FuturPension

Annual Report 2020

Futur Pension Försäkringsaktiebolag (publ)

Org.no. 516401-6643

Administration report

The Board of Directors and Chief Executive Officer of Futur Pension Försäkringsaktiebolag (public, corporate identity number 516401-6643), formerly Danica Pension Försäkringsaktiebolag, hereby issues accounts for 2020. Futur Pension Försäkringsaktiebolag is a wholly-owned subsidiary of Futur Pension Holding AB (559159-6738).

Focus of the company's business

Futur Pension is engaged in direct life insurance in the form of mutual fund-linked personal insurance. In addition, the company is engaged in Portfolio Bond within the framework of traditional life insurance without guarantee, in which the life policyholder him or herself is able to determine the contents of the securities deposit according to established investment guidelines. Furthermore, Danica provides Futur Pension with health and waiver-of-premium insurance as an add-on to its occupational pension plan.

The operations are carried out from the office in Stockholm and the products are arranged by Danske Bank Sverige branch's office business and through independent insurance brokers. The company is a dividend-paying life insurance company with the ability to distribute surpluses to its shareholders.

Significant events

Business has been satisfactory in 2020 despite the Covid-19 pandemic. Premiums earned were 23% higher than in 2019. In 2020, the market share for premiums paid increased from 6.4% in Q3 2019 to 7.5% up to Q3 2020.

One important aspect of Futur Pension's strategy is to be an eligible option in all collective agreement areas. In 2018, for the third time in a row, Futur Pension became an eligible option in the ITP procurement, which means that the Collective Agreement Occupational Pension business area continues to grow.

2020 is the first full financial year under the new owners, which consist of a consortium made up of Polaris, Acathia Capital, Unigestion, Sampension, Nord Holding and parts of the personnel.

In 2020, Futur Pension developed and started up an API which supports digital connection by customers. The work will continue in 2021, when more partners will be offered the opportunity to connect customers digitally through an API.

Futur Pension has continued to work on adaptation and system support for new and existing regulations in 2020. The main focus has been on the parallel regulatory projects relating to sustainability and, in particular, the Disclosure Regulation and the Taxonomy Regulation.

During the year, Futur Pension has also successfully implemented new rules on transfer charges and has prepared a system for future changes in that area.

During the year, an Information Security Officer was employed who, along with the Governance Department, worked on the company's practical preparations for the future new EIOPA guidelines on information security as well as the new guidelines on outsourcing to cloud service providers.

An IT project was implemented in 2019 and the first half of 2020 with the aim of creating a new platform for Futur Pension outside the Danske Bank Group. These projects were implemented and successfully completed in the first half of 2020. The company has been carrying on its business from its new offices at Linnégatan 18 and from its new technical platform since 10 February 2020. 21 MSEK was charged to the profit in 2020 in respect of these projects.

In 2020, the company was affected by the Covid-19 pandemic in the form of a downturn in the stock market in the spring and the fact that work took place remotely to a large extent. There are very few staff physically in the office at the beginning of 2021. The downturn in the stock market in spring 2020 cost the company approximately 30 MSEK on the profit line.

In June, the company issued a dividend of 80 MSEK to the parent company, Futur Pension Holding AB.

Sales and premiums

Total premium volumes for insurance and investment contracts amounted to 22,501 MSEK (18,248), of which 18,147 MSEK (14,108) relates to Portfolio Bond products. Only the figure for premiums earned for insurance contracts is recognised in the income statement. It amounted to 978 MSEK (1,002). Of the figure for premiums earned, 861 MSEK (824) consists of regular premiums, 124 MSEK (183) consists of one-off premiums, 25 MSEK (25) consists of premiums for risk insurance and -32 (-30) consists of premiums for outward reinsurance.

Premiums received were invested in various mutual funds and custody accounts since the charge was made on insurance policies in accordance with the company's principles.

Asset Management

The part of the company's assets invested on behalf of the policyholders, 128,154 MSEK (107,050), is managed in accordance with the company's investment guidelines and in according to the policyholders' investment choices. Other funds, which largely correspond to the company's equity, are invested in mutual funds and funds deposited in bank accounts.

Futur Pension's fund selection is based on an external selection process to increase the chances of offering high quality funds.

Infomation on risk management and uncertainty factors

Insurance and investment activities contain elements of risk. The insurance risk at a life insurance company consists of the risks arising from the undertakings to insure individuals' lives and health. The business differs from traditional life insurance in that the policyholders themselves bear the investment risk for premiums paid.
Also see note 2.

Profit

The profit for the year amounts to 110 MSEK (106) including non-recurring items, which is an improvement on the previous year. The improvement in earnings is mainly due to an increase in premiums and capital under management. Falling stock markets in spring 2020 due to Covid-19 had a negative impact on earnings.

The business includes occupational pension insurance and other life insurance, which is divided into unit-linked insurance, health and waiver-of-premium insurance and traditional insurance in the form of Portfolio Bonds. See also the analysis of results on page 11.

No significant events occurred after the closing date.

Personnel

Information on the average number of employees and salaries and remuneration is provided in notes 10-12

Anticipated future progress

Futur Pension will continue to focus on the growth strategy that has been outlined. That means continued efforts within the various distribution channels in which Futur Pension operates. Furthermore, the company will continue to work on developing efficient processes throughout the value chain. Continued focus on digitalisation through the company's API is a cornerstone of the future strategy.

Futur Pension's future strategy after the change of ownership is based on the growth strategy that had already been established before the change of ownership. Futur Pension will also continue to be a strong partner of Danske Bank in the future by ensuring that the Bank also has a strong range of products to offer its customers in future. Furthermore, the portfolio bond business will continue to be developed and made more efficient.

One addition to the strategy is greater focus on the occupational pension business. One goal in 2021 is for Futur Pension to increase its sales in intermediary chains' occupational pension plans.

Sustainability reports

The term "sustainability" includes several areas such as environmental issues, social relationships, human rights, ethics, corruption, diversity, etc. The term "sustainability" is normally defined as a generation being able to meet its needs without jeopardising the ability of future generations to meet their needs. Futur Pension's priority areas with regard to sustainability are set out below.

In order to manage the risks in the area of sustainability, Futur Pension has established a number of Policies and Instructions that describe responsibilities, goals, monitoring and reporting in more detail.

Corporate Social Responsibility

Corporate Social Responsibility ("CSR") forms an important part of Futur Pension's strategy. Customers and other stakeholders must be able to trust Futur Pension to take environmental, social, ethical and governance aspects into account when carrying out operations. Futur Pension sees sustainability management as a prerequisite for the creation of long-term value in the operations. Futur Pension has drawn up a CSR policy which reinforces the company's work on sustainability. In that policy, Futur Pension undertakes to comply with the principles developed by the UN Global Compact for Sustainable Development and Futur Pension applied for membership of the UN Global Compact at the end of 2020.

Business Relationship Code of Conduct

During the year, Futur Pension has drawn up a Business Relationship Code of Conduct which sets out Futur Pension's expectations as far as its business partners are concerned.

Principles for sustainable investment

Futur Pension has certain requirements applying to the funds included in unit-linked insurance in order to ensure that Futur Pension is not investing in companies that are in breach of international guidelines on human rights, the environment, labour law, arms and corruption. The fund management companies must have signed the UN Principles for Responsible Investment ("UN PRI"). In addition to the requirement relating to PRI, a great deal of emphasis is also placed on sustainability when selecting new funds appropriate for inclusion in Futur Pension's fund platform. Futur Pension's website presents the sustainability ratings for each fund and Futur Pension also provides a number of sustainability parameters to make it easier for customers to make informed sustainable fund choices.

In 2020, Futur Pension became a member of Swesif – Sweden's Sustainable Investment Forum – and preparations began for signing the PRI.

During the year, Futur Pension has made it easier for customers to make sustainable fund choices. In each fund supermarket there is a sustainability filter that allows customers to make their own selection based on their different requirements. Futur Pension has also developed a sustainable fund supermarket in which Futur Pension only includes funds that meet certain predetermined criteria.

Gender equality and diversity

Since Futur Pension left the Danske Bank group, it has developed its own diversity and gender equality policy. The policy naturally strengthens Futur Pension's work in the area since the policy has been drawn up specifically for the company and is not group-wide. The policy consolidates and clarifies Futur Pension's belief that diversity – people with different expertise, experience and perspectives – is crucial for bringing about the innovative climate required for long-term business success and a positive customer experience. The policy will be revised annually to ensure that the company:

- Increases diversity
- Provides all employees with equal conditions and pay for work of equal value
- Forms gender-equal leadership groups
- Makes it easier to combine work and parenthood
- Safeguards against and prevents discrimination and bullying

Environmental considerations

In 2020, Futur Pension continued to take action to ensure that paper consumption was reduced. Futur Pension has continued with the digitalisation process so that most of Futur Pension's letters can be offered electronically. Almost all communication with customers now takes place electronically.

Combating corruption

During the year, Futur Pension has also continued to focus on internal efforts to prevent money laundering and terrorist financing and to evaluate and improve procedures and processes linked to this area, mainly by providing system support for greater efficiency and quality assurance of customer information and by keeping that information up-to-date on an ongoing basis. Work on AML is reported to the CEO and the Board of Directors on an ongoing basis.

Futur Pension has been at its new address and Linnégatan 18, Stockholm since 10 February 2020.
The premises have been fitted out with the latest technology regarding energy efficiency and environmental considerations and the environment and sustainability have been taken into account to a considerable extent in the selection of materials and fittings.

Proposed allocation of earnings

The following amounts are at the disposal of the General Meeting

Share premium reserve	250,000,000 SEK
Accumulated profit	191,195,472 SEK
Profit for the year	110,418,955 SEK
Total SEK	551,614,427 SEK

The Board of Directors proposes that the profit be allocated as follows

Dividend to shareholders	– 80,000,000 SEK
Carried forward to new accounts	471,614,427 SEK

If the proposal is approved, Equity will consist of

Share capital	100,000,000 SEK
Share premium reserve	250,000,000 SEK
Accumulated profit, including profit for the year	221,614,427 SEK
Total	571,614,427 SEK

The proposed dividend, which represents 15% of the unrestricted equity in the company, amounts to 80,000,000 SEK. It is proposed that the General Meeting adopt a resolution that the dividend should be effected through a payment of 80,000,000 SEK. The Board of Directors is authorised to set the date for the payment. Futur Pension's financial position does not give rise to any assessment other than that the company can be expected to meet its obligations in both the short and the long term. The Board of Directors' assessment is that the company's equity as stated in the annual report is sufficient in relation to the nature, scope and risks of the business. The Board of Directors' assessment is also that the company's
unrestricted equity is sufficiently large in relation to the nature, scope and risks of the business.

Based on the scope, risks and nature of the business, the Board of Directors considers that, at present, 80,000,000 SEK can be considered as distributable in accordance with the provisions of Chapter 4, Section 1 of the Insurance Business Act (2010:2043) and Chapter 17, Section 3 of the Swedish Companies Act (2005:551). The Board of Directors considers that this amount enables the company to maintain satisfactory solvency and liquidity in the short and the long term, taking the circumstances of the business into consideration. The Board of Directors has taken into account, on the basis of internal calculations, the risks currently associated with the business, the quality of the company and the solvency capital and the need for a margin for statutory solvency requirements and consolidation needs. When calculating the own funds for 2020, deductions have been made for the dividend proposed but not yet resolved by the General Meeting, see also the five-year overview.

As far as Futur Pension's results and position in general are concerned, reference is made to the following income statements and balance sheets, with the associated notes to the accounts.

Five-year overview

	MSEK 2020	MSEK 2019	MSEK 2018	MSEK 2017	MSEK 2016
EXTRACT FROM THE INCOME STATEMENT					
Premiums earned net of reinsurance	978	1 002	1 095	1 251	1 364
Fees	294	269	247	218	192
Value changes to investment assets life insurance policyholders	12 624	20 103	-2 202	4 970	4 864
Claims paid net of reinsurance	-167	-148	-156	-148	-134
Life insurance business technical insurance result	418	386	357	73	65
Profit for the year	110	106	97	61	57
FINANCIAL POSITION AND KEY RATIOS					
Total volume of premiums	22 501	18 248	19 575	16 501	11 684
Investment assets	19	16	22	14	214
Investment assets for which the life policyholder bears an investment risk	128 154	107 050	80 171	72 217	58 193
Technical provisions, claims outstanding	41	60	64	48	69
Own funds (Solvency II)	2 596	2 388	2 192	2 010	1 679
Tier 1 capital	2 596	2 388	2 192	2 010	1 679
Solvency Capital Requirement (SCR)	2 043	1 884	1 650	1 638	1 370
Minimum capital requirement (MCR)	880	733	548	492	397
Solvency capital requirements (SCR)	127%	127%	133%	123%	123%
Minimum Capital Ratio (MCR)	294%	325%	399%	408%	417%
Own funds, group (Solvency II)	2 609	2 403	N/A	N/A	N/A
Solvency Capital Requirement, group (SCR)	2 043	1 884	N/A	N/A	N/A
Solvency Capital Ratio, group (SCR)	128%	128%	N/A	N/A	N/A
Management cost percentage (for own account)	0,4%	0,4%	0,5%	0,5%	0,5%
Acquisition cost percentage	1,3%	1,3%	1,1%	1,4%	1,7%
Administration cost percentage savings products	0,1%	0,2%	0,2%	0,2%	0,2%

The business of Futur Pension differs from traditional life insurance in that the policyholders themselves bear the investment risk for premiums paid. No key ratios for solvency margin, dividend yield and administration cost percentage are therefore specified.

A reclassification of fees levied for yield tax took place in 2019. This affects the technical result for the life insurance business. The comparative figure for 2018 has been restated. The reclassification has no impact on earnings.

Income statement

Note		MSEK 2020	MSEK 2019
	TECHNICAL ACCOUNTING – LIFE-INSURANCE BUSINESS		
3	PREMIUMS EARNED NET OF REINSURANCE		
	Premiums earned (before reinsurance)	1 010	1 032
	Premiums for outward reinsurance	-32	-30
	Premiums earned net of reinsurance	978	1 002
4	FEES	294	269
	INCREASE IN VALUE OF INVESTMENT ASSETS FOR WHICH THE LIFE POLICYHOLDER BEARS AN INVESTMENT RISK		
	Increase in value of assets for conditional refund	10 404	11 390
	Increase in value of unit-linked insurance assets	2 220	8 713
	Increase in value of investment assets for which the life policyholder bears an investment risk	12 624	20 103
5	OTHER TECHNICAL INCOME	553	518
	CLAIMS INCURRED NET OF REINSURANCE		
7	Claims paid		
	Before reinsurance	-174	-155
	Reinsurers' share	5	6
	Change in Provision for claims outstanding		
	Before reinsurance	21	-8
	Reinsurers' share	-19	10
	Claims incurred net of reinsurance	-167	-148
	CHANGES IN OTHER TECHNICAL PROVISIONS (NET OF REINSURANCE)		
	Technical provision for life insurance policies for which the policyholder bears a risk.		
8	Conditional refund	-10 400	-11 385
9	Unit-linked insurance obligations	-3 036	-9 575
	Changes in other technical provisions	-13 436	-20 959
10-13	OPERATING EXPENSES	-427	-399
	LIFE INSURANCE TECHNICAL RESULT	418	386
	NON-TECHNICAL ACCOUNTING		
	LIFE INSURANCE TECHNICAL RESULT	418	386
14	INVESTMENT INCOME	2	5
16	INVESTMENT CHARGES	-1	-3
15	UNREALISED LOSSES ON INVESTMENT ASSETS	0	0
	PROFIT BEFORE TAX	419	389
	PROFIT BEFORE TAX	419	389
17	TAX	-308	-283
	PROFIT/LOSS FOR THE YEAR	**110**	**106**

Statement of comprehensive income

Net profit for year	**110**	**106**
Other comprehensive income		
Comprehensive income for the year	**110**	**106**

Annual Report
Balance sheet

Note		MSEK 2020	MSEK 2019
	ASSETS		
	INVESTMENT ASSETS		
18	Other financial investment assets		
19	Shares and participations	19	16
	Investment assets	19	16
18	INVESTMENT ASSETS FOR WHICH THE LIFE POLICYHOLDER BEARS AN INVESTMENT RISK		
	Assets for conditional refund	79 518	62 190
	Unit-linked insurance assets	48 637	44 860
	Investment assets for which the life policyholder bears an investment risk	128 154	107 050
	REINSURERS' SHARE OF TECHNICAL PROVISIONS		
	Claims outstanding	41	60
	Reinsurers' share of technical provisions	41	60
	RECEIVABLES		
17	Deferred tax assets	6	7
	Other receivables	50	64
	Receivables	56	71
	OTHER ASSETS		
20	Tangible assets	8	-
	Cash and bank balances	679	636
	Other assets	687	636
	PREPAID EXPENSES AND ACCRUED INCOME		
21	Prepaid acquisition costs	25	35
	Other prepaid expenses and accrued income	70	55
	Prepaid expenses and accrued income	95	90
	TOTAL ASSETS	**129 052**	**107 923**

Annual Report
Balance sheet

Note		MSEK 2020	MSEK 2019
25	**EQUITY, PROVISIONS AND LIABILITIES**		
	EQUITY		
	Share capital, 100,000 shares	100	100
	Share premium reserve	250	250
	Accumulated profit	191	165
	Net profit for year	110	106
	Equity	652	621
22	TECHNICAL PROVISIONS (BEFORE REINSURANCE)		
	Claims outstanding	51	72
	Technical provisions	51	72
	TECHNICAL PROVISION FOR LIFE INSURANCE FOR WHICH THE POLICYHOLDER BEARS A RISK (BEFORE REINSURANCE)		
8	Conditional refund	79 457	62 132
9	Unit-linked insurance obligations	48 772	44 970
	Technical provisions	128 229	107 103
	PROVISIONS FOR OTHER RISKS AND COSTS		
	Taxes		
	Provision for income tax and yield tax	12	17
	Provisions for other risks and costs	12	17
	LIABILITIES		
	Receivables relating to direct insurance, policyholders	13	14
	Liabilities relating to reinsurance	12	20
23	Other liabilities	70	57
	Liabilities	95	91

Balance sheet cont'd		2020	2019
	ACCRUED EXPENSES AND DEFERRED INCOME		
	Other accrued expenses and deferred income	13	19
	Accrued expenses and deferred income	13	19
26	**TOTAL EQUITY, PROVISIONS AND LIABILITIES**	**129 052**	**107 923**

Annual Report

Report on changes in equity

REPORT ON CHANGES IN EQUITY (MSEK)

	RESTRICTED EQUITY		Unrestricted equity		
	Share capital	Share premium reserve	Accumulated profit	Net profit for year	Total
Closing balance Equity previous financial year = Opening balance Equity 01/01/2019	**100**	**250**	**103**	**97**	**550**
Appropriation of profits			97	-97	-
Profit/Comprehensive income for the year				106	106
Total changes in net wealth excluding transactions with			97	9	106
Dividends			-35		-35
Closing balance Equity previous financial year = Opening balance Equity 01/01/2020	**100**	**250**	**165**	**106**	**621**
Appropriation of profits			106	-106	-
Profit/Comprehensive income for the year[1]				110	110
Total changes in net wealth excluding transactions with shareholders			212	5	110
Dividends			-80		-80
Closing balance Equity financial year	**100**	**250**	**191**	**110**	**652**

[1]Profit for the year is in line with other comprehensive income.

Cash flow statement

	MSEK 2020	MSEK 2019
CURRENT OPERATIONS		
Profit before tax	419	389
Adjustments for non-cash items		
Change in deferred acquisition costs	10	11
Depreciation	2	-
Change in other technical provisions	-21	8
Tax paid	-307	-283
Changes in current operations' assets and liabilities		
Net investment assets[1)]	-3	6
Net investments in and sales of investment assets for which the policyholder bears a risk		
Conditional refund	-17 328	-16 394
Unit-linked insurance	-3 777	-10 485
Change in technical provisions for which the policyholder bears a risk		
Conditional refund	17 324	16 379
Unit-linked insurance	3 801	10 483
Change in other trade receivables	19	-40
Change in provisions for other risks and costs	-5	-5
Changes in other current liabilities	-2	-6
Cash flow from operating activities	133	62
INVESTMENTS		
Change in tangible assets	-10	0
Cash flow from investment activities	-	-100
FINANCING ACTIVITIES		
Cash flow from financing activities	-80	-35
Cash flow for the year	43	-73
Cash and cash equivalents at the start of the period	635	708
Cash and cash equivalents at the end of the period	679	635

Cash and cash equivalents consist of cash and bank balances.

Investment assets[1)]		
Shares and participations	19	16
Investment assets	19	16

Information on interest paid and received

Incoming interest payments	1	0
Outgoing interest payments	-1	-10
Dividends received	0	0
Total	0	-10

Performance analysis

MSEK
2020

	Direct insurance of Swedish risks						
	Occupational pension insurance			Other life insurance			
	Portfolio Bond	Unit Linked	Health	Portfolio Bond	Unit Linked	Health	Total
Premium income, gross	0	961	22	2	25	0	1 010
Reinsurance premium	-	-5	-21	-	-6	0	-32
Fees	20	71	-	172	31	-	294
Other technical income	3	238	-	257	55	-	553
Claims paid (net of reinsurance)	-	-167	3	1	-4	0	-167
Change in other technical provisions	-536	-2 698	-3	-9 865	-334	0	-13 436
Operating expenses	-24	-203	3	-154	-48	0	-427
Increase in value of assets for where the investment risk is borne by the policyholders	536	1 906	-	9 868	314		12 624
Technical results, life insurance business	-2	102	4	282	32	0	418
Claim settlement results, gross			30				30
Technical provisions for life insurance policies where the investment risk is borne by the policyholders							
Portfolio Bond	4 092	-	-	75 364	-	-	79 457
Unit Linked	-	41 874	-	-	6 898	-	48 772
Technical provisions, gross							
Claims outstandning	-	0	48	-	3	0	51
Reinsurers share of technical provisions							
Provisions for claims outstandning	-	0	40	-	2	0	41

Operating expenses include profit shares and commissions from reinsurance.
Other technical income includes a fee for policyholders tax return.
Change in Deferred Acquisition costs of -9.8 MSEK is only related to Unit-linked.

Note 1

Accounting and valuation principles

General information

The Annual Report for Futur Pension Försäkringsaktiebolag is issued at 31 December 2020.
The financial statements relate to the financial year from 1 January to 31 December 2020. The company is an insurance company with corporate ID number 516401-6643. Futur Pension Försäkringsaktiebolag is wholly-owned by Futur Pension Holding AB ("Futur Pension Holding") with corporate ID number 559159-6738. Futur Pension and Futur Pension Holding have their head offices in Stockholm at Linnégatan 18.

In December 2018, Futur Pension Holding entered into an agreement to purchase Futur Pension. The purchase was subject to verification of ownership by the Swedish authorities, which was granted in January and April 2019. The ownership of Futur Pension was transferred to Futur Pension Holding on 2 May 2019. From 2 May 2019, Futur Pension is therefore consolidated in the Futur Pension Holding group, which is an insurance group.

Compliance with standards and regulations

The annual report is prepared in accordance with Lagen om årsredovisning i försäkringsföretag (ÅRFL) [the Annual Accounts for Insurers Act] and the Swedish Financial Supervisory Authority›s regulations and general guidelines regarding annual accounts at insurance undertakings (FFFS 2019:23). The insurance company applies IFRS, as limited by laws, which means international accounting standards that have been adopted for application subject to the restrictions deriving from RFR 2 and FFFS 2019:23, including amending regulations. This means that all EU-approved IFRS and statements are applied as far as possible within the framework of Swedish law and taking into consideration the connection between accounting and taxation.

The annual report was approved for issue by the Board of Directors on 25 February 2021. The income statements and balance sheets were adopted by the General Meeting in March 2021.

Premises for the preparation of financial statements and foreign exchange

The company's operating currency is SEK and the financial statements are presented in SEK. All amounts are rounded off to the nearest million (MSEK), unless otherwise specified. Transactions in foreign currencies are translated to the functional currency at the exchange rate in force on the transaction date. The closing rates in force on the balance sheet date are used when measuring assets and liabilities in foreign currency. Changes in the exchange rate are recognised net in the income statement on the rows "Investment income" or "Investment charges".
The financial statements are prepared on the basis of historical cost, with the exception of the following assets and liabilities, which are recognised at fair value: bonds and other interest-bearing securities and assets and liabilities in unit-linked insurance and portfolio bonds.

Assessments and estimates in the financial statements

When preparing the financial statements, it is presumed that the company management carries out assessments and estimates and makes assumptions that affect the application of the accounting principles and the amounts recognised for assets, liabilities, income and expenses. The investment assets include unlisted assets whose value is arrived at through estimates and assessments. These are categorised as level 3 assets and the valuations are carried out in collaboration with an external evaluator. Furthermore, Futur Pension has engaged an evaluation specialist to ensure that these assets are properly valued. Also see note 18. Estimates and assumptions are regularly revised.

Estimates of the value of technical provisions and deferred acquisition costs have a significant impact on the financial statements. A description of the assumptions and valuation methods used for these balance sheet items is presented in the accounting principles below and in Note 2 Risks and risk control.

Future standards and interpretations after the closing date

A number of new or amended standards and statements of interpretation initially come into effect during the coming financial year and have not been prematurely adopted when preparing this annual report. The effects that the application of the following new or revised standards are expected to have on the company's financial statements are described below. In addition to these, the new or revised IFRS and interpretations that have not yet entered into force are not expected to have any material effect on the financial statements.

IFRS 17 – Insurance Contracts

IFRS 17, which has not yet been approved by the EU, is to be implemented on 1 January 2022 in accordance with the current timetable.
IFRS 17 will replace the current IFRS 4, Insurance Contracts, and provides a uniform international accounting standard for accounting for insurance contracts. The standard entails extensive changes both in terms of valuation of insurance contracts and presentation in the income statement. At present there is uncertainty as to how much of IFRS 17 will be implemented in Swedish regulations for application of IFRS as limited by laws for legal entities.

The Swedish Financial Supervisory Authority has previously announced that it is also considering introducing a two-year implementation period for the regulations, which means that the regulations will be applied no later than for the financial year beginning on 1 January 2024. Futur Pension has begun a preliminary analysis to assess the impact on future accounts.

Finally, a number of more minor, specific amendments to individual IFRS standards have been adopted, though none of them are considered to affect the company.

Insurance contracts and investment contracts

Insurance contracts are recognised and measured in income statements and balance sheets according to their economic contents and not according to their legal form, should they differ. Contracts that transfer significant insurance risk from the policyholder to the company and where the company agrees to compensate the policyholder or other beneficiary if a predetermined insured event occurs are recognised as insurance contracts. Investment contracts are contracts that do not transfer any significant insurance risk from the holder to the company.

According to an assessment by Futur Pension, contracts that include a right to compensation in the event of illness/injury, and/or contracts with a survivor's pension or death benefit, as well as contracts with only old-age pension (inheritance gain), entail significant insurance risk for the company. If the contract contains any of these risks, the entire contract is counted as an insurance contract.

Premiums earned in insurance contracts

Paid-up amounts are recognised as premiums earned during the financial year in accordance with the contracts classified as insurance contracts along with deducted risk premiums. A cash-based approach is used in life insurance and unit-linked insurance for accounting of premiums earned. That means that the premium is recognised in the income statement at the time of payment. The fees charged to the policyholder for administration of the insurance contract are recognised in the income statement under the heading of fees according to the same principles as for fee income attributable to investment contracts (see below). The fees are recognised as income over the term of the contracts.

Income recognition in investment contracts

The different types of fees charged to the policyholder for administration of investment contracts are recognised as income over the term of the contracts. The income from investment contracts is recognised in the income statement under the heading of fees. The company's undertaking is to continuously provide a range of investment funds in which the customer can save and manage it over time. Fees from investment contracts consist of a variable fee and a fixed annual fee. The variable fee is a percentage of the customer's insurance capital and is calculated on a daily basis on the capital value. The fixed annual fee is charged monthly or quarterly. The fees are recognised as expenses at the rate that the company provides management services to the customer

Other technical income

Other income attributable to commissions in the unit-linked insurance business is recognised in this item. Commissions are received from fund management companies with which Futur Pension has cooperation agreements to distribute the funds and are calculated on the basis of the value of the stock arranged per fund.

Futur Pension's undertaking is to arrange and distribute funds. The undertaking is thus considered to have been fulfilled when funds have been arranged. Commissions are variable remuneration that depends on the value of mutual funds and it is considered that future return commissions cannot be reliably determined due to uncertainty factors regarding future capital value because of uncertainty in cancellations and future progress of the market. The income is thus recognised when the company receives the commission and not when the transaction was arranged.

Claims incurred

The total claims incurred during the period include claims paid out during the period for insurance contracts and changes in provisions for claims outstanding. Claims settlement costs are also included in this item.

Provision for outstanding claims

A provision for unsettled damages consists, at the end of the financial year, of reported and approved claims that have not yet been settled (RBNS) and the estimated operating expenses to settle them. The provision is discounted at the current market rate at any given time which is determined on the basis of Swedish Financial Supervisory Authority regulations. The provision for unsettled claims also consists of a provision for claims incurred but not yet reported to the company (IBNR) at the end of the financial year. The company's actuary calculates the provision using statistical and actuarial methods. For health and waiver-of-premium insurance, the reserve is calculated in its entirety by the company's actuary on the basis of assumptions regarding recovery to health, degree of disability, etc.

The income statement shows the change in unsettled claims for the period.

Reinsurance

Contracts entered into between Futur Pension and reinsurers whereby the company is compensated for losses on contracts issued by the company which meet the classification requirements for insurance contracts as described above are classified as outward reinsurance. For outward reinsurance, the benefits to which the company is entitled under the reinsurance contract are recognised as Reinsurers' share of technical provisions, which corresponds to the reinsurer's liability. [Deposited funds from reinsurers constitute the liability item Deposits from reinsurers]. Claims with and liabilities to reinsurers are measured in the same way as the amounts linked to the reinsurance contract and in accordance with the terms of each reinsurance contract. Annual profit is primarily settled by deduction in accordance with reinsurance contracts.

Unit-linked insurance undertaking
– A technical provision for life insurance policies for which the policyholder bears a risk

Regardless of whether the unit-linked insurance contract is classified as an insurance contract or an investment contract, the undertaking to the policyholders is recognised under this item. The liabilities are measured at the fair value of the funds linked to the contracts, which is in accordance with how the unit-linked insurance assets are managed and evaluated Changes in value are recognised in the income statement. Fair value is determined using current fund values, which reflect the fair value of the financial assets held in the funds to which the liabilities are linked, multiplied by the number of units attributed to the policyholder at the balance sheet date.

Conditional refund
– A technical insurance provision for life insurance policies for which the policyholder bears a risk

Regardless of whether the insurance contract is classified as an insurance contract or an investment contract, the undertaking is recognised under this item. The provision relates to undertakings for contracts which do not constitute unit-linked insurance but in which the policyholder, as in unit-linked insurance, bears the full financial risk (referred to as a "portfolio bond"). The provision is measured at the fair value of the assets connected to the contracts. Changes in value are recognised in the income statement.

Prepaid acquisition costs

Costs incurred as a direct result of signing new investment contracts or insurance contracts are distributed over a period of time if they are deemed to generate a margin that at least covers the acquisition costs distributed. These consist of variable acquisition costs paid to brokers or other distributors. The deferred acquisition costs are recorded in the balance sheet as an asset item under Prepaid expenses and accrued income. The distribution over a period of time of the prepaid acquisition costs attributable to investment contracts takes place according to the same pattern as recognition of income, i.e. at the rate at which the services are provided. Distribution of deferred acquisition costs attributable to insurance contracts takes place over the estimated economic lifespan, which gives the same depreciation pattern as for investment contracts. Cancellations are also taken into account. Prepaid expenses are regularly tested for impairment to ensure that the expected future financial benefits of the contracts exceed the carrying amount. The company has not carried out any new capitalisations during the year and this item has therefore decreased with the depreciations for the year.

Payments to employees

The company's pension obligations to employees after the termination of employment are classified either as defined contribution plans or defined benefit plans. The pension plan for the company's employees is largely a defined benefit plan secured through Sparinstitutens Pensionskassa. However, the defined benefit plan is recognised as a defined contribution plan in accordance with the relief rules in RFR 2, which means that premiums paid are expensed on an ongoing basis in the income statement as they are paid.

See also note 12, which contains information on the group's incentive programme.

Realised and unrealised changes in value

All investment assets are measured at fair value and the capital gain is the positive difference between selling price and historical cost. For interest-bearing securities, the historical cost is the amortised cost and for other investment assets it is the historical cost. In the case of sale of investment assets, previously unrealised changes in value are recorded as adjustment items under the items Unrealised gains on investment assets and Unrealised losses on investment assets.

Unrealised gains and losses are recognised net per type of asset. Changes that are explained by changes in exchange rates are recognised as foreign exchange gains or losses under the item Investments.

Both realised and unrealised changes in the value of unit-linked and portfolio bond assets are recognised under increase or reduction in value of unit-linked and portfolio bond assets.

Taxes

The company pays a flat-rate yield tax on the assets managed on behalf of the policyholders. Savings products are subject to yield tax. Yield tax is not a tax on the insurance company's earnings, but is paid by the company on behalf of the policyholders. The various tax rates are set out below.

Pension insurance

The tax rate is currently 15%. The basis for yield tax is obtained by multiplying the capital base by the average government borrowing rate for the year preceding the start of

the tax year (taking the interest rate floor into account). The capital base consists of assets at market value at the beginning of the tax year minus financial liabilities.

Endowment insurance

The tax rate is currently 30%. The base for yield tax is obtained by multiplying the capital base by the government borrowing rate on 30 November of the year preceding the start of the tax year (taking the interest rate floor into account). The capital base consists of assets at market value at the beginning of the tax year minus financial liabilities. Premiums paid during the first half of the year and half the premiums paid during the second half of the year are also included in the capital base.

Income tax

Corporation tax is levied on the profit from the company's own finance operations (shareholder business) and the profit from risk insurance policies (disability pension and waiver-of-premium) minus actual costs. The distribution of the costs and income between the business liable for income tax and the part of the business liable for yield tax takes place in a reasonable manner.

Deferred tax

Deferred tax is tax relating to temporary differences between the value of an asset or liability in the accounts and its value for tax purposes. Deferred tax liabilities are recognised for taxable temporary differences, and deferred tax assets are recognised for deductible temporary differences to the extent that it is likely that the amounts can be used towards future surpluses. The company has used future determined income tax of 20.6% when calculating deferred taxes.

Financial Instruments

Financial assets and liabilities

Financial instruments recognised in the balance sheet include, on the assets side: investment assets, investment assets for which the policyholder bears a risk, cash and bank balances and certain other receivables. Liabilities and equity include subordinated liabilities, liabilities in the insurance business and undertakings for investment contracts included in the provision for which the policyholders bear an investment risk.

Recognition and derecognition in the balance sheet

A financial asset or financial liability is recognised in the balance sheet when the company becomes a party in accordance with the contractual terms of the instrument.

A financial asset is removed from the balance sheet when the contractual rights are realised or expire or when the company loses control of them. The same applies to part of a financial asset. A financial liability is derecognised when the contractual obligation is fulfilled or is otherwise terminated. This also applies to a part of a financial liability.

A financial asset and a financial liability is offset and recognised at a net amount in the balance sheet only when there is a legal right to offset the amount and when there is an intention to settle the items at a net amount or to realise the asset and settle the debt at the same time.

Acquisition and sale of a financial asset is recognised on the transaction date, which is the date on which the company commits to acquiring or selling the asset.

Classification and measurement

All financial assets and liabilities are measured at fair value upon initial recognition. Subsequent recognition is carried out according to the valuation category to which the financial instrument is assigned.

Financial assets are classified and measured in accordance with the provisions of IFRS 9 in one of the three measurement categories:

- Amortised cost
- Fair value through the income statement
- Fair value through other comprehensive income (the company has no debt instruments in this category)

Debt instruments

Financial assets that are debt instruments are represented in the balance sheet as Assets for conditional refund and Unit-linked insurance assets (refers to mutual funds in which the fund must repay the fund units when the units are redeemed) loan and trade receivables classified as Other receivables and Cash and bank balances.
The classification of a debt instrument is determined by the business model for managing the instrument and the characteristics of the instrument's contractual cash flows. One requirement in order for a financial asset to be recognised at amortised cost or fair value through other comprehensive income is that the contractual cash flows must consist solely of repayment of outstanding principal and interest on the outstanding amount of principal. Debt instruments that do not meet the requirement must be measured at fair value through profit or loss regardless of the business model to which the asset is attributable. All debt instruments measured at amortised cost meet these cash flow criteria.

Financial assets measured at fair value through the income statement

Danica Pension manages its holdings of interest-bearing securities according to a business model entailing a fair value measurement through profit or loss as a result of the fact that the assets are managed and measured based on the fair values of the assets and the fair value forms the basis for internal monitoring and reporting to senior executives. There are currently no such investments.

Shares and units and and mutual funds classified as debt instruments in accordance with the above are measured at fair value.

The historical cost of debt instruments measured at fair value through profit or loss constitutes the fair value of the asset without any addition for transaction costs. This recognition means that the assets are measured on an ongoing basis at fair value through profit or loss where the accumulated unrealised changes in value are recognised in retained earnings. Changes in the fair value of these assets are recognised in the income statement as Unrealised gains and Unrealised losses on investment assets and interest income is recognised in Investment income. In the event of sale of an asset in this category, accumulated unrealised changes in value are recognised in the income statement on the line of Unrealised gains or losses on investment assets, while realised income is recognised in the income statement on the line Investment income or Investment charges.

Financial assets measured at amortised cost.

The company deals with loan and trade receivables according to a business model which aims to realise the cash flows of the assets by obtaining contractual cash flows consisting solely of principal and interest on the outstanding amount of principal. These assets are therefore measured at amortised cost. Amortised cost means the discounted present value of all future payments attributable to the instrument where the discount rate consists of the asset's effective interest rate at the moment of acquisition.

Financial liabilities measured at fair value through the income statement

See the description of unit-linked insurance assets and Assets for conditional refund above. Furthermore, these undertakings must be measured at fair value in accordance with a requirement under Swedish Financial Supervisory Authority regulations.

Other financial liabilities

Subordinated liabilities and other liabilities relating to the insurance business are valued at amortised cost

Expected loan losses

Reserves for expected loan losses are recognised for financial assets measured at amortised cost. The initial reserve loss is calculated and recognised upon initial recognition and is then adjusted on a continuous basis over the maturity of the financial asset. Balance sheet items measured at amortised cost consist of loan and trade receivables, as well as cash and bank balances. A reserve for financial assets recognised at amortised cost is recognised as a decrease in the gross carrying amount for the asset. Provisions for loan losses are presented in the income statement in Investment charges.

Verified loss

Verified loan losses are losses which are finally established in terms of their amount and where the chance of receiving further payments is considered to be very small. The receivable is then written off from the balance sheet and recognised as a verified loss in the income statement at that moment.

Contingent liabilities

A contingent liability is recognised when there is a possible commitment that arises from past events and whose existence will be confirmed only by one or more uncertain future events or when there is a commitment that is not recognised as a liability or provision on the grounds that it is unlikely that an outflow of resources will be required.

Structured companies

Futur Pension has invested in mutual funds and securities in the unit-linked insurance business and the portfolio bond insurance business. These meet the criteria of being what are referred to as structured companies (a company that has been designed in such a way that voting rights and similar rights are not the dominant factor in determining who has the dominant influence, for example when all voting rights relate solely to management tasks and the activities in question are governed by contractual provisions). The purpose of the investments is to generate returns for the policyholders and they are thus financed by insurance premiums from the policyholders. The investments are recognised in the balance sheet as investment assets for which the life policyholder bears an investment risk and on the liabilities side as technical provisions for which the policyholder bears a risk.

The company considers that it does not have a dominant influence over the structured entities and they are therefore not consolidated. There is no dominant influence because it is the policyholders that make decisions on which mutual funds the company must invest in.

Tangible assets

Tangible assets are recognised at their historical cost net of accumulated depreciation and any impairment. Depreciation is based on a straight-line depreciation period and assessed useful life. The assets' residual value and useful lives are tested on each balance sheet date and are adjusted if necessary.

Leases

IFRS 16 Leases

Futur Pension applies the exemption in RFR 2 to not apply IFRS 16. This means that Futur Pension has not made any change to its principles for recognising leases.

Note 2

Risks and risk control

Futur Pension is engaged in life insurance business with savings in unit-linked insurance as well as traditional insurance in the form of a portfolio bond in which the policyholders themselves bear the investment risk. The products are taken out as private endowment and pension insurance, company-owned endowment insurance and occupational pension insurance. The products can be taken out with or without repayment protection. Futur Pension also provides health insurance and waiver-of-premium insurance as well as survivor's pension and death benefit as add-ons. Death benefit (life insurance) can also be taken out as a stand-alone product. The business is under the supervision of the Swedish Financial Supervisory Authority. The main risks in the business are insurance risks, operational risks and financial risks.

Governance and risk management

Futur Pension, along with its parent company Futur Holding AB, forms a group in which Futur Pension, in accordance with a decision by the Swedish Financial Supervisory Authority, is a company responsible for corporate governance.

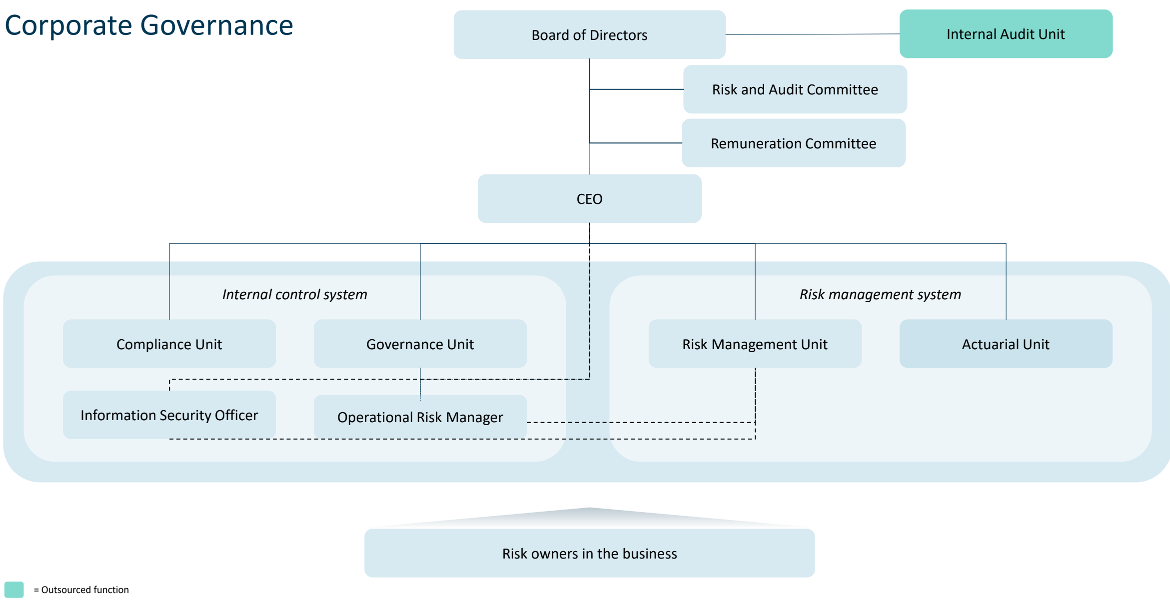
The Board of Directors of Futur Pension has ultimate responsibility for the company's organisation, which also includes responsibility for managing the risks to which Futur Pension, as well as relevant parts of the group, are exposed. The Board of Directors establishes the overall policies and guidelines that must apply to risk management, reporting of risk, internal control and monitoring.

The CEO is responsible for the company's day-to-day operations as well as for risk management, reporting of risk, internal control and monitoring. The CEO is also responsible for the implementation of policies in the business.

Futur Pension has a corporate governance system that includes a risk management system and an internal control system.

The risk management system includes a risk management strategy that is consistent with the company's business strategy and which expresses the company's risk management principles, including setting risk tolerance limits and allocating responsibility for risk management. It also includes, for example, governance documents on dealing with material risks and appropriate reporting procedures and processes.

The system for internal control must ensure that Futur Pension complies with applicable laws and statutes, that the company's operations are appropriate and effective in view of its objective and that economic and non-economic information is available and reliable. In Futur Pension's organisation, the corporate governance system is implemented according to the diagram below.



The four key functions, i.e. (i) the Compliance Unit, (ii) the Risk Management Unit, (iii) the Actuarial Unit and (iv) the Internal Audit Unit, are organised in such a way that they are able to carry out their work in a way that guarantees freedom from any influence that may compromise the ability of the units to carry out their tasks in an objective, accurate and independent manner.

The internal control system includes, in organisational terms:

- The Compliance Unit – the Compliance Unit forms part of the system for internal control and helps ensure that risks relating to compliance with external and internal rules are identified, assessed and managed.
- The Governance Unit – the Governance Unit supports and monitors the organisation so that the corporate governance system is implemented effectively. The unit supports the organisation in such tasks as implementation of new laws and regulations, it works to achieve clearly defined roles and areas of responsibility, suitable reporting structures, development of process descriptions for important processes, and contributes to effective decision-making structures.
- Operational Risk Manager – Operational Risk Manager supports the business in the work of managing and reducing operational risks and ensures that Futur Pension has effective systems to control and monitor those risks.
- The Information Security Officer is responsible for supporting the business in the work of managing and reducing information security risks and ensuring that Futur Pension has efficient systems for managing and monitoring those risks.

The risk management system includes, in organisational terms:

- Risk Management Unit – The Risk Management Unit assists the Board of Directors, the CEO and the other units in ensuring that the risk management system works efficiently. The unit continuously monitors the risk management system and the company's risk profile and monitors emerging risks.
- The actuarial unit coordinates and is responsible for the quality of the actuarial calculations and analyses. The Unit assists the Board of Directors and the CEO and reports to them on its own initiative on matters that relate to methods, calculations and assessments of technical provisions, valuation of insurance risks and reinsurance protection and techniques for reducing risks.

The Internal Audit Unit is responsible for reviewing and evaluating the company's governance, risk management and internal controls on behalf of the Board of Directors. The Internal Audit Unit is directly subordinate to the Board of Directors of Futur Pension and is completely independent from the business being being audited. The Board of Directors has chosen to outsource the internal audit function to Transcendent Group Stockholm AB.

Insurance risks

Futur Pension sets its premiums and reserves based on assumptions about how high the costs for insurance events occurring will be. The risk of the actual and assumed risk costs deviating from each other is referred to as insurance risk. Insurance risk at Futur Pension exists in the following insurance events:

- Decease – payment to beneficiaries in the event of the decease of the insured
- Illness – payment in the event of illness or incapacity for work
- Cancellations – payment in the event of repurchase, transfer and non-payment of premiums
- Operating expenses – costs for carrying on the business

Mortality risk arises from cover in the event of decease that exists in most insurance policies.
The morbidity risk exists in the insurance policies where waiver-of-premium and, as appropriate, health insurance have been taken out.

Mortality risk consists of the risk of mortality among the insured persons deviating from the technical assumptions used when setting prices. In cases where repayment protection has been taken out, the exposure to mortality risks is limited to approximately 1 per cent of the fund value in the event of decease. For other cover in the event of decease, the company manages mortality risks through its medical examinations policy to ensure that the product is priced taking into account the individual's state of health and through reinsurance within certain set intervals. Futur Pension is able, whenever necessary, to change the premium for the mortality risk and the underwriting risk is therefore small.

Life longevity risks exists in savings insurance, in retirement pensions, without repayment protection. Life longevity risk means that the insured person lives longer than is expected in the assumptions and the company therefore allocates too much inheritance gain. There is, however, no longevity risk as the company does not pledge any guarantees.

Morbidity risk consists of the risk of morbidity among the insured persons being higher than the assumptions used when setting prices and reserves. Exposure to morbidity risks is managed through the company's medical examinations policy to ensure that the product is priced taking into account the individual's state of health and through reinsurance within certain set intervals. If necessary, the premium can be adjusted for waiver-of-premium and health insurance.

Most of the company's income consists of fees calculated on the fund and custody account value. The company is therefore exposed to lapse risks.

Lapse risks consist of the risk that the customer may repurchase, transfer, pay in advance or cease to pay premiums for contracts in a way that the company did not foresee in its pricing and which may thus give rise to losses in cases where the company has incurred costs for the customer for which the insurer has not yet received payment. These risks are primarily managed through active customer contacts and product development. The company regularly monitors the development of cancellations and letters of release. Futur Pension offers free transfer rights on capital within the Occupational Pension and Private Pension products.

The operating cost risk refers to the risk that income from fees may be lower than the costs for carrying on the business. The company is thus exposed to the risk that income may decrease due to price pressure, fewer new policies being taken out or weak progress in the financial markets. The cost risk is the risk of the company's future costs being incorrectly estimated.

Limitation of insurance risks

The company carries out a medical risk assessment for the insurance risks of decease and sickness when risk insurance is applied for and before the insurance is granted. The purpose of risk assessment is to be able to offer a fair premium and fair conditions and to limit the claim outcome.

The company has guidelines on maximum exposure per insured person for morbidity risks, but not for mortality risks.

Futur Pension's insurance risks are further limited through the reinsurance contract signed for morbidity and mortality risks. Futur Pension reinsures any amounts that exceed the retention, i.e. the largest risk that Futur Pension is prepared to take on its own behalf. The retention is set at 100 TSEK per insured person. In addition to this there is catastrophe protection for individual events that result in a large number of illness or death claims.

Futur Pension has also signed a reinsurance contract that limits the lapse risk in the event of mass transfers.

Risk type	**Futur Pension**	**Reinsurer**
Life longevity risk	–	–
Mortality risk	Retention in term life insurance	Amount in excess of retention in term life insurance
Morbidity risk	Retention in health and waiver-of-premium insurance	Amount in excess of retention in health and waiver-of-premium insurance
Lapse risk	–	Covers the loss of future profits in the event of mass transfers

Reserve allocation risk

Most of the technical provisions do not involve any insurance risk or investment risk for Futur Pension because the policyholders bear the investment risk. Insurance risk occurs in the technical provisions relating to unsettled claims. Outward reinsurance limits the consequences of very large claims and the size of the exposures can therefore be managed and the company's equity can be protected.

The table below provides a sensitivity analysis of the assumptions used when calculating the technical provisions for ongoing sickness claims to show how changing assumptions affect earnings and equity. The provision for unspecified losses is based on a percentage of the risk premium and is therefore not directly affected by the assumptions below.

For the mortality risks, the company only allocates a reserve for unspecified losses. The reserve risk for mortality risks is negligible.

The sensitivity analysis has been carried out by measuring the effect on gross and net provisions, on pre-tax profit and equity, of reasonably likely changes in some key assumptions.

The effects have been measured assumption-by-assumption, with the other assumptions remaining constant.
No correlations between assumptions have therefore been taken into account.

The effect on earnings and equity in the event of changes in morbidity is small most of the claims are reinsured. Changes in discount rates have only a slight effect on earnings and equity.

Underwriting risk

Underwriting risks exist for all insurance risks. In the case of incorrect pricing, Futur Pension has the option to revise the premiums and fees. The company's main method for controlling underwriting risks is the business plan adopted annually by the Board of Directors. The plan determines the classes of insurance within which insurance must be taken out. Monitoring of premiums, claim levels and operating expense results is carried out on a quarterly basis.

Reporting and monitoring of insurance risks

The actuary is responsible for ensuring that the financial outcome of the insurance risks is monitored. This is done at the time of each quarterly financial statement when the risk result is broken down by product. Each year, the interim results per insurance event are analysed at the time when the Annual Report to the Financial Supervisory Authority is prepared. The assumptions are reconsidered on an ongoing basis.

Operational risks

Operational risk means the risk of loss due to incorrect and/or inadequate internal processes, human error, deficiencies in systems or external events. Operational risk also includes legal and compliance risks. The operational risk within Futur Pension is divided into subcategories, as follows:

- Internal fraud
- External fraud
- Employment relations and safety at the workplace
- Customers, products and business practice
- Damage to physical assets
- Execution,delivery and process management
- Business disruption and system errors
- IT security
- Model risk

Futur Pension accepts that operational risk is a natural consequence of carrying on business and the management of operational risks is afforded high priority in the company. Operational risks mainly affect Futur Pension financially through a cost, for example in connection with customer compensations, but can also lead to regulatory, reputational and customer-related consequences.

To promote the practical implementation of the objectives for management of operational risks in relation to Futur Pension's strategy, the Board of Directors has established an appetite for risk and has specified risk tolerance levels. Appetite for risk and the risk tolerances reflect Futur Pension's strategy to achieve greater customer satisfaction and meet set financial targets and must be taken into account in assessing how operational risks are limited.

Financial risks

Various types of financial risks such as credit risks, market risks and liquidity risks arise in the insurance company's operations. As described above, the policyholder him or herself bears the financial risk in unit-linked insurance and portfolio bonds. Futur Pension is exposed to financial risk when the value of the customers' investment assets fluctuates as a result of movements in prices on the financial markets. This risk arises from a change in the size of the fee base.

The company also has its own investment assets which are exposed to financial risks. According to the company's investment guidelines, the company's own assets may be invested in interest-bearing assets with a low credit risk, funds deposited in accounts and units in funds in Futur Pension's fund stock. The equity at 31/12/2020 is essentially invested in funds deposited in bank accounts. The market risk in these investments is considered to be negligible. In addition, the company maintains a trading book, invested in various mutual funds, which is affected by changes in the financial markets. The market risk is limited by establishing limits per fund. The limit for the fund varies and depends on trading volume and minimum trading units.
See also the section on Financial risks – Market risks.

The Board of Directors has established guidelines and instructions for finance operations. This is managed through investment rules and investment regulations. The company's CRO (head of the risk management unit), along with the CFO, is responsible for reporting and monitoring financial risks.

Financial risks – Credit risk/Counterparty risk

Credit risk means that the counterparty in a business relationship fails to fulfil its undertakings in whole or in part. Counterparty risks in an insurance company arise among other things in connection with receivables related to reinsurance and via bank balances. Counterparty risks at Futur Pension arise mainly through exposure to credit institutions via

funds in bank accounts and through reinsurance. The existing low counterparty risk means that loan losses are expected to amount to insignificant sums. No reserve for losses is therefore recognised.
Note 1 sets out the accounting principles.

The largest exposure is to financial institutions through funds deposited in bank accounts within the group. The credit risk is considered to be low. The creditworthiness of issuers and counterparties is determined by means of both internal and external credit assessment.

The insurance company's reinsurance policy means that contracts are only entered into with reinsurers with high credit ratings. The reinsurers' creditworthiness is reviewed regularly to ensure that the reinsurance protection decided upon is maintained. Futur Pension currently has contracts with two reinsurers, both of which have a credit rating of AA-.

Financial risks – Liquidity risks

Liquidity risk is the risk that the company may be unable to meet its payment obligations when they fall due or that the company may be unable to sell securities at acceptable prices. This risk is limited due to the fact that most of the investment assets are invested in securities with good liquidity which are listed on the market. The liquidity risk for investment assets for which the life policyholder bears the investment risk is low because the proceeds of the sale are settled within a couple of days.

Futur Pension's liquidity exposure with regard to remaining maturities of financial assets and liabilities is shown in the table below. All amounts in the table are in MSEK.

Term	On request	< 3 months	3-12 months	> 1 year
Financial Assets				
Shares and participations		19		
Receivables		56		
Cash and bank balances	679			
Other prepaid expenses and accrued income		70		
Financial Liabilities				
Liabilities relating to direct insurance		13		
Liabilities relating to reinsurance		11		1
Other liabilities		70		
Accrued expenses		13		

Financial risks – Market risks

Market risk is the risk that the fair value of a financial instrument or future cash flows from a financial instrument may fluctuate due to changes in market prices. Interest-rate risk, currency risk and share price risk are examples of market risks.

As the company undertakes unit-linked and portfolio bond activity, the direct exposure to fluctuations to the unit-linked and portfolio bond assets is borne by the customers themselves. Nevertheless, changes in the market values of these assets have an impact on profits as a result of changes in the revenue base.

Equity is substantially invested in liquid assets, cash and cash equivalents and funds deposited in bank accounts at group companies. The company also maintains a smaller trading book, invested in various mutual funds, which is affected by changes in the financial markets.

Financial risks – Interest-rate risk

Futur Pension is exposed to interest rate risk due to the risk that the market value of the insurance company's fixed-interest assets may fall when the market rate rises.

During 2020, the company had cash and cash equivalents deposited in bank accounts.

Futur Pension is also exposed to interest-rate risk through investment assets for which the customers bear the financial risk because the value of future income falls with falling asset prices. Interest-rate risk exists for the undertakings relating to ongoing medical claims. See the sensitivity analysis regarding interest rate risk in the section entitled Insurance risks.

Financial risks – Currency risk

Currency risks arise in fund trading which includes sales of foreign currency. This occurs in the case of payment, repurchase or change of fund, when the disposal of fund units is based on an assumed or already known price. The proceeds received by the company from the managers deviate from the assumed amount. The company significantly reduces the risk through hedging. Forward cover of the flows takes place through swaps or futures.
The hedges are very short because the payment flows in fund trading are settled within a couple of trading days.

Currency risk, like share-price risk and interest-rate risk, arises though the customers' investment assets and therefore the fee base is exposed to fluctuations in the currencies in which the financial instruments are listed. Currency risk also occurs in the fund book.

Financial risks – Share-price risk

Share-price risks arise in the company's own investments in mutual funds and indirectly through investment assets for which the customers bear the financial risk because the value of future income decreases with falling asset prices.

Capital management/Solvency Information

The policyholders themselves bear the financial risk in the investment assets in which they specify that the insurance capital in unit-linked and insurance policies and portfolio bonds must be invested or to which it must be exposed. Futur Pension's governance focuses on the range of funds and other financial instruments offered to the policyholders in the relevant insurance policies. The objective is prudent management of the assets made available to the policyholders in unit-linked insurance and corporate bonds and of the assets for which Futur Pension bears the direct financial risk. This is done by specifying requirements for permitted assets in portfolio bonds and unit-linked insurance to enable risks to be evaluated and measured and through detailed investment rules.

Futur Pension's operations are subject to requirements issued by public authorities. Besides approval and monitoring of the business, these requirements also include quantitative provisions in the form of capital requirements to minimise the risk of insolvency in the event of unforeseen losses. Futur Pension has met these requirements during the financial year. Information provided in the administration report with regard to capital strength and solvency data is based on the rules laid down in the Insurance Business Act. These rules are based on the required level of solvency and capital and the valuation principles applied in the business rules.

Futur Pension's capital management policy for the business consist of holding a sufficient level of capital to meet both requirements under the Insurance Business Act and capital requirements according to the company's own assessment (ORSA). To ensure that Futur Pension is able to fulfil what has been agreed, Futur Pension is required to have a buffer to manage any adverse outcomes from uncertain events. This buffer is the company's capital base and essentially consists of equity and expected future earnings. Capital requirement and need for capital are forecast as a matter of routine on a regular basis and are evaluated against estimated available capital, including risk and sensitivity analyses. The process must ultimately be approved by the Board of Directors.

Preferential rights register

Futur Pensions' Board of Directors establishes the policy for the preferential rights register that describes the company's way of establishing the statutory preferential rights register to be maintained by an insurance company that carries on direct insurance business. The policy specifies how the contribution margin must be monitored and reported at the company.

In accordance with the Solvency Regulations, technical provisions are measured at fair value where the policyholder bears the entire investment risk and are lower than specified in the financial statements. The contribution margin in accordance with the Solvency Regulations amounts to over 100%. Other provisions in accordance with the Solvency Regulations remain unchanged. The same valuation principle applies and the contribution margin is therefore the same.

Note		MSEK 2020	MSEK 2019
3	PREMIUMS EARNED NET OF REINSURANCE		
	Direct life insurance in Sweden		
	Regular premiums	861	824
	Single premiums	124	183
	Premiums for risk insurance	25	25
	Premiums earned before reinsurance	1 010	1 032
	Premiums for outward reinsurance	-32	-30
	Premiums earned after reinsurance	978	1 002
4	FEES		
	Fees relating to insurance contracts	12	13
	Fees relating to investment contracts	282	256
	Fees	294	269
5	OTHER TECHNICAL INCOME		
	Fees relating to yield tax[1]	321	283
	Commissions from the fund managers and other income	232	235
	Other income	-7	4
	Other technical income	553	518

[1]The corresponding expense is recognised as yield tax in Note 17.

6 NET PROFIT/LOSS per category of financial instrument.

Financial assets	Financial assets identified as items measured at fair value in the income statement	Loan receivables
Shares and participations	1 (-4)	
Investment assets for which the life policyholder bears an investment risk	12 623 (20 103)	
		Other liabilities
Subordinated liabilities		n/a (-1)

Note		MSEK 2020	MSEK 2019
7	CLAIMS PAID NET OF REINSURANCE		
	Claims paid	-41	-32
	Cancellations and buy-back	-132	-123
	Claims adjustment costs	-1	-1
	Reinsurers' share	5	6
	Change in provision for claims incurred and reported	21	-8
	Change in provision for claims incurred but not reported (IBNR)	0	0
	Reinsurers' share	-19	10
	Claims paid net of reinsurance	-167	-148
8	CONDITIONAL REFUND		
	Opening balance	62 132	45 754
	Payments	18 147	14 108
	Cancellations and buy-back	-10 636	-8 464
	Withdrawals upon maturity	0	0
	Withdrawals in the event of decease	-122	-243
	Fee charge	-192	-165
	Compensation for risk insurance (pbf/decease)	-10	-8
	Changes in value of portfolio bond assets	10 404	11 390
	Yield tax	-271	-240
	Risk amounts due	2	1
	Other changes	1	0
	Closing balance	79 457	62 132
	Of which estimated to fall due within 12 months	13 601	

9 UNIT-LINKED INSURANCE OBLIGATIONS

Opening balance	44 970	34 487
Payments	4 342	4 128
Cancellations and buy-back	-2 020	-1 720
Withdrawals upon maturity	-548	-490
Withdrawals in the event of decease	-87	-36
Fee charge	-102	-104
Compensation for risk insurance (pbf/decease)	-3	-5
Changes in value of unit-linked insurance assets	2 220	8 713
Yield tax	-50	-43
Risk amounts due	-6	0
Other changes	56	38
Closing balance	48 772	44 970
Of which estimated to fall due within 12 months	2 786	

10 OPERATING EXPENSES

Acquisition costs	-299	-236
Change in deferred acquisition costs	-10	-11
Administrative expenses	-130	-154
Commissions and profit shares in outward reinsurance	11	3
Operating expenses	-427	-399
Claims adjustment costs	-1	-1
Total operating expenses	-427	-399

However, the company's costs for the insurance advisors are recognised under the item “acquisition costs”.

Personnel costs	-105	-73
Costs for premises, etc.	-15	-14
Other	-307	-312
Operating expenses	-427	-399

The lower personnel costs in 2019 are due to the fact that the company withdrew from Danske Bank Sverige Filial's pension fund and, in conjunction with that, made a profit on the capital that had been invested in the fund. Also see note 11.

The company leases 0 (2) cars under a financial lease. The company has 28 (20) cars under operating leases. During the year, costs for leasing cars amounted to 3 MSEK (3). At the balance sheet date, future minimum lease payments amounted to 4 MSEK (4).

Future minimum lease fees		
> 1 year	0	0
1-5 years	4	4
Total	4	4

11 COSTS FOR PENSIONS AND SIMILAR OBLIGATIONS

Social insurance costs		
Pension costs Chief Executive Officer	-1,8	-0,1
Pension costs for the other employees	-18,8	-0,4
Other social insurance costs in accordance with law and agreements	-24,2	-17,9
Total	-44,8	-18,3

Pension obligations have previously, for the most part, been secured through Danske Bank Sverige Filial's pension fund. In 2019, the company's share of the fund was liquidated and is now secured by Sparinstitutens Pensionskassa. An increase in value was realised at the time of the transfer, which meant that the company's pension costs are almost zero for 2019.

12 AVERAGE NUMBER OF EMPLOYEES AND SALARIES AND OTHER PAYMENTS

Average number of employees		
Women	32	29
Men	44	39
Total	76	68
Salaries and other remuneration		
Board of Directors and Chief Executive Officer	-5	-5
Other employees	-57	-50
Total	-63	-55

13 FEES AND REIMBURSEMENT OF EXPENSES TO AUDITORS

Audit assignments - PwC	1,0	0,8
Fees and reimbursement of expenses to auditors	1,0	0,8

"Audit assignment" means the auditor's remuneration for the statutory audit. The work includes the audit of the annual financial statements and accounting records, management by the Board of Directors and the Chief Executive Officer as well as fees for audit advice provided in connection with the audit assignment.

14 INVESTMENT INCOME

Dividends on shares and participations	0,0	0,0
Interest income		
Other interest income	0,8	0,2
Capital gains, shares and participations	1,3	4,3
Foreign tax	0,0	0,2
Investment income	2,1	4,7

15 UNREALISED GAINS/LOSSES ON INVESTMENT ASSETS

Shares and participations	-0,2	0,3
Unrealised gains/losses on investment assets	-0,2	0,3

16 INVESTMENT CHARGES

Interest expenses on subordinated loans (valued at amortised cost)	-	-0,7
Other interest expenses	-0,8	-1,9
Foreign exchange losses, net	-0,6	-0,4
Capital losses, shares and participations	-	-
Investment charges	-1,4	-3,0

17 TAX

Current tax cost		
Yield tax	-320,7	-282,6
Foreign coupon tax	13,6	-
Deferred tax cost		
Deferred tax, temporary differences	-1,1	-0,1
Tax	-308,2	-282,7
Reconciliation of reported tax		
Pre-tax profit for the year	418,6	388,5
Yield tax	-320,7	-282,6
Minus earnings in operations subject to yield tax	-89,8	-109,1
Earnings in operations subject to income tax	8,1	-3,1
Tax at the applicable future tax rate 20.6%	-1,7	0,6
Reported income tax	-1,1	-0,1
Difference	0,6	-0,7
Explanatory items		
Tax effect of change in loss carryforwards for which deferred tax is not taken into account	1,7	-0,6
Change in deferred tax in previous years	-1,1	-0,1
Deferred tax, temporary differences due to a change in tax rate for previous years	0,0	0,0
Total	0,6	-0,7

Futur Pension's assessment is that within the next few years the company will generate fiscal earnings in the part of the business that is liable for income tax that can be used against the loss carryforward. Deferred tax assets of 6.0 MSEK on the temporary difference are thus recognised in the balance sheet. The total accumulated tax deficit amounts to -29.1 MSEK.

18 CATEGORIES OF FINANCIAL ASSETS THEIR FAIR VALUES

Financial assets 2020	Financial assets measured at fair value through the income statement	Financial assets measured at amortised cost	Total carrying amount
Shares and participations	19		19
Investment assets for which the life policyholder bears an investment risk	128 154		128 154
Receivables		56	56
Cash and bank balances		679	679
Other prepaid expenses and accrued income		70	70
Non-financial assets			74
Total assets	128 173	805	129 052

Financial assets 2019	Financial assets measured at fair value through the income statement	Financial assets measured at amortised cost	Total carrying amount
Shares and participations	16		16
Investment assets for which the life policyholder bears an investment risk	107 050		107 050
Receivables		71	71
Cash and bank balances		636	636
Other prepaid expenses and accrued income		55	55
Non-financial assets			95
Total assets	107 066	762	107 923

Financial instruments measured at fair value 2020	Level 1	Level 3
Shares and participations	19	
Investment assets for which the life policyholder bears an investment risk	123 366	4 788
Total financial assets	123 385	4 788

Financial instruments measured at fair value 2019	Level 1	Level 3
Shares and participations	16	
Investment assets for which the life policyholder bears an investment risk	102 459	4 591
Total financial assets	102 475	4 591

The above table provides information on how fair value is determined for the financial assets measured at fair value in the balance sheet. Assets that can be traded on an active market at market prices are recognised in level 1. Level 3 is used for assets where there is no observable data. In order to value these assets, models that would be used by other market operators are used to calculate a price. No level 1 assets were reclassified to level 3 during the year. On the other hand, level 3 assets were reclassified to level 1 when previously unlisted companies were listed on the stock exchange.

CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES ACCORDING TO IFRS 9

Financial assets 01/01/2020	Category according to IAS 39	Category according to	Book value
Shares and participations	Financial assets measured according to Fair value option	Fair value through profit or loss	16
Assets for conditional refund	Financial assets measured according to Fair value option	Fair value through profit or loss	62 190
Unit-linked insurance assets	Financial assets measured according to Fair value option	Fair value through profit or loss	44 860
Other receivables	Loan receivables and trade receivables	Amortised cost	71
Cash and bank balances	Loan receivables and trade receivables	Amortised cost	636
Prepaid expenses and accrued income	Loan receivables and trade receivables	Amortised cost	90
Non-financial assets			60
Total assets			107 923

Financial liabilities 2020	Category according to IAS 39	Category according to IFRS 9	Book value
Other liabilities	Other financial liabilities	Amortised cost	95
Accrued expenses and deferred income	Other financial liabilities	Amortised cost	13
Unit-linked insurance obligations	Other financial liabilities	Fair value through the income statement	48 772
Non-financial liabilities			
Equity			652
Technical provisions (before reinsurance)			51
Provisions for other risks and costs			12
Conditional refund			79 457
Total liabilities and equity			129 052

19 SHARES AND PARTICIPATIONS

	Historical cost MSEK 2020	Historical cost MSEK 2019	Fair value MSEK 2020	Fair value MSEK 2019
Shares and participations	19	16	19	16

The investments relate to Futur Pension's fund stocks which are subject to continuous turnover during the year.

20 TANGIBLE ASSETS

Equipment	10	-
Accumulated depreciation	-2	-
Tangible assets	8	-

21 DEFERRED ACQUISITION COSTS

Deferred acquisition costs depreciation period of over two years		
Opening balance	35	46
Depreciation for the year	-10	-11
Closing balance	25	35
Of which book value with a remaining depreciation period of under two years	9	9
Of which book value with a remaining depreciation period of over two years	16	26

22 TECHNICAL PROVISIONS (BEFORE REINSURANCE)

Opening balance		
Opening balance reported claims	65	57
Opening balance claims incurred but not reported (IBNR)	7	7
Opening balance	72	64
Change for the year		
Cost of claims incurred in the current year	16	26
Change in expected cost of claims incurred in previous years	-37	-17
Change for the year	-21	8
Closing balance		
Closing balance claims reported	44	65
Closing balance claims incurred but not reported (IBNR)	8	7
Closing balance	51	72

23 OTHER LIABILITIES

Other	70	57
Other liabilities	70	57

24 PLEDGED ASSETS AND CONTINGENT LIABILITIES

Pledges and comparable securities given for own liabilities and for obligations recognised as provisions	128 303	107 179

25 RELATED PARTIES

The company forms part of a group with Futur Pension Holding AB in which the holding company is the parent company. There are transactions within the group priced on market terms. The agreement between the parties includes administration, in which the company keeps the parent company's accounts and carries out other regulatory work. The parent company was invoiced 0.4 MSEK including VAT during the year. Dividends of 80 MSEK were paid out during the year.

26 ALLOCATION OF EARNINGS AND EQUITY

Proposed allocation of earnings		
Share premium reserve	250	250
Accumulated profit	191	165
Net profit for year	110	106
Paid out as a dividend to the shareholders	-80	-80
Carried forward to new accounts	472	441

The Board of Directors proposes that 472 MSEK be carried forward to new accounts.

Equity, see Report on changes in equity.

Peter Nilsson
Chairperson

Johan Agerman

Jan Dahlquist

Dominik Hennen

Thomas Schmitt

Claes Carlson
Chief Executive Officer

Our audit report was submitted on the date stated in our signature
PricewaterhouseCoopers AB

Morgan Sandström
Authorised Public Accountant.

Auditor's report

Unofficial translation

To the annual general meeting of the shareholders of Futur Pension Försäkringsaktiebolag, corporate identity number 516401-6643

Report on the annual accounts

Opinions

We have audited the annual accounts of Futur Pension Försäkringsaktiebolag for the year 2020 with the exception of the sustainability report on pages 3-4.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act for insurance companies and gives a true and fair view, in all material respects, the financial position of Futur Pension Försäkringsaktiebolag as of 31 December 2020 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act for insurance companies. Our statements do not include the sustainability report on pages 3-4. The Directors' report is consistent with the other parts of the annual accounts.

We therefore recommend that the annual general meeting of shareholders adopts the income statement and balance sheet for Futur Pension Försäkringsaktiebolag.

Our opinions in this report on the annual accounts are consistent with the content of the additional report that has been submitted to the company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of Futur Pension Försäkringsaktiebolag in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Our audit approach

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls, and the industry in which the company operates.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Key audit matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts as a whole, but we do not provide a separate opinion on these matters.

Key audit matter	*How our audit addressed the key audit matter*
Fees and commissions from investment agreements	
The company's revenues are largely comprised of fees paid from investment agreements and commissions from asset managers. These revenues are calculated on an ongoing basis and are transaction-intensive in nature, which is why this area is considered to be a particularly significant area. The value of the investment assets for which life insurance policy holders carry investment risk affects the fees in the income statement, see notes 1,2, 4 and 5.	Our audit measures have included, but are not limited to: • the assessment of the design of the effectiveness of controls related to fees and also tested the effectiveness of controls related to commissions from asset managers; • For a selection of the fees, we conducted random checks against underlying agreements. • For a selection of the fees, we have performed a control calculation based on data generated from the insurance system; • We have, through sampling, tested commissions received from asset managers against payments; • We have performed a substantive analytical review to analyse the change between the years for each of the different revenue streams; and • Furthermore, we have tested the valuation and the existence of the assets on which the fees are calculated.
Valuation of Level III financial instruments	
Valuation of Level III financial instruments is a focus area as these have a significant impact on the company's financial position and results in the financial statements. The company's Level III holdings are invested on behalf of its customers. Level III investment assets are not traded on an active market, which means that their valuation is based on unobservable market data. The valuation is largely based on management's assessment of assumptions used in each valuation model. Important areas for valuation of financial instruments that are held at fair value are: • Frameworks and policies regarding models and methods used in valuation; and	Our audit procedures have included, but are not limited to: • Assessment of assumptions, methods and models used by the company; • Assessment regarding the design and testing of the effectiveness of controls related to the company's governance, reporting and control for monitoring the valuation of financial instruments; • For a selection of holdings, we performed testing of the input data used in the valuation models; • We have tested the valuation and existence of the holdings against external confirmations and the valuation adjustments made in the general ledger; and • We have obtained and evaluated a report from an

- Internal control and management related to valuation of Level III holdings.

external valuation expert who has tested the company's valuation methods and models.

See notes 1, 2 and 18.

Responsibilities of the Board of Director's and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and that they give a fair presentation in accordance with the Annual Accounts Act for Insurance Companies. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Board's audit committee shall, without affecting the Board's responsibilities and tasks in general, monitor the company's financial reporting.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Director's and the Managing Director.
- Conclude on the appropriateness of the Board of Director's and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts, we have also audited the administration of the Board of Director's and the Managing Director of Futur Pension Försäkringsaktiebolag for the year 2020 and the proposed appropriations of the company's profit or loss.

We recommend to the annual general meeting of shareholders that the profit be appropriated in accordance with the proposal in the Director's report and that the members of the Board of Director's and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of Futur Pension Försäkringsaktiebolag in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Director's and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's type of operations, size and risks place on the size of the company's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's financial situation and ensuring that the company´s organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a secure manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Insurance Business Act, the Annual Accounts Act for Insurance Companies or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act and the Insurance Operations Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act and the Insurance Operations Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act and the Insurance Operations Act.

Auditors opinion regarding the statutory sustainability report

It is the Board of Directors who is responsible for the sustainability report on pages 3-4 and that it has been prepared in accordance with the annual report. Our review was conducted in accordance with FAR:s statement RevR 12 The auditor's opinion on the statutory sustainability report. This means that our review of the sustainability report has a different focus and a significantly smaller scope compared to the focus and scope of an audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that this review provides us with a sufficient basis for our statement.

A sustainability report has been prepared.

PricewaterhouseCoopers AB, 113 97 Stockholm, was appointed auditor of Futur Pension Försäkringsaktiebolag at the annual general meeting of the shareholders on the 13 May 2020 and has been the company's auditor since 9 May 2019.

Stockholm 26 February 2021

PricewaterhouseCoopers AB

Morgan Sandström
Authorized Public Accountant