Futur Pension Försäkringsaktiebolag
Annual Report and Sustainability Report 2021

Contents

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 2021. 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 bonds 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, Futur Pension provides 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 2021 despite the Covid-19 pandemic. Total premium volumes for insurance and investment contracts were 99% higher than in 2020. In 2021, the market share for premiums paid increased from 7.3% in Q3 2020 to 10.3% up to Q3 2021.

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

In 2021, Futur Pension has entered into agreements with several new partners and continued to build customer relationships digitally via the API that was developed in 2020.

Futur Pension has continued to work on adaptation and system support for new and existing regulations in 2021. 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.

CEO Claes Carlsson resigned during the year and was replaced by new CEO Torgny Johansson. Claes Carlsson is now a member of the company's Board of Directors and is therefore at the company's disposal. A change of CEO in 2021 had already been planned.

The Covid-19 pandemic did not affect the company to any great extent in 2021. Many of the personnel worked remotely from time to time, when the pandemic situation so required.

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

Ownership structure

Futur Pension is wholly-owned by Futur Pension Holding AB, which is in turn owned by a consortium consisting of Polaris, Acathia Capital, Unigestion, Sampension, Nord Holding and parts of the personnel.

Sales and premiums

Total premium volumes for insurance and investment contracts amounted to 44,659 MSEK (22,501), of which 39,191 MSEK (18,147) relates to portfolio bonds. Only the figure for premiums earned for insurance contracts is recognised in the income statement. It amounted to 1,025 MSEK (978). Of the figure for premiums earned, 854 MSEK (861) consists of regular premiums, 183 MSEK (124) consists of one-off premiums, 25 MSEK (25) consists of premiums for risk insurance and -36 (-32) 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, 193,544 MSEK (128,154), 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.

Information 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 182 MSEK (110) 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. The progress of the stock market was favourable in 2021.

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 13.

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 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. Furthermore, the portfolio bond business will continue to be developed and made more efficient. One addition to the strategy, since 2019, is greater focus on the occupational pension business. One goal in 2022 is for Futur Pension to increase its sales in intermediary chains' occupational pension plans.

Sustainability reports

This is Futur Pension's statutory sustainability report. Futur Pension has also prepared a Sustainability Report since 2021 that can be read at futurpension.se. The Sustainability Report will be prepared annually and will be published on the website during the second quarter of each year.

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 sustainability 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 signed the UN Global Compact at the beginning of 2021. The Sustainability Policy can be found on Futur Pension's website at futurpension.se

Code of Conduct for suppliers

During the year, Futur Pension has drawn up a Code of Conduct for suppliers which sets out Futur Pension's expectations as far as its business partners are concerned. This is available on the Futur Pension website.

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”), among other things. 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. The new funds must be categorised as at least Article 8 in accordance with SFDR and they must also help to ensure that sustainability in the fund category in question is improved with the new fund. 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 – the Swedish forum for sustainable investments – and signed the PRI in early 2021.

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

Futur Pension has a diversity and gender equality policy that is revised annually. The policy strengthens Futur Pension's work in the area since the policy has been drawn up specifically for the company. 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’s work progresses and is constantly improved.

In 2021, As part of further work on gender equality and diversity, Futur Pension became a member of SHEIndex and WEPs (Women’s Empowerment Principles).

Key ratios relating to gender equality are presented in Futur Pension’s Sustainability Report, which is published at futurpension.se

Environmental considerations

In 2021, 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.

Futur Pension changed its policy on leasing vehicles in 2021. Company vehicles may only be hybrid or pure electric vehicles and the goal is to have only electric company vehicles within 5 years.

Futur Pension has been measuring its own CO2 footprint since 2021 with the aim of reducing its footprint every year. The results of the measurement are presented in the Sustainability Report published at futurpension.se

As a further way of demonstrating commitment, Futur Pension became a member of Fossil Free Sweden in 2021.

Futur Pension has been at 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.

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.

Proposed allocation of earnings

The following amounts are at the disposal of the General Meeting	
Share premium reserve	250,000,000 SEK
Accumulated profit	221,614,427 SEK
Net profit/loss for the year	182,056,276 SEK
Total SEK	653,670,703 SEK

The Board of Directors proposes that the profit be allocated as follows	
to be paid to the shareholders as a dividend	– 150,000,000 SEK
The Board of Directors proposes that SEK be carried forward to new accounts	503,670,703 SEK

If the proposal is approved, Equity will consist of	
Share capital	100,000,000 SEK
Share premium reserve	250,000,000 SEK
Appropriated earnings including profit/loss for the year	253,670,703 SEK
Total	603,670,703 SEK

The proposed dividend, which represents 23% of the unrestricted equity in the company, amounts to 150,000,000 SEK. It is proposed that the General Meeting adopt a resolution that the dividend should be effected through a payment of 150,000,000 SEK. The Board of Directors is authorised to set a 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, 150,000,000 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 2021, 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

EXTRACT FROM THE INCOME STATEMENT	2021	2020	2019	2018	2017
Premiums earned net of reinsurance	1 025	978	1 002	1 095	1 251
Fees	399	294	269	247	218
Value changes to investment assets	38 880	12 624	20 103	-2 202	4 970
Claims incurred (net of reinsurance)	-244	-167	-148	-156	-148
Life insurance business technical insurance result	614	418	386	357	73
Profit for the year	182	110	106	97	61
FINANCIAL POSITION AND KEY RATIOS					
Total volume of premiums	44 671	22 501	18 248	19 575	16 501
Investment assets	25	19	16	22	14
Investment assets for which the life policyholder bears an investment risk	193 544	128 154	107 050	80 171	72 217
Technical provisions, unsettled claims	34	41	60	64	48
Own funds (Solvency2)	3 434	2 596	2 388	2 192	2 010
Tier 1 capital	3 434	2 596	2 388	2 192	2 010
Solvency Capital Requirement (SCR)	2 692	2 043	1 884	1 650	1 638
Minimum capital requirement (MCR)	1 211	880	733	548	492
Solvency capital requirements (SCR)	128%	127%	127%	133%	123%
Minimum Capital Ratio (MCR)	283%	294%	325%	399%	408%
Own funds, group (Solvency II)	3 445	2 609	2 403	N/A	N/A
Solvency Capital Requirement, group (SCR)	2 692	2 043	1 884	N/A	N/A
Solvency Capital Ratio, group (SCR)	128%	128%	128%	N/A	N/A
Management cost percentage (for own account)	0,3%	0,4%	0,4%	0,5%	0,5%
Acquisition cost percentage	0,9%	1,3%	1,3%	1,1%	1,4%
Administration cost percentage savings products	0,1%	0,1%	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.

Financial reports

Income statement

TECHNICAL ACCOUNTING – LIFE-INSURANCE BUSINESS	Note	2021	2020
Premiums earned (net of reinsurance)	3		
Premiums earned (before outward reinsurance)		1 061	1 010
Premiums for outward reinsurance		-36	-32
Premiums earned net of reinsurance		1 025	978
Fees	4	399	294
Increase in value of investment assets for which the life policyholder bears an investment risk			
Increase in value of assets for conditional refund		26 607	10 404
Increase in value of unit-linked insurance assets		12 273	2 220
Increase in value of investment assets for which the life policyholder bears an investment risk	6	38 880	12 624
Other technical income	5	738	553
Claims incurred net of reinsurance			
Claims paid	7		
Before outward reinsurance		-254	-174
Reinsurers' share		9	5
Change in Provision for claims outstanding			
Before outward reinsurance		8	21
Reinsurers' share		-7	-19
Claims incurred net of reinsurance		-244	-167
Claims incurred in other technical provisions (net of reinsurance)			
Technical provision for life insurance policies for which policyholder bears risk			
Conditional refund	8	-26 601	-10 400
Unit-linked insurance obligations	9	-13 061	-3 036
Changes in other technical provisions		-39 662	-13 436
Operating costs	10-13	-523	-427
Life insurance business technical insurance result		614	418
NON-TECHNICAL ACCOUNTING			
Life insurance business technical insurance result		614	418
Investment income	14	3	2
Unrealised gains on investments	15	0	-
Investment charges	16	-1	-1
Unrealised losses on investment assets	15	-	0
Profit before tax		616	419
Tax	17	-434	-308
PROFIT FOR THE YEAR		**182**	**110**

Statement of comprehensive income

Profit for the year	182	110
Other comprehensive income		
Comprehensive income for the year	182	110

Balance sheet

	Note	2021	2020
ASSETS			
INVESTMENT ASSETS			
Shares and participations	19	25	19
Investment assets		25	19
INVESTMENT ASSETS FOR WHICH THE LIFE POLICYHOLDER BEARS AN INVESTMENT RISK	18		
Assets for conditional refund		131 014	79 518
Unit-linked insurance assets		62 530	48 637
Investment assets for which the life policyholder bears an investment risk		193 544	128 154
REINSURERS' SHARE OF TECHNICAL PROVISIONS			
Claims outstanding		34	41
Reinsurers' share of technical provisions		34	41
RECEIVABLES			
Deferred tax assets	17	5	6
Other receivables		38	50
Receivables		43	56
OTHER ASSETS			
Tangible assets	20	6	8
Cash and bank balances		767	679
Other assets		773	687
PREPAID EXPENSES AND ACCRUED INCOME			
Prepaid acquisition costs	21	17	25
Other prepaid expenses and accrued income		83	70
Prepaid expenses and accrued income		100	95
TOTAL ASSETS		194 519	129 052

Balance sheet, cont.

	Note	2021	2020
EQUITY, PROVISIONS AND LIABILITIES			
EQUITY			
Share capital, 100,000 shares		100	100
Share premium reserve		250	250
Accumulated profit		222	191
Net profit for year		182	110
Equity	26	754	652
TECHNICAL PROVISIONS (BEFORE OUTWARD REINSURANCE)			
Claims outstanding	22	43	51
Technical provisions		43	51
TECHNICAL PROVISION FOR LIFE INSURANCE FOR WHICH THE POLICYHOLDER BEARS A RISK (BEFORE OUTWARD REINSURANCE)			
Conditional refund	8	130 896	79 457
Unit-linked insurance obligations	9	62 685	48 772
Technical provisions		193 582	128 229
PROVISIONS FOR OTHER RISKS AND COSTS			
Taxes			
Provision for income tax and yield tax		0	12
Provisions for other risks and costs		0	12
LIABILITIES			
Receivables relating to direct insurance, policyholders		1	13
Liabilities relating to reinsurance		14	12
Other liabilities	23	91	70
Liabilities		107	95
ACCRUED EXPENSES AND DEFERRED INCOME			
Other accrued expenses and deferred income		33	13
Accrued expenses and deferred income		33	13
TOTAL EQUITY, PROVISIONS AND LIABILITIES		194 519	129 052

Report on changes in equity

	RESTRICTED EQUITY		Unrestricted equity		
	Share capital	Premium reserve	Accumulated profit	profit for year	Total
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				110	110
Total changes in net wealthexcluding transactions with shareholders			106	5	110
Dividends			-80		
Closing balance Equity previous financial year					
= Opening balance Equity 01/01/2021	**100**	**250**	**191**	**110**	**652**
Appropriation of profits			110	-110	
Profit/Comprehensive income for the year[1]				182	182
Total changes in net wealthexcluding transactions with shareholders			110	72	182
Dividends			-80		-80
Closing balance Equity financial year	**100**	**250**	**222**	**182**	**754**

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

Performance analysis

Direct insurance of Swedish risks	Occupational pension insurance			Other life insurance		
PERFORMANCE ANALYSIS	Portfolio bonds	Unit-linked insurance	Service-related medical insurance and premium exemption insurance	Portfolio bonds	Unit-linked insurance	Total
Premiums earned (before outward reinsurance)	-	1 019	21	2	18	1 061
Premiums for outward reinsurance	-	-6	-20	-	-10	-36
Fees	29	79	-	255	36	399
Other technical income	3	289	-	378	68	738
Claims incurred (net of reinsurance)	-	-245	3	0	-2	-244
Changes in other technical provisions	-1 182	-11 420	-3	-25 419	-1 637	-39 662
Operating expenses	-19	-224	-1	-227	-51	-523
Increase in value of investment assets for which	1 182	10 649	-	25 425	1 624	38 880
the life policyholder bears an investment risk						
Life insurance business technical insurance result	13	142	-1	414	46	614
PRIOR-YEAR CLAIMS RESULT (before outward reinsurance)			9			9
Technical insurance provision for which the life policyholder bears a risk						
Conditional refund	5 815	-	-	125 081	-	130 896
Unit-linked insurance obligations	-	54 392	-	-	8 294	62 685
Technical provisions						
Claims outstanding	-	0	40	-	4	43
Reinsurers' share of technical provisions						
Claims outstanding	-	0	32	-	2	34

Operating expenses include profit shares and commissions from reinsurance companies.
Other technical income includes fees relating to yield tax charged to customers.
Change in the DAC of -8,198 TSEK applies only to unit-linked insurance.

Notes

Note 1 Accounting and valuation principles

General information

The Annual Report for Futur Pension Försäkringsaktiebolag is issued at 31 December 2021. The financial statements relate to the financial year from 1 January to 31 December 2021. 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.

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 24 February 2022. The income statements and balance sheets were adopted by the General Meeting on 10 March 2022.

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.

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. Assessments and assumptions are based on historical experience and a number of other factors that are considered reasonable under current circumstances. 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.

New and revised standards for the financial year

None of the changes to IFRS standards or IFRIC interpretations that are obligatory for the first time for the financial year that began on 1 January 2021 have had any substantial impact on Futur Pension's income statement or balance sheet.

The cash flow statement is no longer a requirement in accordance with the Annual Accounts for Insurers Act and is therefore not included in the Annual Report for 2021.

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 Insurance Contracts replaces IFRS 4 Insurance Contracts and enters into force on 1 January 2023. The standard provides principle-based regulations for accounting of insurance contracts and imposes more stringent requirements on disclosure in order to increase comparability between companies. The EU approved the standard in November 2022 with the exception of a so-called carve out relating to rules on annual cohorts. The exception means that the rule on annual cohorts for some types of insurance contracts need not be applied.

On 22 November 2021, the Swedish Financial Supervisory Authority published proposed amendments to the regulations on annual accounts at insurance companies and occupational pension companies (FFFS 2019:23) to be applicable from 1 January 2023. The proposal states, among other things, that IFRS 17 Insurance Contracts should not apply in the case of legally-restricted IFRS in juridical persons. Futur Pension's assessment is that the proposed changes will not have any substantial impact on the company's financial statements.

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 employees’ pension plan is defined-benefit for personnel employed before 2013 and defined-contribution for personnel employed after 2013. The defined-benefit plan (the BTP plan) is secured through Sparinstitutens Pensionskassa (SPK) and 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.

Under IAS 19, a defined-contribution plan is a plan whereby the company pays fixed charges to a separate legal entity and has no legal or constructive obligation to pay additional charges if the legal entity has insufficient assets to make payments to employees relating to service during current or previous periods. A defined-benefit pension plan is defined as a plan for post-employment payments other than a defined-contribution plan.

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 insurance and portfolio bond assets are recognised under increase or reduction in value of unit-linked insurance 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 base for yield tax is obtained by multiplying the capital base by the average government borrowing rate for the year immediately 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

Futur Pension manages its holdings of interest-bearing securities according to a business model that entails 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 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.

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 portfolio bonds 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.

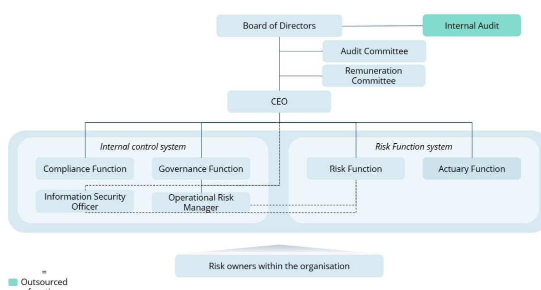
The Board of Directors of Futur Pension has ultimate responsibility for the company's organisation, which also includes responsibility for managing the risks to which Futur Pension, as well as relevant parts of the group, are exposed. The Board of Directors establishes the overall policies and guidelines 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 Function* is 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:

- 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 lives longer than is expected in the assumptions and that 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 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 SEK	Amount in excess of retention
Morbidity risk	Retention in SEK	Amount in excess of retention
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.

Effect on profit/loss after tax/equity (MSEK)*

Assumptions	2021	2020	Scenario
Morbidity	– 0.6	– 0.9	The risk of morbidity is calculated as the effect of reducing recovery to health by 20%
Market interest risk	– 0.3	– 0.5	The market interest risk is calculated as the effect of higher market interest rates (parallel shift 1%).

*The table shows the effect on equity. There is no significant difference between pre-tax and post-tax earnings. In both analyses, the difference is 0.1 MSEK

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.

The effect on earnings and equity in the event of changes in morbidity is slightly lower than previously since a larger proportion 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 31/12/2021 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. 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 years
Financial Assets				
Shares and participations		25		
Receivables		33		10
Cash and bank balances	767			
Other prepaid expenses and accrued income		83		17
Financial Liabilities				
Liabilities relating to direct insurance		1		
Liabilities relating to reinsurance		13		1
Other liabilities		91		
Accrued expenses		33		

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 insurance and portfolio bond activity, the direct exposure to fluctuations to the unit-linked insurance 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.

The company had cash and cash equivalents deposited in bank accounts in 2021.

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 decided that the insurance capital in unit-linked insurance policies and portfolio bonds should be invested or to which it should 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 portfolio 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 3 Written premium (net of reinsurance)

	2021	2020
Direct life insurance in Sweden		
Regular premiums	854	861
Single premiums	183	124
Premiums for risk insurance	25	25
Premiums earned before outward reinsuran	1 061	1 010
Premiums for outward reinsurance	-36	-32
Premiums earned after outward reinsurance	1 025	978

Note 4 Fees

	2021	2020
Fees relating to insurance contracts	12	12
Fees relating to investment contracts	387	282
Fees	399	294

Note 5 Other technical income

	2021	2020
Fees relating to yield tax[1]	437	321
Commissions from fund managers	300	239
Other income	1	-7
Other technical income	738	553

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

Note 6 Net profit/loss per category of financial instrument

Financial assets	2021	2020
Shares and participations *)	3	1
Investment assets for which the life policyholder bears an investment risk *)	38 880	12 623

*) Financial assets identified as items measured at fair value in the income statement

Subordinated liabilities	2021	2020
Other liabilities	n/a	

Note 7 Insurance settlements paid out (net of reinsurance)

	2021	2020
Claims paid	-63	-41
Cancellations and buy-back	-191	-132
Claims adjustment costs	0	-1
Reinsurers' share	9	5
Provision for changes in claims incurred and reported	8	21
Change in provision for claims incurred but not reported (IBNR)	0	0
Reinsurers' share	-7	-19
Claims paid net of reinsurance	-244	-167

Note 8 Conditional refunds

	2021	2020
Opening balance	79 457	62 132
Payments	39 191	18 147
Cancellations and buy-back	-13 240	-10 636
Withdrawals upon maturity	0	0
Withdrawals in the event of decease	-445	-122
Fee charge	-284	-192
Compensation for risk insurance (pbf/decease)	-13	-10
Changes in value of portfolio bond assets	26 607	10 404
Yield tax	-384	-271
Risk amounts due	6	2
Other changes	0	1
Closing balance	130 896	79 457
Of which estimated to fall due within 12 mo	21 811	

Note 9 Unit-linked insurance commitments

	2021	2020
Opening balance	48 772	44 970
Payments	5 467	4 342
Cancellations and buy-back	-2 955	-2 020
Withdrawals upon maturity	-726	-548
Withdrawals in the event of decease	-48	-87
Fee charge	-114	-102
Compensation for risk insurance (pbf/decease)	0	-3
Changes in value of unit-linked insurance assets	12 273	2 220
Yield tax	-53	-50
Risk amounts due	-11	-6
Other changes	80	56
Closing balance	62 685	48 772
Of which estimated to fall due within 12 mo	4 730	

Note 10 Operating expenses

	2021	2020
Acquisition costs	-382	-299
Change in deferred acquisition costs	-8	-10
Administrative expenses	-141	-130
Commissions and profit shares in outward reinsurance	8	11
Operating expenses	-523	-427
Claims adjustment costs	0	-1
Total operating expenses	-523	-427

	2021	2020
Personnel costs	-140	-105
Costs for premises, etc.	-13	-15
Depreciation, etc.	-2	-
Other	-368	-307
Operating expenses	-523	-427

The higher personnel costs in 2021 are largely due to a higher number of employees. Also see note 11.

The company leases 28 (28) vehicles under an operating lease. Costs for leasing vehicles amounted to 4 MSEK (3) during the year. At the balance sheet date, future minimum lease payments amounted to SEK 3 MSEK (4).

	2021	2020
> 1 year	-1	0
1-5 years	-2	-4
Total	-3	-4

Note 11 Costs for pensions and similar obligations

	2021	2020
Social insurance costs		
Pension costs Chief Executive Officer	-2	-2
Pension costs former CEO*)	-5	-
Pension costs for the other employees	-20	-17
Other social insurance costs in accordance with law and agreements	-33	-24
Total	-60	-43

*) The item refers to paid and accrued pension costs for a former Chief Executive Officer Sep.–Dec. 2021

Note 12 Average number of employees and salaries and other payments

	2021	2020
Average number of employees		
Women	40	32
Men	47	44
Total	87	76

	2021	2020
Salaries and other remuneration		
Board of Directors and Chief Executive Officer	-6	-5
Cost for former CEO for the current year	-1	-
Accrued cost for former CEO	-5	-
Other employees	-67	-57
Total	-80	-63

Note 13 Fees and reimbursement of expenses to auditors

	2021	2020
Audit assignments - PwC	-1	-1
Other audit assignments	-	-
Tax consulting	-	-
Other services	-	-
Total	-1	-1

"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.

Note 14 Return on capital, income

	2021	2020
Dividends on shares and participations	-	0
Other interest income	0	1
Capital gains, shares and participations	3	1
Investment income	3	2

Note 15 Unrealised gains/losses on investment assets

	2021	2020
Shares and participations	0	0
Unrealised gains/losses on investment assets	0	0

Note 16 Return on capital, expenses

	2021	2020
Other interest expenses	0	-1
Foreign exchange losses, net	-1	-1
Investment charges	-1	-1

Note 17 Tax

	2021	2020
Current tax cost		
Yield tax	-437,1	-320,7
Foreign coupon tax	4,3	13,6
Deferred tax cost		
Deferred tax, temporary differences	-0,8	-1,1
Tax	-433,6	-308,2

	2021	2020
Reconciliation of reported tax		
Pre-tax profit for the year	615,7	418,6
Yield tax	-437,1	-320,7
Minus earnings in operations subject to yield tax	-174,0	-89,8
Earnings in operations subject to income tax	4,5	8,1

	2021	2020
Tax at the applicable future tax rate 20.6%	-0,9	-1,7
Reported income tax	-0,8	-1,1
Difference	-0,1	-0,6

	2021	2020
Explanatory items		
Tax effect of change in loss carryforwards for which deferred tax is not taken into account	0,9	1,7
Change in deferred tax in previous years	-0,8	-1,1
Deferred tax, temporary differences due to a change in tax rate for previous years	0,0	0,0
Total	0,1	0,6

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 5.2 MSEK on the temporary difference are thus recognised in the balance sheet. The total accumulated tax deficit amounts to -25.1 MSEK.

Note 18 Categories of financial assets their fair values

Financial assets 2021	Measured at fair value through the income statement	Measured at amortised cost	Total carrying amount
Shares and participations	25		25
Investment assets for which the life policyholder bears an investment risk	193 544		193 544
Receivables		43	43
Cash and bank balances		767	767
Other prepaid expenses and accrued income		83	83
Non-financial assets			57
Total assets	193 569	893	194 519

Financial assets 2020	Measured at fair value through the income statement	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 instruments measured at fair value 2021	Level 1	Level 3
Shares and participations	25	
Investment assets for which the life policyholder bears an investment risk	182 595	10 949
Total financial assets	182 620	10 949

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	122 103	6 051
Total financial assets	122 122	6 051

The above table provides information on how fair value is determined for the financial assets that are 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. Models that market operators would use to calculate a price are used to measure these assets.

	2021	2020
Opening balance, level 3 shares	4 781	3 582
Recognised in the profit/loss for the y	2 388	988
Acquisitions	8 594	654
Sale	-568	-286
Movement to/from level 3	-7 101	-156
Closing balance, level 3 shares	8 095	4 781

	2021	2020
Opening balance, level 3 bonds	1 270	980
Recognised in the profit/loss for the y	40	19
Acquisitions	1 984	406
Sale/maturity	-439	-134
Closing balance, level 3 bonds	2 854	1 270

Note 19 Shares and participations

	2021	2020
Shares and participations		
Acquisition cost	25	19
Fair value	25	19

Note 20 Tangible assets

	2021	2020
Equipment	10	10
Accumulated depreciation	-4	-2
Tangible assets	6	8

Note 21 Deferred acquisition costs

	2021	2020
Deferred acquisition costs depreciation period of over two years		
Opening balance	25	35
Depreciation for the year	-8	-10
Tangible assets	17	25
Of which book value with a remaining depreciation period of under two years	6	9
Of which book value with a remaining depreciation period of over two years	17	16

Note 22 Technical provisions (before outward reinsurance)

	2021	2020
Opening balance		
Opening balance reported claims	44	65
Opening balance claims incurred but not reported (IBNR)	8	7
Opening balance	51	72
Change for the year		
Cost of claims incurred in the current year	6	16
Change in expected cost of claims incurred in previous years	-14	-37
Change for the year	-8	-21
Closing balance		
Closing balance claims reported	35	44
Closing balance claims incurred but not reported (IBNR)	8	8
Closing balance	43	51

Note 23 Other liabilities

	2021	2020
Other	91	70
Other liabilities	91	70

Note 24 Pledged assets and contingent liabilities

	2021	2020
Pledges and comparable securities given for own liabilities and for obligations recognised obligations	193 713	128 303

Note 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 0.5 MSEK including VAT during the year. Dividends of 80 MSEK were paid out during

Note 26 Allocation of earnings and equity

	2021	2020
Proposed allocation of earnings		
Share premium reserve	250	250
Accumulated profit	222	191
Net profit for year	182	110
Proposed dividend to shareholders	-150	-80
Total SEK	504	472

The Board of Directors proposes that 504 MSEK be carried forward to new accounts

Equity, see Report on changes in equity

Signatures

Stockholm, 24/02/2022

Johan Agerman

Chairperson

Jan Dahlquist

Dominik Hennen

Thomas Schmitt

Claes Carlson

Torgny Johansson

Chief Executive Officer

Our audit report was submitted on the date shown in our electronic signature

PricewaterhouseCoopers AB

Morgan Sandström

Authorised Public Accountant