

A photograph of two women standing in a modern office hallway. The woman on the left has short dark hair and is wearing a patterned orange and black shirt with black trousers and white loafers. She is holding a white coffee cup and gesturing with her other hand. The woman on the right has long dark hair and is wearing a white top with wide sleeves and a long pleated skirt, paired with white sneakers. They are both looking at each other as if in conversation. The background shows a bright, modern office interior with large windows and wooden pillars.

alecta

# Interim Report

January–June 2025

# Message from the CEO



Photo: Evelina Carborn

Despite a turbulent environment, Alecta has delivered good customer service, stable pensions and continued premium reductions for the companies during the first half of the year. At the same time, we have continued to develop and strengthen the business. Since the beginning of 2024, we have been working to implement a comprehensive improvement programme to make Alecta more resilient and stronger after the events in 2023. In principle, all measures in the improvement programme are now implemented and we are working in line with new procedures and processes. A few measures are of a more comprehensive nature and have been transitioned to the operating activities.

The improvement programme has addressed the shortcomings that led to Alecta losing approximately SEK 20 billion in investments in three American banks in 2023, as well as having invested in Heimstaden Bostad under an unbalanced agreement for several years.

The ambition of the improvement programme has been to create high-quality risk management and thereby a more resilient Alecta for our customers. Our assessment is that the measures in the programme have addressed the shortcomings identified by management and the Board.

If the outcome of the Swedish Financial Supervisory Authority investigations into the investments in the US banks and Heimstaden Bostad show that further measures need to be taken, Alecta will of course undertake this.

## Returns

The returns for the first half of the year were 2.6 per cent for the defined contribution insurance Alecta Optimal Pension and 2.4 per cent for the defined benefit insurance product. The contribution to the positive returns comes from all asset classes.

The equity portfolio has had returns of 2.8 per cent, after quite large fluctuations during a six-month period. To a large extent, this is due to different moves announced by the USA regarding the tariffs that were then paused before being reintroduced every now and then, as well as the armed conflict in the Middle East and Ukraine.

The debt securities portfolio has returned 2.9 per cent for Alecta Optimal Pension and 2.4 per cent for the defined benefit portfolio. Increased market volatility, not least as a result of concerns around increased tariffs, led to rising credit spreads in spring, which in turn created attractive investment opportunities in the credit market.

The alternative assets, which include Alecta Fastigheter have returned 2.3 per cent. The unlisted private equity holdings along with investment in infrastructure have contributed positively to the returns, among other things including the listing of Apotea on the Stockholm Stock Exchange – a company in which Alecta owned approximately twenty per cent of the shares at the time of listing. The value of the Alecta holdings in Heimstaden Bostad developed positively during the period; 1.9 per cent and totalled SEK 41.5 billion at the end of June.

## Customer satisfaction and capital transfers

Customer satisfaction with respect to customers who contact our customer service, reached 5.6 out of a maximum of 6 for private customers and 5.5 out of 6 for corporate customers. The target number is 5.6 for both private and corporate customers.

During the first half of 2025, capital transfers were at a relatively high level from an historical perspective, even if they had decreased compared to 2024 levels. For Alecta, this has resulted in a net capital transfer of SEK 4.7 billion. A negative net transfer is natural for a pre-selection company.

## Costs and collective funding ratio

Operating expenses for Alecta in the target follow-up for the interim year totalled SEK 620 million, which was within the target level of SEK 647 million for the period.

The collective funding ratio for defined benefit pension plans has decreased from 162 to 161 per cent during the first half of the year. The funding ratio for 2025 is within the range set by the Board. Alecta has the very high ambition of indexing defined benefit pensions, but it is worth emphasising that indexation is not formally guaranteed and that the effect of any future decisions regarding upwards adjustment in line with



# Message from the CEO

future inflation is therefore not taken into account when calculating the funding ratio. Overall, Alecta remains a very financially strong and stable company.

## New Chair of the Alecta Board

At the ordinary meeting of the Council held on 8 May, Magnus Hall was elected as new Chair of the Alecta board of directors. Jan-Olof Jacke resigned from the chairmanship of the board of directors and was elected as Chair of the Council for Alecta at the ordinary council meeting.

## Organisational changes

Marie Litezings has been recruited as the new Head of Customer Relations. Marie joins us from AMF where she has held a variety of positions for 17 years, most recently as Head of Insurance. She took over as Head of Customer Relations in March 2025 and is part of the Alecta senior management team. Previous Head of Customer Relations, Katarina Thorslund had retired during the period.

## Alecta Fastigheter

Since 2021, the Group management of all directly and indirectly owned Swedish properties has taken place at Alecta Fastigheter AB. During spring, the company strengthened its position in Västra City Stockholm through the acquisition of the leasehold for the property Blekholmen 1. Alecta Fastigheter previously owned the nearby World Trade Centre and with the additional area can take a larger role in the development of Västra City.

Several important lease agreements were signed during the first half of the year. One that can be mentioned is the rental of 8,000 m<sup>2</sup> in the Kvarteret Regina to Gothenburg Municipality's Intraservice.

At the Alecta Fastigheter general meeting in May 2025, Johan Bergman was elected as the new Chair of the Board. Johan succeeds Katarina Thorslund, former Deputy CEO of Alecta who has been Chair of the Board since 2023 but retired during spring. Klas Åkerbäck and Daniel Kristiansson, both employees at Alecta were also elected as new board members.

## An eventful general meeting season

Representatives from Alecta have served on 23 election committees and voted at 161 meetings. Our election committee members do important work by helping companies we invest in continue to develop in ways that benefit our customers in the long term.

During the general meeting season, we have publicly taken a position, among other things that the Chair of the Board for Volvo Cars should be physically present at more meetings and at the general meeting, which he attended this year for the first time since the company was listed in 2021; that board fees should be adapted to each board and that general increases are therefore not the right way to go; and that incentive pro-

grammes need to be transparent so that they are understood by all shareholders.

Clarity, measurability, and transparency in the companies that we own will benefit the company and ultimately our customers.

## Product development and dissemination of knowledge

At the end of 2024, Swedish Parliament approved new and more flexible rules around the payout of occupational pensions. There were subsequent changes then quickly made to ITP (Industrins tilläggspension [Supplementary pension for salaried employees]) and to the SAF-LO contractual pension and from January 2025, Alecta is one of the first pension companies offering the option of pausing the occupational pension plans. From and including May 2025, we also introduced the possibility of extending the payout period for occupational pensions. Making this possible at such short notice required rapid product and system development. So far more than 1,100 customers have chosen to pause or extend their occupational pension. Alecta has also disseminated knowledge about how to pause and extend its occupational pension through interviews in the media, its own webinars and participation in external webinars.

In order to contribute to a fact-based discussion about pensions, we have been investigating the income of Swedish pensioners on an annual basis since 2018 using income data from the Statistics Sweden agency, SCB. Through the survey we are giving not only our customers, but also other interested parties an accurate picture of what older people have to live on. Up until 2022 the trend was clear: each new cohort of 67-year-olds received better income and increased purchasing power than the previous cohort. This trend stopped in this year's survey with income data from 2022 and 2023 when inflation rose sharply. The results of the survey have been communicated via media, [alecta.se](https://alecta.se), seminars and in other external contexts.

In May, Alecta Day was held, which is a day for our largest corporate customers. During the day, among other things there were presentations on just how the option of pausing and extending occupational pensions works and the study conducted by Alecta on pensioners' income. Along with the customers, we also discussed what Alecta can do better. The opportunity for knowledge sharing and networking offered by the day is greatly appreciated by the representatives from the largest corporate customers.

Finally, I would like to thank all employees for their continued hard work in making Alecta a better company. The work we have done together means that we are now well equipped to continue to be a secure occupational pension company that gives our customers more to look forward to as they age.

Peder Hasslev  
CEO, Alecta Tjänstepension Ömsesidigt

# Comments on the parent company and consolidated financial statements

The Board and the CEO of Alecia Tjänstepension Ömsesidigt hereby submit the interim report for the period 1 January–30 June 2025.

The amounts refer to the Group and the figures in brackets refer to the income statement and key performance indicators for the corresponding period in the previous year and to the balance sheet at the last year-end.

This Interim Report is a translation of the Swedish original. If there are differences, the Swedish version shall prevail.

## Profit/loss

Profit/loss after tax for the Group totalled SEK 17.5 billion (78.1) for the first half of the year. Comments on the profit/loss and financial position are presented in the following report.

## Premiums written

Premium income for the first half of the year totalled SEK 35.7 billion (57.8) and consists of invoiced premiums and guaranteed refunds.

Invoiced premiums totalled SEK 24.0 billion (23.3), where the increase compared to the previous year is primarily due to higher premiums per insured in defined contribution insurance.

Guaranteed refunds totalled SEK 11.7 billion (34.5) and consist of premium reductions for defined benefit savings and risk insurance, as well as raising earned pension rights (upwards adjustment of paid-up pension policy values). The reduction in guaranteed refunds is largely due to the upwards adjustment of paid-up policy values implemented in January of 1.60 per cent

based on the change in the Consumer Price Index between September 2023 and September 2024, which was lower than what had been implemented in the previous year (6.48).

## Capital return

During the first half of the year, developments in the world's financial markets have been primarily influenced by trade policy measures in the White House and by the geopolitical conflicts in the Middle East. President Trump's measures in April on sharply increased tariffs created great uncertainty in financial markets, leading to steep stock markets declines. In the bond market, there is concern that US tariffs will once again drive up global inflation, while the simultaneously growing US budget deficit raises concerns among investors.

The European bond market has been particularly affected by signals of increased borrowing needs in Europe, largely as a result of increased investment in infrastructure and defence, which is expected to generate growth in the long term. At the same time, the market is dampened by expectations of interest rate cuts as inflation continues to fall.

The rapid changes in U.S. trade policy in which threats of increased tariff levels are rapidly paused or withdrawn, has damaged confidence in the economic and political stability of the United States. Among other things, this has been shown in the sharp weakening of the U.S. dollar, which has lost nearly 14 per cent against the Swedish krona since the beginning of the year.

At the same time, these recurrent reversals have led to reducing concerns about the impact of increased tariffs, which has contributed to an improved market sentiment and

## Key ratios

Group  
January–June 2025

### Returns

Defined contribution insurance, Alecia Optimal Pension

2.6 % (7.7 %)

### Returns

Defined benefit insurance

2.4 % (4.4 %)

### Management expense ratio

Defined contribution insurance, Alecia Optimal Pension

0.05 % (0.05 %)

### Management expense ratio

Defined benefit insurance

0.07 % (0.07 %)

### Solvency ratio

197 % (201 %)

# Comments on the parent company and consolidated financial statements

a rebound in the stock markets. Furthermore, hopes for future interest rate cuts have increased, while U.S. macro statistics simultaneously indicate that the cooling of the economy is happening slowly. This has strengthened optimism in the stock market.

Despite the turbulence, the Swedish stock market (MSCI Sweden) has risen by 5.2 per cent, the European (MSCI Europa ESG) by almost 7.0 per cent while the U.S. stock exchanges (MSCI USA) have fallen by just over 4 per cent – all in local currencies. The weakening of the U.S. dollar has had a limited impact on Alecta's equity returns due to a high degree of currency hedging. The Alecta's equity return was therefore positive and totalled 2.8 per cent.

Sentiment has gradually improved during the year for Alecta's alternative assets, which consist largely of properties. Optimism around the industry's recovery has increased and the number of transactions, which has been very low in recent years has increased for Alecta. The returns on alternative assets totalled 2.3 per cent during the period.

Interest rate developments were characterised by sharply rising yields during the first quarter, followed by a decline during the second quarter. Overall this has led to returns on Alecta's fixed-income assets of 2.4 per cent.

The default portfolio for the Alecta defined contribution insurance, Alecta Optimal Pension had returns of 2.6 per cent during the first half of the year. The average annual return on a rolling five-year period was 7.7 per cent. The six-month market value for the portfolio was SEK 288.8 billion. Returns on the Alecta defined benefit insurance totalled 2.4 per cent during the same period and the average annual returns on a rolling five-year basis was 5.3 per cent. The six-month market value was SEK 1,029.5 billion.

## Insurance claims incurred

Insurance claims incurred consist firstly of insurance claims paid and secondly, of changes in provisions for claims outstanding.

Insurance claims paid that consist primarily of benefits in retirement pensions, disability and life insurance and operating expenses for claim settlements totalled SEK 14.2 billion (14.0).

The change in the provision for claims outstanding totalled SEK –0.5 billion (1.5).

## Technical provisions

Technical provisions consist of the net present value of Alecta's guaranteed obligations for insurance contracts that are in effect and are divided into provisions for life insurance and provisions for claims outstanding.

The technical provisions totalled SEK 679.7 billion as at the end of June 2025. This is an increase of SEK 32.7 billion (24.0) for the first half of 2025, which is explained as follows:

- Premiums and payouts led to an increase in technical provisions of SEK 21.5 billion (43.9).
- The difference between underlying premiums and assumptions in the calculation of technical provisions reduced the provisions by SEK 9.3 billion (19.3) for savings insurance.
- Disability and waiver of premium reduced the provisions by SEK 1.8 billion (0.1).
- The average cash flow weighted interest rate used in the valuation of the provisions decreased from 2.95 to 2.80 per cent in the first half of 2025, which increased the provisions by SEK 14.0 billion (decreased 6.8).
- Cumulative return after deduction for released tax and operating expenses meant that the technical provisions increased by SEK 8.4 billion (8.0).
- Other changes and profit/loss led to an overall decrease in technical provisions of SEK 0.1 billion (1.7).

## Operating expenses

Operating expenses for the insurance business, which are referred to as operating expenses in the income statement, totalled SEK 374 million (352).

The higher operating costs are explained primarily by higher staff costs as a result of an increased number of employees, mainly within IT and central staff. In addition, IT costs are increasing mainly due to price increases for licences.

## Management expense ratio

The total management expense ratio for the Group totalled 0.07 (0.07), which was unchanged compared to the full year 2024. For defined contribution insurance and defined benefit insurance, the key ratio has also remained unchanged at 0.05 per cent (0.05) and 0.07 per cent (0.07). Management expense ratio is a significant key ratio for Alecta. This shows the cost-effectiveness of the company and is comparable to other companies in the industry.

## Financial position

The collective funding ratio for defined benefit insurance was 161 per cent (164) at the end of the period. Despite positive returns, the collective funding ratio has decreased slightly in the first half of the year, from 162 to 161 per cent. The main explanation for the change is the declining interest rates for the period, which meant that the net present value of the commitment increased.

The established normal range for the collective funding ratio is 125–170 per cent. Decisions on refunds are made by the Alecta Board of Directors. Refunds are initially given as pension supplements for pensions in payment, but may also be given for increases in earned pension entitlement (adjustment of paid-up policy values) and as premium reductions for policyholders.

# Comments on the parent company and consolidated financial statements

The Alecta defined contribution product, Alecta Optimal Pension had a collective funding ratio of 100 per cent (100) at the end of the period, which is the normal level as all surpluses and deficits are distributed on an ongoing basis.

Alecta's solvency ratio was 197 per cent (201) at the end of the period. In the first half of the year, the solvency ratio has decreased from 202 to 197 per cent. The decrease is mainly explained by the guaranteed refunds for insured and policyholders, of which the 1.6 per cent adjustment of paid-up policy values in January is the single largest explanation.

## Parent company

The comments above are also essentially applicable to the parent company in which the insurance business is conducted.

## Significant events during the period

### American trade policy

President Trump's measures on higher tariffs on imports from several key markets have shaken financial markets and raised concerns about the stability of the American economy and politics. The measures, which represent a step towards a more protectionist trade policy, risk increasing costs for both businesses and consumers, with deteriorating global growth prospects as a result. Several forecasting institutions have revised their growth forecasts down sharply as a result of the escalating trade war.

The weakened confidence in U.S. fiscal policy and budget discipline is reflected not only in rising interest rates and a weaker U.S. dollar, but also in that most credit rating agencies have downgraded the credit ratings for the US.

### The improvement programme and the Swedish Financial Supervisory Authority's investigations

Since the beginning of 2024, we have been working to implement a comprehensive improvement programme to make Alecta more resilient and stronger after the events in 2023. The measures have been attributable to governance, risk management and competence and culture, with a focus on asset management.

In principle, all measures in the improvement programme are now implemented and we are working in line with new procedures and processes. A few measures are of a more comprehensive nature and have been transitioned to the operating activities. Our assessment is that the measures in the programme have addressed the shortcomings identified by management and the Board.

The Swedish Financial Supervisory Authority investigations into Alecta are still ongoing. If the outcome of the Swedish Financial Supervisory Authority investigations into the invest-

ments in the US banks and Heimstaden Bostad show that further measures need to be taken, Alecta will of course undertake this.

### Heimstaden Bostad AB

Heimstaden Bostad AB is Alecta's single largest holding and had a value of SEK 41.5 billion at the end of June 2025. The value developed positively during the period, +1.9 per cent. The arbitration proceedings that Alecta initiated in December 2024 against Heimstaden Investment AB is still ongoing. Furthermore, Alecta's work continues to address the shortcomings previously identified by Alecta regarding the cooperation with Heimstaden. As part of this work, at the time of writing Alecta has the ambition of reducing its holding in Heimstaden Bostad by at least SEK 6 billion when possible. As previously communicated, this is because we believe that the shareholding agreement regarding the investment is unbalanced and that the cooperation with the company's managers is not working satisfactorily. However, reducing the holding in Heimstaden Bostad is only one of several potential measures to address the situation.

### Index-linked pension and premium reductions

In autumn 2024, the Alecta Board of Directors resolved to index-link defined benefit pensions by 1.6 per cent for 2025, matching the inflation rate over the past year. As a result of Alecta's strong financial position and in accordance with Alecta's consolidation policy, the Board also decided on a premium reduction for 2025 for defined benefit retirement and family pensions of 25 per cent in relation to the unreduced premium level. Further information about the index-linked pension and premium reductions can be found in the Alecta Annual and Sustainability Report for 2024, page 52.

### Alecta Fastigheter AB

Since 2021, Group management of all directly and indirectly owned Swedish properties has taken place through Alecta Fastigheter AB, where the purpose of the operations is to create a future-oriented and effective company.

In March, the leasehold of the property Blekholmen 1, also called Klara Strand was acquired from M&G Real Estate. The rentable area of the building is 34,000 m<sup>2</sup> and will be an important addition to the existing portfolio of Alecta Fastigheter in the Västra city in Stockholm. The acquisition is part of an exchange transaction in which Alecta Fastigheter simultaneously divested the property Skravelberget Större 19 in Stockholm to M&G Real Estate. Alecta Fastigheter took possession of Blekholmen 1 on 1 April and relinquished Skravelberget Större 19 on the same date.

On 6 June, an agreement was signed for the acquisition of

# Comments on the parent company and consolidated financial statements

the property, Banken 14 in Solna – a hotel property in Solna Centrum. The property was taken over on 17 June and is an important piece of the puzzle in the continued development of Solna Centrum.

In addition to the above, an investment has also been made in the indirect property portfolio of the company, CMH II Coinvestment AB, which is a company focused on hotels in the Nordic region.

## New Chair of the Alecta Board

At the ordinary meeting of the Council on 8 May, Magnus Hall was elected as the new chair of the Alecta Board of Directors. Magnus Hall was previously CEO of Vattenfall and AB Holmen. He is the Chair of the Board of Södra Skogsägarna and Höganäs AB. He has previously had a mandate as a board member of AMF and Chair of the Association for Generally Accepted Principles in the Securities Market. Jan-Olof Jacke resigned from the chairmanship of the Board of Directors and was elected as Chair of the Council for Alecta at the ordinary council meeting.

## Organisational changes

After a total of approximately 35 years in various roles at Alecta, most recently as Head of Customer Relations and Deputy CEO, Katarina Thorslund retired during the period. Marie Litezings has been recruited as the new Head of Customer Relations. Marie joins us from AMF where she has held a variety of positions for 17 years, most recently as Head of Insurance. She took over as Head of Customer Relations in March 2025 and is part of the Alecta senior management team.

Alecta has also recruited Johanna Bono as the new head of Internal Audit. Johanna, who joined in April 2025, has a background as an internal audit manager and internal auditor including at AMF, FOI and Swedbank.

## Significant events after the balance sheet date

No significant events have taken place after the balance sheet date.

## Significant risks and uncertainty factors

In 2025, global geopolitical and political unrest has increased and American demands have been made for increased defence spending by NATO member states. The increased protectionism in the form of tariffs and other trade barriers can have major negative consequences for the global economy. The effects of these factors are difficult to predict. Alecta simulates the consequences of instability in the financial markets on a daily basis using both an internal stress test and regulatory capital requirements. At the six-month mark, Alecta had satisfactory margins in both tests and is therefore considered able to withstand even extensive financial instability. The impacts of different stressed scenarios, such as severe stagflation and deflation was last calculated in Alecta's ORSA (Own Risk and Solvency Assessment) that was prepared on 30/04/2025 for resolution by the Board in September.

For more information on Alecta's risks and risk management, refer to the Alecta Annual and Sustainability Report 2024, pages 55–56 and 69–71.

From a regulatory perspective, there are primarily three external events that will affect Alecta going forward.

The EU AI Regulation (AI Act) comes into full effect in August 2026 and at that time, Alecta will comply with the requirements of the Regulation. Alecta has started implementation work in order to be able to comply with regulatory requirements, including in areas such as risk management, employee training and data management.

Alecta continues to monitor the European Commission consultation ahead of the review of the second occupational pension directive, IORP 2. This consultation is delayed and according to the latest available information, the review is expected to start at the turn of the year.

There is also ongoing oversight work within sustainability at the EU level, for example SFDR, which Alecta needs to stay up-to-date on.

In 2023, the European Commission published a proposal for a new Financial Data Access Regulation (FiDA). Among other things, the purpose of the proposal is to enable increased sharing and access to customer data in the financial sector. It is not yet clear whether the regulation will cover collectively agreed occupational pensions.



# Financial position and key performance indicators

## Group

FINANCIAL POSITION, SEK MILLION	30 June 2025	30 June 2024	31 December 2024
Collective funding capital	385,441	393,851	382,835
Capital base <sup>1)</sup>	656,746	653,806	657,127
Risk-based capital requirement	246,197	259,459	248,223
Minimum capital requirement <sup>1)</sup>	29,100	27,508	27,380
<b>KEY PERFORMANCE INDICATORS</b>			
Total return for the Group, per cent <sup>2)</sup>	2.4	5.1	5.3
Total return, defined contribution insurance, per cent <sup>3)</sup>	2.6	7.7	6.8
Total return, defined benefit insurance, per cent <sup>3)</sup>	2.4	4.4	4.9
Direct return for the Group, per cent	1.4	1.6	2.6
Management expense ratio <sup>4)</sup>	0.07	0.07	0.07
Management expense ratio, defined contribution insurance <sup>4)</sup>	0.05	0.05	0.05
Management expense ratio, defined benefit insurance <sup>4)</sup>	0.07	0.07	0.07
Total asset management expense ratio <sup>5)</sup>	0.13	0.13	0.13
Asset management expense ratio <sup>6)</sup>	0.026	0.026	0.025
Collective funding ratio, defined contribution insurance, per cent <sup>7)</sup>	100	100	100
Collective funding ratio, defined benefit insurance, per cent	161	164	162
Solvency ratio, per cent	197	201	202

<sup>1)</sup> Information refers to parent company and Group. As of 2023, when calculating the capital base, special indexation funds are deducted.

<sup>2)</sup> Information refers to the Group, defined benefit and defined contribution retirement pensions and risk insurance. Calculated in accordance with the recommendations of Insurance Sweden.

<sup>3)</sup> Calculated in accordance with the recommendations of Insurance Sweden. Total return for defined contribution insurance refers to the portfolio that constitutes Alecta's default option, which has a 60 per cent share component.

<sup>4)</sup> Calculated as operating expenses and claims settlement expenses relative to average assets under management. The expenses are based on 12-month rolling outcomes.

<sup>5)</sup> New key performance indicator from 2023. Calculated as total asset management expenses relative to average assets under management.

<sup>6)</sup> Calculated as internal asset management operating expenses relative to average assets under management. The expenses are based on 12-month rolling outcomes.

<sup>7)</sup> Any surplus/deficit is allocated to the insured parties on a monthly basis, which is why the collective funding ratio is normally around 100 per cent.

## Total return table for investments, defined contribution insurance

DEFINED CONTRIBUTION INSURANCE (Alecta Optimal Pension)	Market value		Market value		Market value		Total return, per cent			
	30/06/2025		30/06/2024		31/12/2024		6 months	6 months	12 months	5-year average
	SEK million	%	SEK million	%	SEK million	%	Jan–June 2025	Jan–June 2024	July 2024 –June 2025	July 2020 –June 2025
Shares	166,967	57.8	161,253	60.0	154,066	56.2	2.8	12.9	–0.2	12.2
Debt securities	66,722	23.1	56,229	20.9	66,575	24.3	2.9	0.0	4.4	–0.2
Alternative assets <sup>1)</sup>	55,094	19.1	51,473	19.1	53,709	19.6	2.3	1.8	5.6	4.9
<b>Total investments</b>	<b>288,783</b>	<b>100.0</b>	<b>268,955</b>	<b>100.0</b>	<b>274,351</b>	<b>100.0</b>	<b>2.6</b>	<b>7.7</b>	<b>1.7</b>	<b>7.7</b>

The proportion of shares in Alecta Optimal Pension is higher than in other Alecta products. The table above refers to the portfolio that constitutes Alecta's default option, which has a 60 per cent share component. The market value of the total Alecta Optimal Pension portfolio, i.e. including all asset classes is SEK 317.9 billion (293.5).

## Total return table for investments, defined benefit insurance

DEFINED BENEFIT INSURANCE	Market value		Market value		Market value		Total return, per cent			
	30/06/2025		30/06/2024		31/12/2024		6 months	6 months	12 months	5-year average
	SEK million	%	SEK million	%	SEK million	%	Jan–June 2025	Jan–June 2024	–June 2025	–June 2025
Shares	291,013	28.3	348,202	34.3	298,461	29.4	2.8	12.9	–0.2	12.2
Debt securities	543,905	52.8	474,536	46.7	519,121	51.2	2.4	–0.4	4.0	0.6
Alternative assets <sup>1)</sup>	194,538	18.9	192,330	18.9	196,532	19.4	2.3	1.8	5.6	4.9
<b>Total investments</b>	<b>1,029,456</b>	<b>100.0</b>	<b>1,015,068</b>	<b>100.0</b>	<b>1,014,114</b>	<b>100.0</b>	<b>2.4</b>	<b>4.4</b>	<b>2.9</b>	<b>5.3</b>

Due to rounding, the sum of the figures shown in the tables above may differ from the totals.

The total return tables are prepared in accordance with the recommendations of Insurance Sweden. The reporting and valuation of the investments in the total return tables are not consistent with the accounting principles applied in the financial statements. The main differences are reported in the annual report, see page 48 of Alecta's Annual and Sustainability Report 2024.

<sup>1)</sup> Alternative assets include real estate, infrastructure investments, private equity and so-called alternative credits that are subject to higher market risk than traditional debt securities.



## Condensed income statement

SEK million	Group		Parent company	
	Jan–June 2025	Jan–June 2024	Jan–June 2025	Jan–June 2024
<b>TECHNICAL ACCOUNTS</b>				
Premiums written	35,679	57,816	35,679	57,816
Capital return, income	59,998	34,828	58,956	34,277
Unrealised gains on investment assets	7,310	41,042	7,089	41,042
Insurance claims paid	-14,245	-13,987	-14,245	-13,987
Change in provision for claims outstanding	539	-1,500	539	-1,500
Change in other technical provisions	-33,196	-22,486	-33,196	-22,486
Refunds and discounts	-1,458	-1,831	-1,458	-1,831
Operating expenses	-374	-352	-374	-352
Capital return, expenses	-1,874	-8,083	-1,521	-7,739
Unrealised losses on investment assets	-32,715	-5,134	-32,877	-4,347
<b>Life insurance, total balance on technical accounts</b>	<b>19,664</b>	<b>80,312</b>	<b>18,592</b>	<b>80,891</b>
<b>NON-TECHNICAL ACCOUNTING</b>				
Life insurance, balance on technical accounts	19,664	80,312	18,592	80,891
<b>Profit/loss before tax</b>	<b>19,664</b>	<b>80,312</b>	<b>18,592</b>	<b>80,891</b>
Tax on profit/loss for the period	-2,194	-2,170	-2,128	-2,120
<b>PROFIT/LOSS FOR THE PERIOD</b>	<b>17,469</b>	<b>78,142</b>	<b>16,464</b>	<b>78,772</b>

## Statement of comprehensive income

SEK million	Group		Parent company	
	Jan–June 2025	Jan–June 2024	Jan–June 2025	Jan–June 2024
<b>Profit/loss for the period</b>	<b>17,469</b>	<b>78,142</b>	<b>16,464</b>	<b>78,772</b>
<b>Items that can subsequently be reclassified to the income statement:</b>				
Currency exchange difference	-888	324	-	-
<b>Other comprehensive income</b>	<b>-888</b>	<b>324</b>	<b>-</b>	<b>-</b>
<b>Comprehensive income for the period</b>	<b>16,582</b>	<b>78,466</b>	<b>16,464</b>	<b>78,772</b>

## Condensed balance sheet

SEK million	Note	Group			Parent company		
		30 June 2025	30 June 2024	31 December 2024	30 June 2025	30 June 2024	31 December 2024
Intangible assets		–	–	–	–	–	–
Investment assets	3, 4, 5	1,360,244	1,319,051	1,336,010	1,348,244	1,305,849	1,323,966
Receivables	3	7,605	7,878	6,693	7,268	9,133	6,326
Other assets	3	3,705	3,423	3,615	3,497	3,057	3,477
Prepaid expenses and accrued income	3	5,388	4,231	6,055	5,529	4,456	6,019
<b>Total assets</b>		<b>1,376,941</b>	<b>1,334,584</b>	<b>1,352,374</b>	<b>1,364,537</b>	<b>1,322,495</b>	<b>1,339,788</b>
Equity		666,501	663,912	667,332	655,223	653,067	656,171
Provision for life insurance		664,829	630,338	631,632	664,829	630,338	631,632
Claims outstanding		14,827	15,156	15,366	14,827	15,156	15,366
Other provisions		2,519	2,270	2,342	284	162	187
Liabilities related to direct insurance operations	3	808	774	766	808	774	766
Derivatives	3, 4	11,957	15,861	29,609	11,957	15,861	29,609
Other liabilities	3	13,658	4,341	2,685	15,231	5,531	3,932
Other accrued expenses and prepaid income	3	1,841	1,932	2,640	1,379	1,606	2,125
<b>Total equity, provisions and liabilities</b>		<b>1,376,941</b>	<b>1,334,584</b>	<b>1,352,374</b>	<b>1,364,537</b>	<b>1,322,495</b>	<b>1,339,788</b>

## Statement of changes in equity, Group

SEK million	Jan–June 2025	Jan–June 2024
Opening equity	667,332	625,888
Guaranteed refunds		
<i>Pension supplements, defined benefit plan</i>	–3,381	–3,334
<i>Supplementary amounts, defined contribution plan</i>	–311	–238
<i>Adjustment of paid-up policy values</i>	–8,088	–30,743
<i>Premium reduction</i>	–2,152	–1,936
Change in special indexation instruments		
<i>Collective risk premium <sup>1)</sup></i>	–87	–77
Other changes <sup>2)</sup>	–3,393	–4,115
Profit/loss for the period	17,469	78,142
Other comprehensive income	–888	324
<b>Comprehensive income for the period</b>	<b>16,582</b>	<b>78,466</b>
<b>Closing equity</b>	<b>666,501</b>	<b>663,912</b>

<sup>1)</sup> Premiums for waiver of premium insurance and collective final payments have been reduced as a result of the increased employers' expenses arising from the rules for coordination and calculation of pensionable salaries introduced by the parties to ITP 2 in 2008.

<sup>2)</sup> Other changes primarily consist of refunds paid in association with the transfer of defined contribution insurance.

# Notes

## NOTE 1 Group and parent company accounting principles

The interim report refers to the period from 1 January–30 June 2025 for Alecta Tjänstepension Ömsesidigt, organisation number 502014-6865, including the Group.

The interim report includes pages 2–17, and thus the interim information on pages 2–8 constitutes an integral part of this financial report. The amounts are specified in SEK millions unless otherwise stated. Due to rounding, the sum of the figures may differ from the totals.

### Compliance with standards and law

The consolidated financial statements and the parent company's interim report have been prepared in accordance with the Swedish Act at Annual Accounts in Insurance Companies (ÅRFL) and the Swedish Financial Supervisory Authority regulations and general advice on annual accounts in insurance companies and occupational pension companies (FFFS 2019:23) with its amendment regulations. Furthermore, the Swedish Financial Reporting Board Recommendation RFR 2 Accounting for legal entities has been applied.

When preparing both consolidated financial statements and the parent company interim report, so-called legally restricted IFRS has been applied, which means that international accounting standards are applied to the extent possible under Swedish legislation in the area of accounting and taxation.

The rules in the IAS 34 Interim reporting standard have been followed in the preparation of this interim report.

### Changes in accounting principles

Changes to existing standards have not had any significant impact on the reporting. Accounting principles and calculation methods are otherwise unchanged compared to the latest annual and sustainability report.

### Parent company

Like the Group, the parent company applies so-called legally restricted IFRS, which means that the differences in applied accounting principles between the parent company and the Group are not so major. The significant differences are the same as for the preparation of the most recent annual and sustainability report.

Notes 3, 4 and 5 on financial assets and liabilities are only presented for the Group. There is no major difference between the parent company and the Group.

## NOTE 2 Related parties

Alecta considers the following legal entities and physical persons to be related parties according to the definition in IAS 24:

- all companies in the Alecta Group
- members of the Board, senior management and the managers of central functions
- close family members of members of the board, senior management and managers of central functions
- The Confederation of Swedish Enterprise, PTK and its member organisations/unions
- associated companies and joint ventures.

A description of transactions with related parties can be found in the Alecta Annual and Sustainability Report for 2024, Note 48.

Alecta Tjänstepension Ömsesidigt provides premises and internal services for functions including finance, IT and HR for the subsidiary company, Alecta Fastigheter AB. The transactions totalled approximately SEK 13 (19) million during the first half of the year.

Alecta Tjänstepension Ömsesidigt has in turn received management services for directly owned properties and indirect investments from Alecta Fastigheter AB. In addition, Alecta Tjänstepension Ömsesidigt has also received property management services from Alecta Fastigheter AB, as Alecta Fastigheter AB handles the management and development of the Group's Swedish properties. The transactions relating to management services and property management services totalled SEK 47 (41) million during the first half of the year.

No significant changes in agreements and relationships between Alecta and related parties have occurred during the period.

## NOTE 3 Classification of financial assets and liabilities

Group 30-06-2025	Financial assets/ liabilities measured at fair value through the income statement at initial recognition	Financial assets/ liabilities measured at fair value through the income statement; mandatory	Financial assets and liabilities measured at amortised cost	Total carrying amount	Fair value
<b>Financial assets</b>					
Shares and participations in associated companies and joint ventures <sup>1)</sup>	–	67,451	–	67,451	67,451
Debt securities issued by and loans to associated companies and joint ventures	2	–	–	2	2
Shares and participations	–	585,338	–	585,338	585,338
Bonds and other debt securities	619,807	–	–	619,807	619,807
Loans secured by real estate	7,119	–	–	7,119	7,119
Other loans	17,841	–	–	17,841	17,841
Derivatives	–	13,368	–	13,368	13,368
Receivables related to direct insurance operations	–	–	1,388	1,388	1,388
Other receivables	–	–	3,049	3,049	3,049
Cash and bank balances	–	–	3,662	3,662	3,662
Accrued interest and rental income	–	–	5,092	5,092	5,092
<b>Total</b>	<b>644,769</b>	<b>666,157</b>	<b>13,191</b>	<b>1,324,117</b>	<b>1,324,117</b>
<b>Financial liabilities</b>					
Liabilities related to direct insurance operations	–	–	28	28	28
Derivatives	–	11,957	–	11,957	11,957
Other liabilities	–	–	13,415	13,415	13,415
Other accrued expenses	–	–	1,077	1,077	1,077
<b>Total</b>	<b>–</b>	<b>11,957</b>	<b>14,520</b>	<b>26,477</b>	<b>26,477</b>
<b>Group 31/12/2024</b>					
<b>Financial assets</b>					
Shares and participations in associated companies and joint ventures	–	69,361	–	69,361	69,361
Debt securities issued by and loans to associated companies and joint ventures	743	–	–	743	743
Shares and participations	–	618,433	–	618,433	618,433
Bonds and other debt securities	573,370	–	–	573,370	573,370
Loans secured by real estate	6,986	–	–	6,986	6,986
Other loans	16,587	–	–	16,587	16,587
Derivatives	–	4,998	–	4,998	4,998
Receivables related to direct insurance operations	–	–	1,591	1,591	1,591
Other receivables	–	–	904	904	904
Cash and bank balances	–	–	3,589	3,589	3,589
Accrued interest and rental income	–	–	5,922	5,922	5,922
<b>Total</b>	<b>597,686</b>	<b>692,792</b>	<b>12,006</b>	<b>1,302,484</b>	<b>1,302,484</b>
<b>Financial liabilities</b>					
Liabilities related to direct insurance operations	–	–	12	12	12
Derivatives	–	29,609	–	29,609	29,609
Other liabilities	–	–	2,604	2,604	2,604
Other accrued expenses	–	–	1,884	1,884	1,884
<b>Total</b>	<b>–</b>	<b>29,609</b>	<b>4,500</b>	<b>34,109</b>	<b>34,109</b>

<sup>1)</sup> The balance sheet item includes holdings in Heimstaden Bostad AB of SEK 41.5 billion (31-12-2024: 40.7).



## NOTE 4 Valuation categories for financial instruments measured at fair value

Under the disclosure requirements in IFRS 13, financial assets and liabilities that are measured at fair value must be classified into three levels based on the valuation technique used. Assets and liabilities must be measured using the valuation technique that is appropriate in the circumstances, maximising the use of relevant observable inputs as long as this is possible. The purpose is to identify the valuation technique that best estimates the price at which the financial assets or financial liabilities can be sold or transferred between market participants under current market conditions.

The three levels of valuation categories are:

### Level 1: Measurement using prices quoted in an active market

Fair value measurement based on prices quoted in an active market is used if quoted prices are easily and regularly available and under the condition that these prices represent actual and regularly occurring market transactions. Examples of financial assets that are classified to this level include listed shares, government bonds and Swedish mortgage bonds.

Prices for these financial assets are obtained daily through index price providers retrieved from each exchange, which where applicable are converted at exchange rates quoted on a daily basis from the price provider, WM Company.

### Level 2: Measurement based on observable inputs

Financial assets and liabilities for which there are no quoted prices in an active market are measured at fair value based on as many available market inputs as possible. Examples of market inputs used in the measurement include:

- Quoted interest rates, credit spreads and exchange rates
- Market inputs on prices for similar financial instruments
- Market inputs on prices in recently completed transactions in the same or similar financial instruments

Examples of financial assets and liabilities classified to this level include debt securities instruments in the form of Swedish and foreign corporate bonds, structured bonds, cleared derivatives and all OTC derivatives in the form of interest rate swaps, currency derivatives and credit derivatives.

For interest-bearing securities instruments, daily prices from external price providers, Refinitiv and Bloomberg are used. Under the agreements, Alecta has the ability to inspect the price provider's valuation data to assure the quality of the provided price inputs.

For OTC derivatives, fair value is determined on a daily basis in Alecta's financial system in accordance with market practice by estimating the present value of the future cash flows of each derivative based on quoted market prices with respect to interest rates, credit spreads and exchange rates.

### Level 3: Measurement based on unobservable inputs

Financial assets that are measured at fair value without access to observable market inputs are classified to Level 3. It also presents financial assets measured at fair value that may be based on certain observable inputs, but not enough to meet the requirements for Level 2.

Examples of financial assets in this level consist mainly of financial instruments with real estate and infrastructure as underlying assets, but also of debt securities and unlisted shares and participations. Fair values for these assets are obtained from external price providers, fund managers, counterparties or property-owning companies following an external valuation of the underlying properties. For these assets, the valuation technique of external suppliers and fund managers is verified by requesting random valuation documentation.

### Principles for reclassification between levels

Financial assets and liabilities measured at fair value are classified to one of the three valuation categories at acquisition and then normally retain that classification until they are divested. However, under certain circumstances a financial asset may be reclassified to another level after the acquisition date. The following principles apply to such reclassification:

### Principle for reclassification between Level 1 and Level 2

To be reclassified from Level 1 to Level 2, the financial instruments must no longer be traded in an active market but can still be valued in accordance with the description for Level 2. Similarly, a reclassification from Level 2 to Level 1 may be done if the Level 2 financial instrument is quoted in an active market.

There were no financial instruments transferred from Level 1 to Level 2 or from Level 2 to Level 1 in either the first six months of 2025 or the first six months of 2024.

### Principle for reclassification between Level 2 and Level 3

A reclassification from Level 2 to Level 3 may be done if it is no longer possible to measure a financial instrument at fair value based on observable market inputs. Similarly, Level 3 financial instruments may be transferred to Level 2 if observable market inputs become available and an external price provider is able to measure fair value based on these inputs.

In the first six months of 2025, there were no transfers from Level 2 to Level 3 or from Level 3 to Level 2 nor for the corresponding period in 2024.

### Principle for reclassification between Level 1 and Level 3

A reclassification from Level 1 to Level 3 is done if a financial instrument is delisted from an active market and there are insufficient market inputs to allow for Level 2 measurement. Similarly, a reclassification from Level 3 to Level 1 may be done if the Level 3 financial instrument is quoted in an active market.

No transfers were made from Level 1 to Level 3 or from Level 3 to Level 1 in either the first half of 2025 or the first half of 2024.

### Sensitivity analysis for Level 3 financial instruments

Under IFRS 13, a sensitivity analysis must be presented for those financial instruments that are measured at fair value in accordance with Level 3. The sensitivity analysis must include an explanatory description of the sensitivity of the fair value measurement to changes in unobservable inputs.

Level 3 assets consist mainly of financial instruments with real estate and infrastructure as the underlying asset, but also of a significant proportion of debt securities and unlisted shares and participations. For financial instruments with real estate and infrastructure as the underlying asset, the most relevant value-influencing factor is changes in the required rates of return on real estate. The corresponding, largest value-influencing factor for financial instruments consisting mainly of debt securities as underlying assets consists of changes in interest rates and for unlisted shares of stock market risk.

The following table presents the estimated effects on fair value if the required rates of return on real estate rose 0.5 percentage points, an interest rate increase of 1 percentage point and a share price decrease of 10 per cent.

### Sensitivity Analysis

Group (SEK million)	Fair value	Value-influencing factor	Effect on fair value
Real estate-related holdings	128,428	Return requirement increase of 0.5 percentage points	-24,174
Interest-related holdings	70,773	Interest rate increase of 1 percentage point	-978
Share-related holdings	56,496	Share price decrease of 10 per cent	-5,650
<b>Total Level 3</b>	<b>255,697</b>		<b>-30,802</b>

### Heimstaden Bostad

Accounting principles and calculation methods relating to the holding in Heimstaden Bostad are otherwise unchanged compared to the latest annual report and sustainability report. The valuation has thus been made on the basis of the NAV (net asset value, i.e. net worth) reported by the company. The substance discount applied as of 30/06/2025 is thus unchanged compared to 31/12/2024, i.e. 15 per cent. For more detailed information, see the Alecta Annual and Sustainability Report 2024, note 22 pages 84–85.

## NOTE 4 Valuation categories for financial instruments measured at fair value, *cont.*

Group	Fair value of financial instruments, 30/06/2025			Carrying amount 30/06/2025
	Measurement using prices quoted in an active market Level 1	Measurement based on observable inputs Level 2	Measurement based on unobservable inputs Level 3	
<b>Assets</b>				
Shares and participations	466,613	–	118,725	585,338
Shares and participations in associated companies and joint ventures	–	–	67,451	67,451
Debt securities issued by and loans to associated companies and joint ventures	–	–	2	2
Bonds and other debt securities	362,609	212,638	44,560	619,807
Loans secured by real estate	–	–	7,119	7,119
Other loans	–	–	17,841	17,841
Derivatives	–	13,368	–	13,368
<b>Total assets</b>	<b>829,222</b>	<b>226,006</b>	<b>255,698</b>	<b>1,310,926</b>
<b>Liabilities</b>				
Derivatives	–	11,957	–	11,957
<b>Total liabilities</b>	<b>–</b>	<b>11,957</b>	<b>–</b>	<b>11,957</b>

Group	Fair values of financial instruments, 31/12/2024			Carrying amount 31/12/2024
	Measurement using prices quoted in an active market Level 1	Measurement based on observable inputs Level 2	Measurement based on unobservable inputs Level 3	
<b>Assets</b>				
Shares and participations	493,810	–	124,623	618,433
Shares and participations in associated companies and joint ventures	–	–	69,361	69,361
Debt securities issued by and loans to associated companies and joint ventures	–	741	2	743
Bonds and other debt securities	309,379	208,979	55,012	573,370
Loans secured by real estate	–	–	6,986	6,986
Other loans	–	–	16,587	16,587
Derivatives	–	4,998	–	4,998
<b>Total assets</b>	<b>803,189</b>	<b>214,718</b>	<b>272,571</b>	<b>1,290,478</b>
<b>Liabilities</b>				
Derivatives	–	29,609	–	29,609
<b>Total liabilities</b>	<b>–</b>	<b>29,609</b>	<b>–</b>	<b>29,609</b>

## NOTE 5 Disclosures on financial instruments measured at fair value based on Level 3<sup>1)</sup>

Group	Fair value 30/06/2025						Total
	Shares and participations	Shares and participations in associated companies and joint ventures	Debt securities issued by and loans to associated companies and joint ventures	Bonds and other debt securities	Loans secured by real estate	Other loans	
Opening balance 01/01/2025	124,623	69,361	2	55,012	6,986	16,587	272,571
Purchases	6,976	1,392	–	1,509	1,389	4,988	16,254
Sales	–2,551	–121	–	–8,665	–1,115	–2,604	–15,056
Gains and losses	–10,323	–3,181	–	–3,296	–141	–1,130	–18,071
Realised gains/losses, sold entire holding	–	–	–	15	–	–	15
Realised gains/losses, sold portion of holding	–109	–	–	742	–	62	695
Unrealised gains/losses	1,117	–1,503	–	11	–116	161	–331
Unrealised foreign exchange gains/losses	–11,331	–1,678	–	–4,064	–25	–1,353	–18,451
Transferred from Level 3	–	–	–	–	–	–	–
Transferred to Level 3	–	–	–	–	–	–	–
Closing balance 30/06/2025	118,725	67,451	2	44,560	7,119	17,841	255,698

Group	Fair value at year-end 2024						Total
	Shares and participations	Shares and participations in associated companies and joint ventures	Debt securities issued by and loans to associated companies and joint ventures	Bonds and other debt securities	Loans secured by real estate	Other loans	
Opening balance 2024	107,625	65,531	1	60,928	6,934	11,319	252,338
Purchases	13,012	737	1	3,250	1,950	11,398	30,348
Sales	–5,667	–71	–	–11,886	–2,012	–6,765	–26,401
Gains and losses	10,178	3,164	–	2,720	114	635	16,811
Realised gains/losses, sold entire holding	129	–	–	661	–	478	1,268
Realised gains/losses, sold portion of holding	–163	–	–	143	–	–5	–25
Unrealised gains/losses	2,960	2,141	–	–363	84	–259	4,593
Unrealised foreign exchange gains/losses	7,252	1,023	–	2,279	30	421	11,005
Transferred from Level 3	–525	–	–	–	–	–	–525
Transferred to Level 3	–	–	–	–	–	–	–
Closing balance 2024	124,623	69,361	2	55,012	6,986	16,587	272,571

<sup>1)</sup> Level 3 is defined in Note 4 Valuation categories for financial instruments measured at fair value.

# Signatures of Board and CEO

Stockholm, date as indicated by our electronic signature.

Magnus Hall  
*Chair*

Marcus Dahlsten  
*Deputy chair*

Elisabeth Sasse  
*Deputy chair*

Hillevi Agranius  
*Member of the Board*

Jesper Andersson  
*Member of the Board*

Hans Fahlin  
*Member of the Board*

Markus Granlund  
*Member of the Board*

Bo Kratz  
*Member of the Board*

Björn Oxhammar  
*Member of the Board*

Heléne Robson  
*Member of the Board*

Viveka Strangert  
*Member of the Board*

Hannes Hultcrantz  
*Employee representative*

Birgitta Pernkrans  
*Employee representative*

Peder Hasslev  
*CEO*

The interim report has not been subject to a review by the company auditors.



# Glossary

## Adjustment of paid-up policy values

Assigned refunds through an increase of the pension entitlement earned before retirement age. This adjustment is made primarily to compensate for inflation.

## Allocated refunds

Surplus that is allocated

- policyholders in the form of future reduction of premiums
- the insured parties in the form of a future increase in insurance benefit
- to cover the cost under the ITP plan. The parties to the collective agreement have been granted the right to instruct how the funds are to be used.

Allocated refunds are not formally guaranteed.

## Asset management expense ratio

Operating expenses for asset management relative to average assets under management.

## Assets under management

Calculated as equity, life insurance provision and outstanding claims, according to the balance sheet.

## Capital base

The insurance company must have sufficient capital, calculated as capital base to be able to cover any future unforeseen losses. The capital base consists of the difference between the company assets less intangible assets and financial liabilities, special indexation instruments and the technical provisions.

## Capital value

The estimated present value of future payment flows.

## Collective funding capital

The difference between the distributable assets, valued at market value and the insurance commitments (both guaranteed commitments and allocated refunds) to policyholders and insured parties.

## Collective funding ratio

Distributable assets divided by insurance commitments to policyholders and the insured parties (both guaranteed commitments and allocated refunds).

## Default option

In a defined contribution plan where the employee has not made an active choice of insurance company, the employee automatically becomes a customer of the insurance company that was appointed as a default option in the procurement of the management of the plan.

## Defined benefit insurance (ITP 2)

Defined benefit pension means that the amount of the pension is determined in advance, for example that it must be a certain amount or a certain percentage of the final salary.

## Defined contribution insurance

Defined contribution pension means that the size of the premium is determined in advance. For example, it may be a certain percentage of the salary or a certain amount. The size of the pension depends on the amount of pension capital at retirement.

## Derivatives

A derivative is a financial instrument, the value of which is based on the performance of another underlying instrument.

## Distributable assets

The total market value of the assets after deductions for financial liabilities and special indexation instruments.

## Financial position

The relationship between assets and liabilities where the key performance indicators for Alecta are a collective funding ratio and solvency ratio.

## Guaranteed refunds

Surplus allocated

- policyholders in the form of premium reduction
- the insured parties in the form of a increased guaranteed insurance benefit or additional paid amount/ pension supplement
- to cover the cost under the ITP plan. The decision on the final use is made by Alecta's Board of Directors, provided that the Board agrees unanimously that the designated use is consistent with Alecta's interests as an insurance company.

Guaranteed refunds are formally guaranteed.

## Insurance contracts

A contract between the insurer and the policyholder that contains a significant insurance risk.

## Insured party

The person covered by the insurance.

## Investments

The investment assets, cash and bank balances and other assets and liabilities related to investment assets (for example, accrued interest income) at market value on the balance sheet.

## Investment assets

Assets with the character of a capital investment at market value on the balance sheet including debt securities, shares and real estate.

## Management expense ratio

Operating expenses in the insurance business (acquisition and administrative costs) and claims settlement expenses relative to average assets under management. The key performance indicator is calculated in total and for defined contribution and defined benefit insurance.

## Occupational group life insurance (TGL)

A life insurance that provides the survivors with a fixed amount in the event of the death of the insured before retirement. Under the collective agreement, the employer is obliged to take out insurance for its employees.

## Pension supplement

Refunds allocated to the insured in addition to the guaranteed defined benefit pension. Under the applicable actuarial guidelines, the pension supplement must not exceed the increase in the Consumer Price Index for the year concerned, starting from the date on which the first pension payment was made to the insured. The pension supplement is determined by the Board each year and is allocated in conjunction with the payment.

## Policyholder

Anyone who has entered into an insurance contract with an insurance company.

## Premium reduction

Reduction of the premium through guarantees or allocation of refunds.

## Premium waiver insurance

Part of the collective risk insurance for the ITP plan, which means that the employer is exempt from premium payment if an insured party is affected by inability to work. In such cases, premiums for the insurance under the ITP plan are paid from the premium waiver insurance and are recognised as an insurance benefit.

## Risk insurance

Insurance for which the entire premium is used to cover the risk costs. There is no savings component in this type of insurance.

## Solvency margin

The required solvency margin is a minimum requirement for the size of the capital base. The solvency margin represents just over four per cent of the technical provisions.

## Solvency ratio

Total market-valued assets less intangible assets and financial liabilities relative to the guaranteed commitments.

## Special indexation instruments

Funds that are contributed to Alecta and allocated to guarantee the indexation of outgoing pensions or for other pension promotion purposes or allocation to a foundation for the purpose of indexation of pensions. Resolutions on the use of the funds for these purposes are made by the Council. Special indexation instruments are therefore not included in the capital base or the collective funding capital.

## Supplementary amounts

Refunds allocated to the insured parties in addition to the guaranteed defined contribution pension.

## Technical provisions

Technical provisions (TP) are the capital value of the insurance company's guaranteed commitments to the policyholder and the insured party. Technical provisions consist of life insurance provisions and provisions for outstanding claims.

## Total return

The return on investments, adjusted for cash flows and expressed as a percentage. Calculated in accordance with the recommendations of Insurance Sweden.



Alecta has been managing occupational pension plans since 1917. Our mission is to provide collectively agreed occupational pension plans as much value as possible both for our corporate customers as well as private customers. We do this by generating high returns at low cost, and providing excellent customer service. We manage just over SEK 1,300 billion on behalf of our owners – 2.8 million private customers and 37,000 corporate customers.