned not received	4,627	4,779
Total prepaid costs and income earned not received	4,627	4,779
Total assets	1,273,204	880,878

Storebrand Helseforsikring AS

Statement of financial position cont.

NOK thousand	30.09 2023	31.12 2022
EQUITY AND LIABILITIES		
PAID IN CAPITAL		
Share capital	35,000	33,000
Share premium reserve	395,000	122,000
Total paid in capital	430,000	155,000
EARNED EQUITY		
Allocation to guarantee scheme	22,018	19,770
Other earned equity	57,670	134,345
Total earned equity	79,689	154,115
GROSS INSURANCE LIABILITIES		
Reserve for unearned premiums gross	562,213	395,920
Claims reserve gross	148,470	110,851
Total insurance liabilities gross	710,683	506,771
RESERVES FOR LIABILITIES		
Period tax liabilities		780
Deferred tax		6,817
Total reserves for liabilities	0	7,598
LIABILITIES		
Liabilities in connection with direct insurance	24,813	34,738
Financial derivatives	4,025	4
Liabilities to related parties		499
Other liabilities	12,836	12,076
Total liabilities	41,674	47,317
Accrued expenses and received, unearned income	11,158	10,077
Total accrued expenses and received, unearned income	11,158	10,077
Total equity and liabilities	1,273,204	880,878

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 01.01.22	33,000	122,000	155,000	17,191	138,554	155,745	310,745
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
Equity 31.12.22	33,000	122,000	155,000	19,770	134,345	154,115	309,115
Share issue	2,000	273,000	275,000				275,000
Profit					-74,427	-74,427	-74,427
Change in guarantee scheme				2,248	-2,248	0	0
Equity 30.09.23	35,000	395,000	430,000	22,018	57,670	79,689	509,689

Storebrand Helseforsikring AS

Statement of cash flow 1. January - 30. September

NOK thousand	2023	2022
Cash flows from operations		
Net receipts - insurance	1,011,918	796,738
Net payments/claims insurance	-818,786	-569,630
Payment of income tax	-780	-6,836
Payments relating to operations	-153,970	-133,261
Net cash flow from operations before financial assets	38,381	87,011
Net receipts/payments - financial assets	-312,826	-49,108
Net cash flow from financial assets	-312,826	-49,108
Net cash flow from operations	-274,445	37,903
Cash flows from investment activities		
Net receipts/payment - sale/purchase of fixed assets	-3,984	-11,823
Net cash flow from investment activities	-3,984	-11,823
Cash flows from financing activities		
Share issue	275,000	
Payment of dividends		-18,000
Net cash flow from financing activities	275,000	-18,000
Net cash flow for the period	-3,429	8,080
-of which net cash flow inn the period before financial asset	309,397	57,189
Net movement in cash and cash equivalents	-3,429	8,080
Cash and cash equivalents at start of the period	28,109	26,153
Cash equivalents at the end of the period	24,680	34,233

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 are no 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 | Financial risk

There is no change in the financial risk from the description in the annual report for 2022.

Note 03 | Solvency II

Storebrand Helseforsikring AS is subject to the EU's solvency regime Solvency II. The company is largely funded with group 1 capital. In addition, net counting deferred tax assets of NOK 26.2 million counts as group 3 capital and therefore not calculated in the minimum capital requirement. With a total solvency capital of NOK 431.4 million, the company's solvency capital coverage is 247 per cent while the minimum capital requirement is covered by 524 per cent. The current solvency coverage is good after the share issue of NOK 275 million.

SOLVENCY CAPITAL

NOK thousand	Total	30.09.23				31.12.22
		Group 1 unlimited	Group 1 limited	Group 2	Group 3	Total
Share capital	35,000	35,000				33,000
Share premium	395,000	395,000				122,000
Reconciliation reserve	-24,804	-24,804				54,293
Deferred tax assets	34,112				34,112	14,900
Not counting tier 3 capital	-7,852				-7,852	
Total solvency capital	431,456	405,196			26,260	224,193
Total solvency capital available to cover minimum capital requirement	405,196	405,196				209,293

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	30.09.23	31.12.22
Market	20,977	11,374
Counterparty	5,759	3,193
Health	190,261	169,131
Operational	35,239	31,633
Diversification	-18,814	-10,508
Loss-absorbing capacity of deferred taxes	-58,355	-51,206
Total solvency requirement	175,066	153,617
Solvencymargin	246.5 %	145.9 %
Minimum capital requirement	77,390	62,626
Minimum margin	523.6 %	334.2 %

