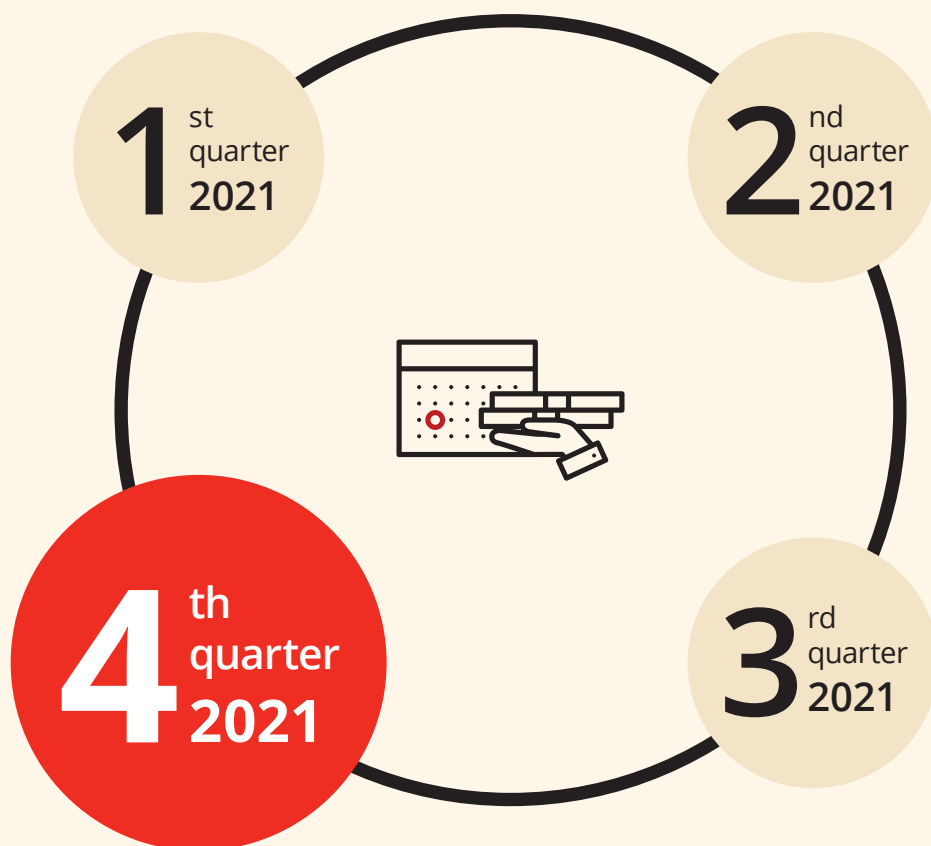


Interim report 2021

Storebrand Livsforsikring AS (unaudited)



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This document may contain forward-looking statements. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances that may be beyond the Storebrand Group's control. As a result, the Storebrand Group's actual future financial condition, performance and results may differ materially from the plans, goals and expectations set forth in these forward-looking statements. Important factors that may cause such a difference for the Storebrand Group include, but are not limited to: (i) the macroeconomic development, (ii) change in the competitive climate, (iii) change in the regulatory environment and other government actions and (iv) market related risks such as changes in equity markets, interest rates and exchange rates, and the performance of financial markets generally. The Storebrand Group assumes no responsibility to update any of the forward-looking statements contained in this document or any other forward-looking statements it may make. This document contains alternative performance measures (APM) as defined by The European Securities and Market Authority (ESMA). An overview of APM can be found at www.storebrand.com/ir

Interim report Storebrand Livsforsikring Group

Fourth quarter 2021

Storebrand Livsforsikring AS is a wholly owned subsidiary of the listed company Storebrand ASA. For information about the Storebrand Group's 4th quarter result please refer to the Storebrand Group's interim report for the 4th quarter of 2021. Storebrand Group's ambition is to provide our customers with financial freedom and security by being the best provider of long-term savings and insurance. The Group offers an integrated product range spanning from life insurance, P&C insurance, asset management and banking to private individuals, companies and public sector entities. The Group is divided into the segments Savings, Insurance, Guaranteed Pension and Other.

Profit Storebrand Livsforsikring Group

(NOK million)		2021				2020		1.1 - 31.12	
	Q4	Q3	Q2	Q1	Q4	2021	2020		
Fee and administration income	936	959	938	959	895	3,792	3,476		
Insurance result	158	148	168	125	215	599	454		
Operational expenses	-724	-602	-614	-584	-620	-2,523	-2,427		
Operating profit	371	505	492	500	490	1,868	1,503		
Financial items and risk result life & pension	361	141	543	178	270	1,223	204		
Profit before amortisation	731	646	1,035	678	760	3,091	1,707		
Amortisation	-90	-92	-91	-92	-95	-366	-372		
Profit before tax	641	554	944	586	665	2,725	1,336		
Tax	-157	-118	-23	-265	-114	-563	344		
Profit after tax	484	436	921	320	551	2,162	1,679		

The profit before amortisation was NOK 731m (NOK 760m) in the 4th quarter and NOK 3,091m (NOK 1 707m) for the full year. The figures in brackets are from the corresponding period last year which was adversely affected by the outbreak of the Covid-19 pandemic. Continued volume growth in Savings and a solid 'Financial items and risk result' in the Guaranteed business contribute to profit growth across all business units. The Swedish business SPP continues to deliver growing profits and increasing dividends, while releasing capital from its mature back book. Since 2015, SPP has repaid subordinated loans and paid dividends of SEK 8.7bn, which is SEK 5bn more than the results generated in the same period. The overall buffer capital level remains strong at 13% of guaranteed customer reserves and Storebrand Group's solvency ratio remained stable in the upper end of the target range at 175%. Storebrand's results in 2021 have not been particularly impacted by the Covid-19 pandemic.

Total fee and administration income amounted to NOK 936m (NOK 895m) in the quarter and NOK 3,792m (NOK 3,476m) for the full year, corresponding to an increase of 5% for the 4th quarter compared to last year and 9% for the full year. Strong growth in assets under management in all product segments within Savings, as well as growth in public sector occupational pensions (defined benefit) and paid-up policies, contribute to the income growth.

The Insurance result was NOK 158m (NOK 215m) in the 4th quarter and NOK 599m (NOK 454m) for the full year. The total combined ratio for the Insurance segment was 94% (85%) in the 4th quarter and 93% (98%) for the full year – slightly higher than the target range

of 90-92%. The improvement for the year is due to weak results in products with disability coverage during the Covid-19 pandemic in 2020.

The operating costs for the quarter was NOK -724m (NOK -620m). For the full year, the cost was NOK -2,523m (NOK -2,427m). Operational cost in the 4th quarter also includes special items related to the acquisition of Danica and write down of IT systems totalling NOK -48m..

Overall, the operating profit amounted to NOK 371m (NOK 490m) in the quarter and NOK 1,868m (NOK 1,503m) year to date.

The 'financial items and risk result' amounted to NOK 361m (NOK 270m) in the 4th quarter and NOK 1,223m (NOK 204m) for the full year. The result in 2021 includes a positive effect of NOK 409m from the divestment of AS Værdalsbruket in the 2nd quarter. Returns on invested assets were satisfactory, despite rising interest rates leading to lower mark to market values but higher yields going forward. Net profit sharing in guaranteed products amounted to NOK 504m (NOK 136m) for the full year and the risk result improved to NOK 187m (NOK 19m) in 2021 after a period of weak results during the Covid-19 pandemic.

Storebrand Livsforsikring Group booked a tax expense of NOK 157m (NOK 114m) in the quarter and NOK 563m (taxincome NOK 344m) year to date. The estimated normal tax rate is 21-23%, depending on each legal entity's contribution to the lifeinsurance group result.

Profit Storebrand Livsforsikring Group - by business area

(NOK million)	2021				2020		1.1 - 31.12	
	Q4	Q3	Q2	Q1	Q4	2021	2020	
Savings	197	250	250	304	211	1,001	782	
Insurance	55	64	86	56	140	261	89	
Guaranteed pensions	485	315	310	322	396	1,432	805	
Other	-6	17	390	-4	14	397	32	
Profit before amortisation	731	646	1,035	678	760	3,091	1,707	

Different tax rates in different countries of operations and currency fluctuations impact the quarterly tax rate. The lifeinsurance group has uncertain tax positions. Tax related issues are described in note 8.

The Group reports the results by business segment. For a more detailed description of the results, see the sections by segment below. Savings reported a profit before amortisation of NOK 197m (NOK 211m) in the quarter and NOK 1,001m (NOK 782m) for the full year, driven by growth in assets under management, as well as strong cost control. In Insurance, a better year for personal risk products generated a profit before amortisation of NOK 55m (NOK 140m) in the 4th quarter and NOK 261m (NOK 89m) for the full year. The

profit in Guaranteed pension improved to NOK 485m (NOK 396m) in the 4th quarter and NOK 1,432m (NOK 805m) for the full year. In the Other segment, it amounted to NOK -6m (NOK 14m) in the 4th quarter and NOK 397m (NOK 32m) for the full year.

Capital situation

The solvency ratio for Storebrand Group was 175% at the end of the 4th quarter, an decrease of 3 percentage points from last quarter. This is within the targeted range of 150-180%. Lower long term interest rates, a slightly lower volatility adjustment and a higher equity stress reduced the solvency ratio. Asset returns and a strong profit (net of dividends) contributed positively to the solvency ratio in the quarter.

Savings

- 19% growth in operating profit compared to 2020 y/y
- 15% growth in asset under management in the Unit Linked business y/y

The Savings segment includes products for retirement savings with no interest rate guarantees. The segment consists of defined contribution pensions in Norway and Sweden.

Profit

(NOK million)	2021				2020		1.1 - 31.12	
	Q4	Q3	Q2	Q1	Q4	2021	2020	
Fee and administration income	519	536	530	576	503	2,161	1,961	
Operational expenses	-329	-283	-283	-282	-296	-1,177	-1,138	
Operating profit	190	253	247	294	207	984	824	
Financial items and risk result life & pension	6	-3	3	10	4	17	-41	
Profit before amortisation	197	250	250	304	211	1,001	782	

Profit

The Savings segment reported a profit before amortisation of NOK 197m (NOK 211m) in the 4th quarter and NOK 1,001m (NOK 782m) for the full year.

Compared to last year, fee- and administration income in the Savings segment increased by 3% in the quarter and 10% for the full year, adjusted for currency 6% and 11% respectively. The income growth within Norwegian Unit Linked was 6% compared to the same quarter last year and 5% for the full year. This is despite the gradual implementation of Individual Pension accounts taking place this year, which reduces fees for Defined Contribution pensions. The income growth within Swedish Unit Linked was 3% compared to the same quarter last year and 15% for the full year. The income in the 1st quarter included non-recurring transaction fees amounting to SEK 37m. Adjusted for this gain the growth was 11% for the full year.

Unit Linked Norway reported a margin of 0.65%, down from 0.70% in the previous quarter. This is in line with expectations due to the introduction of Individual Pensions Accounts. Unit Linked Sweden reported a margin of 0.73%, down from 0.75% in the previous quarter.

Operational cost amounted to NOK -329m (NOK -296m) in the 4th quarter and NOK -1,177m (NOK -1,138m) for the full year. Operational cost increased by 3% in 2021 and cost control remains strong. The increase is attributed to growth initiatives in the business, digital investments.

The financial result was NOK 6m (NOK 4m) in the quarter and NOK 17m (NOK -41m) for the full year. The loss in 2020 stemmed primarily from negative one-off the resulting financial market turmoil as the Covid-19 pandemic unfolded.

Key Figures

(NOK million)	2021			2020	
	Q4	Q3	Q2	Q1	Q4
Unit Linked Reserves	308,351	295,790	295,195	278,702	268,331
Unit Linked Premiums	5,350	5,201	5,316	5,346	5,163

Balance sheet and market trends

Unit Linked premiums amounted to NOK 5.4bn (NOK 5.2bn) in the 4th quarter, an increase of 4% compared to last year. Total assets under management in Unit Linked increased by NOK 12.6bn (4%) during the 4th quarter to NOK 308bn and by NOK 40bn (15%) in 2021.

In the Norwegian Unit Linked business, assets under management increased by NOK 6.5bn (4.3%) to NOK 158bn in the quarter, and by NOK 21bn (15.2%) in 2021. The growth temporarily slowed in 2021 due to the process of transferring Pension Capital Certificates to Individual Pensions Accounts, where more capital has been transferred out than into Storebrand. Net transfers amounted to NOK -9.4bn in 2021. Underlying growth remains strong however, driven by growth in occupational pension premium payments and new sales as well as market returns. Storebrand is the second largest provider of defined contribution pensions in Norway, with a market share of 27% of gross premiums written (at the end of the 3rd quarter 2021).

In the Swedish market, SPP is the second largest provider of non-unionised occupational pensions with a market share of 13% measured by gross premiums written including transfers within Unit Linked (as at the end of Q3 2021). Unit Linked assets under management increased by SEK 9.8bn (7%) to SEK 155bn in the quarter, and SEK 28.7bn (23%) in 2021, despite a year with elevated competition in the transfer market. The growth is driven by strong growth in sales (APE) and market returns.

Insurance

- Stable result development, combined ratio of 94% for the quarter
- 9% growth in portfolio premiums y/y for Individual life
- Measures have been taken to improve profitability further

The Insurance segment provides personal risk products in the Norwegian and Swedish retail market and employee insurance and pension-related insurance in the Norwegian and Swedish corporate markets.

Insurance

(NOK million)	2021				2020		1.1 - 31.12	
	Q4	Q3	Q2	Q1	Q4	2021	2020	
Insurance result	158	148	168	125	215	599	454	
- Insurance premiums f.o.a.	759	745	742	742	750	2,988	2,938	
- Claims f.o.a.	-601	-598	-574	-617	-535	-2,389	-2,484	
Operational expenses	-115	-94	-96	-99	-99	-404	-399	
Operating profit	43	54	72	26	116	195	56	
Financial items and risk result life & pension	12	10	14	30	23	65	33	
Profit before amortisation	55	64	86	56	140	261	89	

Profit

Insurance delivered a profit before amortisation of NOK 55m (NOK 140m) in the 4th quarter and NOK 261m (NOK 89m) for the full year, representing a combined ratio of 94% (85%) in the quarter and 93% (98%) year to date. The result is weaker than the target combined ratio of 90-92%. The combined ratio in the quarter is driven by claims in line with normalised levels, but higher operational cost partly due to special items including write down of IT systems.

For Individual life, the profit before amortisation was NOK 40m (NOK 77m) in 4th quarter and NOK 248m (NOK 181m) for the full year, which represents a satisfactory and stable result in the quarter. Group life reported a profit before amortisation of NOK 3m (NOK 19m) in the 4th quarter and NOK -44m (NOK -204m) for the full year. The Group life result improved in the quarter compared to previous periods. Measures, including pricing, have been taken to improve the robustness and profitability in the product.

The result for 'Pension related disability insurance Nordic' was NOK 13m (NOK 43m) in the 4th quarter and NOK 56m (NOK 112m) for the full year. The Norwegian business experienced increases in disability levels, partly due to seasonal effects, but the result remained positive. In the Swedish business, the result in the quarter was stable.

Cost control has continued to be satisfactory. The cost ratio was 15% (13%) in the 4th quarter and 14% (14%) for the full year. Operational cost amounted to NOK -115m (NOK -99m) in the quarter and NOK -404m (NOK -399m) year to date.

Insurance's investment portfolio in Norway amounted to NOK 7.1bn¹ as of the end of the 4th quarter. It is primarily invested in fixed income securities with short to medium duration and achieved a financial return of 1.1% in the quarter and 4.0% year to date.

Balance sheet and market trends

The Insurance segment offers a broad range of products to the retail market in Norway, as well as to the corporate market in both Norway and Sweden.

Annual portfolio premiums as of 4th quarter was 3% lower compared to the same period last year. The Individual Life product line grew 9%, while Group Life experienced a reduction due to a large group life contract was terminated representing annual portfolio premiums of NOK 275m, with effect from 1 January 2021. Pension related disability insurance grew by 2% in the 4th quarter compared to the same period last year.

¹ NOK 2.8bn of the investment portfolio is linked to disability coverages where the investment result goes to the customer reserves and not as a result element in the P&L.

Portfolio Premium (annual) (NOK million)	2021				2020
	Q4	Q3	Q2	Q1	Q4
Individual life *	784	754	753	747	721
Group life **	828	824	814	827	1,005
Pension related disability insurance ***	1,369	1,351	1,346	1,293	1,274
Portfolio premium	2,981	2,929	2,913	2,867	2,999

* Individual life disability insurance ** Group disability, workers compensation insurance *** DC disability risk premium Norway and disability risk Sweden

Key Figures (NOK million)	2021				2020
	Q4	Q3	Q2	Q1	Q4
Claims ratio	79 %	80 %	77 %	83 %	71 %
Cost ratio	15 %	13 %	13 %	13 %	13 %
Combined ratio	94 %	93 %	90 %	97 %	85 %

Guaranteed pension

- 14% growth in operating profit y/y
- Solid risk result
- Strong profit sharing
- Further strengthening of buffer capital

The Guaranteed Pension segment includes long-term pension savings products that give customers a guaranteed rate of return. The area includes defined benefit pensions in Norway and Sweden, paid-up policies and individual capital and pension insurances.

Guaranteed pension

(NOK million)	2021				2020	1.1 - 31.12	
	Q4	Q3	Q2	Q1	Q4	2021	2020
Fee and administration income	418	423	407	383	389	1,631	1,511
Operational expenses	-248	-217	-227	-197	-218	-890	-861
Operating profit	169	206	180	186	171	741	650
Risk result life & pension	63	70	21	32	14	187	19
Net profit sharing	253	38	108	104	211	504	136
Profit before amortisation	485	315	310	322	396	1,432	805

Note: The 'Guaranteed Pension' segment now includes 'Euroben' as a part of 'Guaranteed Pension, Sweden' and historical figures have been adjusted accordingly. Prior to Q1 2021 it was reported under the 'Other' segment.

Profit

Guaranteed Pension achieved a profit before amortisation of NOK 485m (NOK 396m) in the 4th quarter and NOK 1,432m (NOK 805m) for the full year.

Fee and administration income amounted to NOK 418m (NOK 389m) in the 4th quarter and NOK 1,631m (NOK 1,511m) for the full year. The majority of the guaranteed products are closed for new business and are in long term run-off. However, growth in public sector occupational pensions (reported as Defined Benefit Norway) and transfers of closed Defined Benefit plans to Paid-up policies drive the increase in fee income.

Operational cost amounted to NOK -248m (NOK -218m) in the 4th quarter and NOK -890m (NOK -861m) for the full year.

For the full year operating profit increased by 14% to NOK 741m (NOK 650m).

The risk result amounted to NOK 63m (NOK 14m) in the quarter and NOK 187m (NOK 19m) for the full year. A positive disability and longevity risk result in Norwegian Paid-up policies are the main contributors to the result. In the Norwegian Defined Benefit portfolio, the result in the quarter amounted to NOK 8m (NOK -42m), representing improvement compared to earlier quarters.

Net profit sharing amounted to NOK 253m (NOK 211m) in the 4th quarter and NOK 504m (NOK 136m) for the full year. In the Norwegian business, Paid-up policies and Individual life and pension contributed with NOK 98m (NOK 58m) in the quarter due to financial returns and risk results to be shared between the company and policyholders. In SPP, net profit sharing was NOK 155m (NOK 152m) in the quarter, driven by strong asset return, particularly within real estate investments.

Balance sheet and market trends

The majority of the guaranteed products are in long term run-off as pension payments are paid out to policyholders. Most customers have switched from guaranteed to non-guaranteed products, in line with the Group's strategy. A new growth area for Storebrand is public sector occupational pensions, where Storebrand won its first mandates in 2020, transferred in 1st quarter 2021. This has been the main driver for a large net increase in Defined Benefit reserves in the Norwegian business of NOK 7.4bn year to date. Additional mandates, estimated to NOK 5.5bn of reserves was won during 2021, but will be transferred to Storebrand in early 2022.

As of the 4th quarter, customer reserves of guaranteed pensions amounted to NOK 291bn. This is an increase of NOK 3bn in 2021. Adjusted for currency effects, reserves increased NOK 10bn and is attributed to the growth in public occupational pensions and excess returns.

As a share of the total balance sheet, guaranteed reserves amounted to 48.5% (51.7%) at the end of the 4th quarter, a reduction of 3.2 percentage points during 2021. Net outflow of guaranteed reserves (excluding transfers) amounted to NOK -2.7bn in the quarter and NOK -10.3bn for the full year. This is as a result of more pensions being paid out than premiums being paid in as the Guaranteed business is in run-off.

Paid-up policies are experiencing some growth over time as active Defined Benefit contracts eventually become Paid-up policies. Reserves amounted to NOK 149bn as of the 4th quarter, an increase of NOK 4.5bn in 2021. The increase is largely attributed to NOK 3bn in transfers of profitable guaranteed business to Storebrand.

Guaranteed portfolios in the Swedish business totalled NOK 93bn as of the 4th quarter, a decrease of NOK 7.9bn in 2021. Adjusted for currency effects, the decrease was NOK -1.2bn.

Storebrand's strategy is to have a solid buffer capital level in order to secure customer returns and shield shareholder's equity under turbulent market conditions. In the 4th quarter alone, the buffer capital increased NOK 2bn. Buffer capital for Guaranteed pensions amounted to 11.2% (11.0%) of reserves in Norway, corresponding to an increase of NOK 1.4bn in 2021. This does not include NOK 4.8bn of off-balance sheet excess values of bonds held at amortised cost. In Sweden, buffer capital amounted to 17.8% (11.4%), corresponding to an overall increase of NOK 3bn in 2021 (NOK 3.7bn adjusted for currency effects).

Key Figures

(NOK million)	2021				2020
	Q4	Q3	Q2	Q1	Q4
Guaranteed reserves	290 862	292 161	294 909	286 410	287 614
Guaranteed reserves in % of total reserves	48.5 %	49.7 %	50.0 %	50.7 %	51.7 %
Transfer out of guaranteed reserves	447	-683	-94	6,941	704
Buffer capital in % of customer reserves Storebrand	11.2 %	10.8 %	11.3 %	9.8 %	11.0 %
Buffer capital in % of customer reserves SPP	17.8 %	15.5 %	15.1 %	14.1 %	11.9 %

Other

Under Other, the company portfolios of Storebrand Livsforsikring and SPP are reported.

Other

(NOK million)			2021		2020		1.1 - 31.12	
	Q4	Q3	Q2	Q1	Q4	2021	2020	
Fee and administration income					3		4	
Operational expenses	-32	-7	-7	-6	-7	-53	-30	
Operating profit	-32	-7	-7	-6	-4	-53	-26	
Financial items and risk result life & pension	26	24	397	2	18	450	57	
Profit before amortisation	-6	17	390	-4	14	397	32	

Profit

The Other segment reported a profit before amortisation of NOK -6m (NOK 110m) in the 4th quarter and NOK 397m (NOK 32m) for the full year.

The strong result year to date in 2021 is attributed to the sale of AS Værdalsbruket in the 2nd quarter with a net gain of NOK 409m. In 2020, the result was modest due financial market developments. Unrealised losses on investments occurred in the 1st quarter during the financial market turmoil but were reversed throughout the remainder of the year. Operational cost increased in the 4th quarter due to NOK -25m transaction costs related to the acquisition of Danica.

The financial result for the Other segment includes the company portfolios of SPP and Storebrand Life Insurance. The financial result for the other segment amounted to NOK 26m in the quarter (NOK 18m) and NOK 450m (NOK 57m) for the full year. In the 4th quarter a financial loss of NOK -18m incurred when winding up a run-off Swedish branch

The investments in the company portfolios are primarily in interest-bearing securities in Norway and Sweden. The Norwegian company portfolio reported a return of 0.4% in the quarter and 1.7% year to date. The Swedish company portfolio achieved a return of -0.1% in the quarter and 0.4% year to date.

The Storebrand Life Insurance Group is funded by a combination of equity and subordinated loans. Given the interest rate level at the end of the 4th quarter, interest expenses of approximately NOK 110m per quarter are expected going forward. The company portfolios in the Norwegian and Swedish life insurance companies and the holding company amounted to NOK 33.6bn at end of the year.

¹ Consists of equity, subordinated loan capital, market value adjustments reserve, risk equalisation reserve, unrealised gains/losses on bonds and loans and loans at amortised cost, additional statutory reserves, conditional bonuses

Balance sheet, solidity and capital situation

Continuous monitoring and active risk management is a core area of Storebrand's business. Risk and solidity are both followed up on at the Group level and in the legal entities. Regulatory requirements for financial strength and risk management follow the legal entities to a large extent. The section is thus divided up by legal entities.

Storebrand Livsforsikring Group

The Solidity capital¹⁾ measures the amount of IFRS capital available to cover customer liabilities. The solidity capital amounted to NOK 74.1bn at the end of 4th quarter 2021, an increase in the 4th quarter by NOK 0.3bn and year to date by NOK 1.3bn. The change in the quarter is primarily due to increased interest rates in Norway and increased customer buffers in both Norway and Sweden. During the 1st quarter, a subordinated loan of EUR 300m has been issued and EUR 50m has been repurchased. In the 3rd quarter, a subordinated loan of SEK 900m has been issued. In October a subordinated loan of SEK 750m has been repurchased.

Storebrand Livsforsikring AS

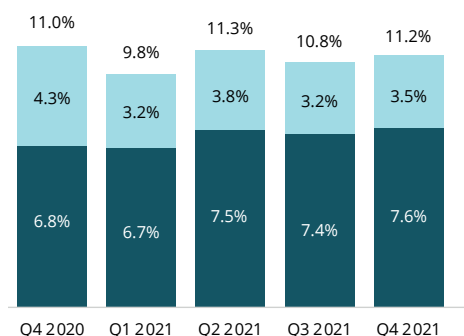
The market value adjustment reserve increased during the 4th quarter by NOK 0.6bn and decreased by NOK 0.9bn year to date. At the end of 4th quarter the market value adjustment reserve amounted to NOK 6.3bn, corresponding to 3.5% (3.2% at the end of 3rd quarter) of customer funds with a guarantee.

The additional statutory reserves amounted to NOK 13.6bn, corresponding to 7.6% (7.4% at the end of the 3rd quarter) of customer funds with guarantee, at the end of the 4th quarter 2021. Investment returns in customer portfolios higher than the guaranteed interest rate in the quarter and year to date increased reserves by NOK 1.6bn while new business transferred in contributed positively with NOK 0.6bn in additional statutory reserves year to date.

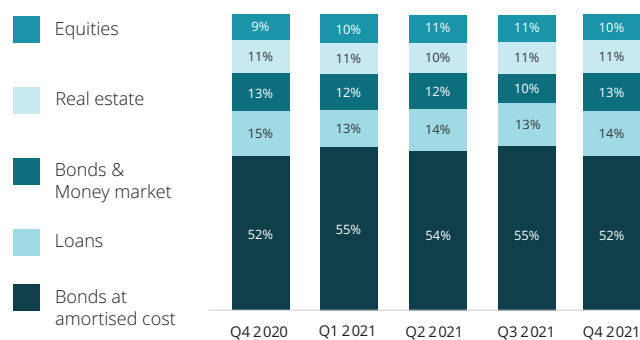
Together, the customer buffers amounted to 11.2% (10.6% at the end of the 3rd quarter) of customer funds with guarantee.

The excess value of bonds and loans valued at amortised cost decreased by NOK 1.5bn in the 4th quarter and by NOK 5.5bn year to date due to higher interest rates and amounted to NOK 3.4bn at the end of the 4th quarter, but is not included in the financial statements.

Customer buffers

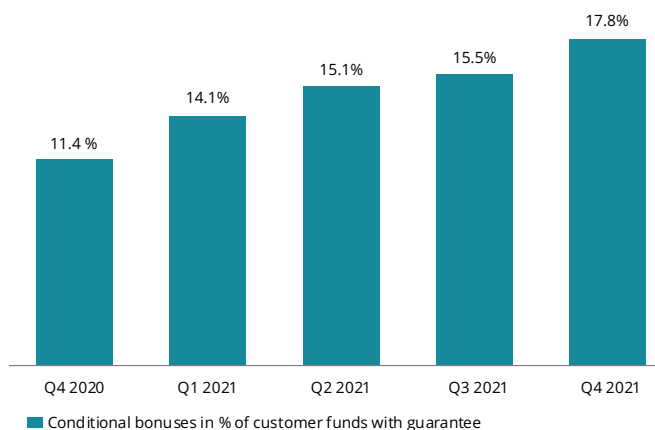


Allocation of guaranteed customer assets



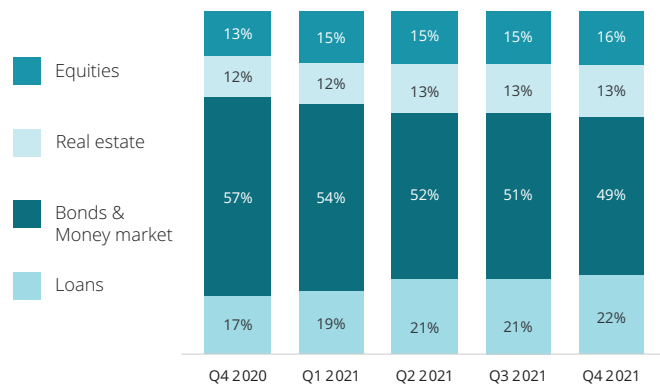
Customer assets increased in the 4th quarter by NOK 6.5bn and by NOK 31.9bn year to date, amounting to NOK 356bn at the end of the year. Customer assets within non-guaranteed savings increased by NOK 6.5bn during the 4th quarter and by NOK 20.8bn year to date, amounting to NOK 157bn at the end of the year. Guaranteed customer assets are unchanged in the 4th quarter and increased by NOK 11.1bn year to date, amounting to NOK 198bn at the end of the year.

SPP
Buffer Capital



The buffer capital (conditional bonuses) amounted to SEK 14.1bn (SEK 10.3bn) at the end of the 4th quarter.

Allocation of Guaranteed Customer Assets



Total assets under management for customers in SPP were SEK 247bn (SEK 209bn) at the end of the 4th quarter. This corresponds to an increase of 18% in 2021. For customer assets in non-guaranteed savings, assets under management amounted to SEK 155bn (SEK 126bn) at the end of the 4th quarter, which corresponds to an increase of 23% in 2021.

Outlook

Strategy

Storebrand Group follows a two-fold strategy that gives a compelling combination of self-funded growth in the front book, the growth areas of the "future Storebrand", and capital return from a maturing back book of guaranteed pensions.

Storebrand Group aims to be (a) the leading provider of Occupational Pensions in both Norway and Sweden, (b) continue a strategy to build a Nordic Powerhouse in Asset Management and (c) ensure fast growth as a challenger in the Norwegian retail market for financial services. The combined capital, customer base, cost and data synergies across the Group provide a solid platform for profitable growth and value creation.

Storebrand also continues to manage capital and a back book with guaranteed products for increased shareholder return. This includes both a dividend policy of growing ordinary dividends from earnings as well as managing the legacy products that carry interest guarantees in a capital-efficient manner. The goal is to release an estimated NOK 10bn of capital by 2030.

Financial performance

In Norway, the market for private sector occupational pensions has experienced increased competition over the last years in anticipation of the new Individual Pension Accounts (IPA) introduced in 2021. Consequently, the Unit Linked segment in Norway has been reporting a gradually lower fee income margin. This has been reinforced by individuals' contracts being merged into one account in 2021. The product's profit is expected to decline in 2022, before recovering in 2023 through strong underlying growth as well as measures to increase profitability. The market has grown structurally over the past years. High single-digit growth in Defined Contribution premiums and double-digit growth in assets under management are expected during the next years. We aim to defend Storebrand's strong position in the market, while also focusing on cost leadership and improved customer experience through end-to-end digitalisation.

In December 2021, Storebrand announced that it has entered into an agreement to acquire Danica in Norway, which holds a market share of 5% in Defined Contribution pensions. The acquisition is expected to close during the first half of 2022. This will strengthen Storebrand's presence in the segment for small and medium sized businesses, and it will increase Storebrand's distribution capacity of both Defined Contribution pensions and personal risk products.

As a leading occupational pension provider in the private sector, Storebrand also has a competitive offering to the public sector market. Premiums in the public sector pension market are growing and it is larger in reserves than the private sector. This represents a potential additional source of revenue generation for Storebrand. The ambition is to gain 1% market share annually, or approximately NOK 5bn in annual net inflow.

In Sweden, SPP has become a significant profit contributor to the Storebrand Group, driven by earnings growth and ongoing capital release. Growth is expected to continue, driven by an edge in digital and ESG-enhanced solutions, and a strong market position. The market is expected to grow about 8% annually, supported by increasing transfer volumes. Going forward, SPP's ambition is to grow 14-16% annually – twice the overall market growth – through capturing the largest share of transfers.

Overall reserves for guaranteed pensions are expected to start decreasing in the coming years. Guaranteed reserves represent a declining share of the Group's total pension reserves and amounted to 48.5% of the pension reserves at the end of the year, 3.2 percentage points lower than at the end of last year. Storebrand has a strategy is to secure customer returns and shield shareholder's equity under turbulent market conditions by building customer buffers.

The individualisation of the market for pension and savings is expected to further increase and may be reinforced by the introduction of individual pension accounts in Norway. Retail has become an increasingly large part of Storebrand.

Strong cost discipline will be a critical success factor to deliver on the earnings ambition. Storebrand will continue to reduce underlying costs, but it will also be necessary to make selective investments to facilitate profitable growth.

Risk

Our risk management framework is designed to take appropriate risk in order to deliver returns to customers and shareholders. At the same time, the framework shall ensure that we shield our customers, shareholders, employees and other stakeholders from undesirable incidents and losses. The framework covers all risks that Storebrand may be exposed to.

Financial market risk is the Group's biggest risk, but main risks also include business risk, insurance risk, counterparty risk, operational risk, climate risk and liquidity risk. In the Board's self-assessment of risk and solvency (ORSA) process, developments in interest rates, credit spreads, and equity and property values are considered to be the biggest risks that influence the solvency of the Group. Should the economic situation worsen, and financial markets deteriorate, investment losses may occur from reduced valuations of such instruments.

In the long term, continued low interest rates represent a risk for products with guaranteed high interest rates. The level of the average annual interest rate guarantee is gradually reduced as older policies with higher guarantees are phased out. Storebrand has also adapted to the low interest rate environment by increasing the asset duration, building a robust portfolio of bonds at amortised cost to achieve sufficient returns, and building up buffer capital. The investment portfolio in Norway with 52% of the bonds booked at amortised cost, as well as an asset-duration matched portfolio in Sweden, reduce the impact of interest rate movements. With over 13% of customer buffers as a share of customer reserves, Storebrand effectively has NOK 34bn more in customer assets than liabilities and NOK 3.4bn in surplus values in bonds held at amortised cost. Customer buffers increase the expected booked returns in Norway. The customer buffers can also be used to compensate for a shortfall in returns under poor market conditions, limiting the financial risk to shareholders and policyholders. In markets with rising interest rates, the buffer capital absorbs lower mark-to-market values on bonds.

Increased longevity and development in disability are the main insurance risk factors for the Group. A weakening of the Norwegian economy that leads to higher unemployment may lead to higher disability levels, which can result in increased claims. The Covid-19 pandemic has led to increased uncertainty in disability and related claims. Storebrand continues to monitor the development closely.

Operational risk may also influence solvency. Several regulatory processes, both on the domestic and international level, with potential implications for capital, customer returns and commercial opportunities are described below in a separate section.

Changes have been made to the Norwegian tax legislation for the insurance industry over many years. Storebrand and the Norwegian Tax Administration have interpreted some of the legislation changes and the associated transitional rules differently. Consequently, Storebrand has three uncertain tax positions with regards to recognised tax expenses. These are described in more detail in note 8. Should Storebrand's interpretation be accepted in

all three cases, an estimated positive tax result of up to NOK 2.8bn may be recognised. Should all the Norwegian Tax Administration's preliminary interpretations be the final verdict, a tax expense of NOK 1.8bn could be recognised. The timeline for settling the process with the Norwegian Tax Administration might take several years. If necessary, Storebrand will seek clarification from the court of law on the matter.

Regulatory changes

Savings in Norwegian Defined Contribution pensions

In December 2021, new legislation was adopted making pension contributions mandatory for all of employees' income, not just income above 1G (G = NOK 106 399) for employees working more than 20% and are above the age of 20. Companies need to adapt to the new legislation before 1 July 2022. It is estimated that the changes will increase total savings in the Defined Contribution pension market by about NOK 3 billion per year.

Public Occupational Pensions

The Norwegian parliament also passed new legislation in December 2021 regulating the buffer capital within public occupational pension schemes. The new legislation merges the market value adjustment reserves with the additional statutory reserves into a more flexible customer buffer fund which can cover negative returns. There is no cap on the size of the new buffer fund. The new regulation will facilitate competition in the market for public occupational pensions and is expected to be positive for Storebrand's growth ambitions in this market.

Paid-up policies

New legislation was passed for Paid-up policies in December 2021. The final changes are:

- The ability for providers to build additional statutory reserves separately for individual contracts. This will allow for profit sharing and increased benefits on contracts with sufficient additional statutory reserves.
- Faster pay-outs for small paid up-policies. Providers can reduce the pay-out period for paid-up policies so that annual payments equal 0.3G (G = NOK 106 399). Policyholders can demand a reduced pay-out period so that annual payments equal 0.5G. The policyholder and provider also have the option to enter into an agreement to reduce the pay-out period so that the annual payments equal 1G. This can reduce longevity risk and duration risk for the affected contracts.
- Providers will be allowed to compensate customers who convert guaranteed paid-up policies to investment choice. It will still be possible to offer conversion without compensation. If compensation is offered, it should reflect the value of the guaranteed returns the customer surrenders.

The legislation change passed regarding more flexible buffer capital management within public occupational pensions mentioned above was not passed for paid-up policies. The Ministry of Finance has however announced that it may consider further regulatory changes.

Solvency II review

The European Commission presented proposals for changes in the Solvency II standard model in September 2021. The Commission's proposals differ significantly compared to earlier proposals from The European Insurance and Occupational Pension Authority (EIOPA).

The main purpose of the revision is to ensure that insurance companies continue to invest in accordance with the political priorities of the EU, especially with regards to financing the post Covid-19 recovery by facilitating long-term investments and increasing the capacity to invest in European business. The Commission also emphasises the insurance sector's important role when it comes to financing the green transition and helping society to adapt to climate change. The review also intends to correct deficiencies in current regulation and make the insurance sector more robust.

Storebrand currently applies the standard model. In the review, changes to the interest rate risk module could increase the solvency capital requirement for Norwegian and Swedish insurers. The Commission's proposals appear more representative for Norwegian interest rates than earlier proposals from EIOPA. The Commission also proposes changes that could have offsetting effects to increased capital requirements, such as a reduced risk margin. Several changes are also proposed in the calculation of the volatility adjustment as well as an increased interval for the symmetric adjustment for equity risk. As they are currently outlined, the Commission's proposals are not expected to have a significant overall impact on Storebrand's solvency ratio.

The Commission has not outlined a timeline for the further process on adapting changes in the standard model. We expect final conclusions to be drawn by the Commission, the Parliament and the Council in 2022. This will be followed by work on delegated acts and guidelines. Changes are not expected to enter into force until 2024-2025. The Commission will also consider a phasing-in period of five years for new rules related to the calculation of interest rate risk and the new extrapolation method for interest rates will be phased in gradually until the end of 2031.

Changes in IFRS

A new accounting standard for insurance contracts, IFRS 17, is set to be implemented in 2023. The purpose is to introduce common accounting rules for insurance contracts and improve the comparability of insurance accounts. IFRS 17 entails, among other things, market

valuation of liabilities, separation of insurance cohorts in the accounts, income recognition over the contract period rather upfront, and an amended profit and loss statement. Storebrand will implement IFRS 9 for financial instruments at the same time. For Storebrand's consolidated financial statements, the new standards will lead to changes in the valuation of insurance contracts, classification of fixed income investments and how profits are recognised. Estimated effects for Storebrand will be presented closer to implementation. Whether IFRS 17 is implemented in the statutory reporting requirements is decided by national regulations in each country. For the life insurance business, IFRS 17 is not expected to be applied in the statutory reporting requirements. The effects from the implementation of IFRS 17 is thus not expected to affect the Solvency calculations nor dividend capacity significantly.

Sustainable Finance

The European Union's Action Plan on Sustainable Finance aims to contribute to realising the Paris goals of reduced carbon emissions. It intends to increase the share of sustainable investments, promote long-termism and clarify which financial products are actually sustainable. This is followed by new regulation to increase investments in sustainable activities and increase the resilience of the financial system when it comes to climate risk. New legislation introducing the EU Taxonomy on classification of sustainable activities and regulation on climate-related disclosures in Norwegian law was passed in December 2021.

Lysaker, 8 February 2022

Board of directors Storebrand Livsforsikring AS

Storebrand Livsforsikring Group

Statement of comprehensive income

(NOK million)	Q4		1.1 - 31.12	
	2021	2020	2021	2020
TECHNICAL ACCOUNT:				
Gross premiums written	7,173	6,427	29,467	27,379
Reinsurance premiums ceded	-9	-1	-19	-11
Premium reserves transferred from other companies	5,705	1,902	22,064	15,437
Premiums for own account	12,868	8,328	51,512	42,805
Income from investments in subsidiaries, associated companies and joint ventures companies	446	307	654	473
Interest income and dividends etc. from financial assets	1,781	1,910	6,787	6,992
Net operating income from properties	188	251	1,053	1,018
Changes in investment value	1,182	8	-1,577	3,028
Realised gains and losses on investments	1,202	1,525	3,939	2,918
Total net income from investments in the collective portfolio	4,799	4,002	10,856	14,429
Income from investments in subsidiaries, associated companies and joint ventures companies	97	57	136	96
Interest income and dividends etc. from financial assets	1,572	884	1,835	919
Net operating income from properties	45	20	178	168
Changes in investment value	13,128	10,139	37,659	10,396
Realised gains and losses on investments	1,803	2,958	7,875	4,838
Total net income from investments in the investment selection portfolio	16,646	14,058	47,682	16,418
Other insurance related income	395	391	1,573	1,426
Gross claims paid	-5,431	-5,069	-21,176	-20,372
Claims paid - reinsurance	1	10	9	15
Premium reserves etc. transferred to other companies	-9,595	-1,970	-29,777	-8,152
Claims for own account	-15,024	-7,030	-50,945	-28,509
To/from premium reserve, gross	1,019	1,323	373	-353
To/from additional statutory reserves	-406	-1,690	-2,290	-2,460
Change in marketvalue adjustment fund	-617	922	861	-1,670
Change in premium fund, deposit fund and the pension surplus fund	-6	-2	-9	-3
To/from technical reserves for non-life insurance business	22	12	30	-106
Change in conditional bonus	-1,412	-1,441	-4,122	-223
Transfer of additional statutory reserves and value adjustment fund from other insurance companies/pension funds	43	33	724	27
Changes in insurance obligations recognised in the Profit and Loss Account - contractual obligations	-1,357	-841	-4,433	-4,788
Change in pension capital	-16,149	-17,102	-49,599	-36,761
Changes in insurance obligations recognised in the Profit and Loss Account - investment portfolio separately	-16,149	-17,102	-49,599	-36,761
Profit on investment result	-1,211	-508	-1,211	-508
Risk result allocated to insurance contracts	-100	-113	-100	-113
Other allocation of profit	-84	-84	-84	-84
Unallocated profit	679	318		
Funds allocated to insurance contracts	-716	-387	-1,395	-705
Management expenses	-59	-62	-235	-211
Selling expenses	-201	-79	-765	-782
Change in pre-paid direct selling expenses	7	11	29	68

Storebrand Livsforsikring Group

Statement of comprehensive income continue

(NOK million)	Q4		1.1 - 31.12	
	2021	2020	2021	2020
Insurance-related administration expenses (incl. commissions for reinsurance received)	-435	-485	-1,488	-1,468
Insurance-related operating expenses	-689	-615	-2,459	-2,393
Other insurance related expenses	-37	-75	-164	-279
Technical insurance profit	737	728	2,628	1,643
Non-technical account				
Income from investments in subsidiaries, associated companies and joint ventures companies	11	-15	13	19
Interest income and dividends etc. from financial assets	104	167	370	454
Changes in investment value	-66	-2	-43	30
Realised gains and losses on investments	101	-35	150	-114
Net income from investments in company portfolio	150	115	490	388
Other income	37	66	565	198
Management expenses	-5	-5	-20	-19
Other expenses	-277	-239	-939	-875
Management expenses and other costs linked to the company portfolio	-282	-244	-959	-894
Profit or loss on non-technical account	-95	-63	96	-307
Profit before tax	641	665	2,725	1,336
Tax expenses	-157	-114	-563	344
Profit before other comprehensive income	484	551	2,162	1,679
Change in actuarial assumptions	132	-82	124	-88
Fair value adjustment of properties for own use	66	59	139	83
Other comprehensive income allocated to customers	-66	-59	-139	-83
Tax on other profit elements not to be reclassified to profit/loss	10	10	10	10
Other comprehensive income not to be reclassified to profit/loss	142	-72	134	-78
Profit/loss cash flow hedging	-21	-32	-56	-32
Translation differences foreign exchange	-50		-137	282
Other profit comprehensive income that may be reclassified to profit /loss	-71	-33	-193	250
Other comprehensive income	71	-105	-59	172
TOTAL COMPREHENSIVE INCOME	555	446	2,103	1,851
PROFIT IS ATTRIBUTABLE TO:				
Share of profit for the period - shareholders	484	551	2,162	1,672
Share of profit for the periode - non-controlling interests				7
COMPREHENSIVE INCOME IS ATTRIBUTABLE TO:				
Share of profit for the period - shareholders	555	439	2,103	1,844
Share of profit for the periode - non-controlling interests		8		8

Storebrand Livsforsikring Group

Statement of financial position

(NOK million)	31.12.2021	31.12.2020
Assets		
Assets in company portfolio		
Goodwill	778	831
Other intangible assets	2,735	3,195
Total intangible assets	3,513	4,026
Properties at fair value		50
Equities and units in subsidiaries, associated companies and joint ventures	215	133
Loans at amortised cost	1	2
Bonds at amortised cost	9,408	7,361
Deposits at amortised cost	725	434
Equities and fund units at fair value	273	102
Bonds and other fixed-income securities at fair value	17,723	17,350
Derivatives at fair value	843	1,316
Total investments	29,189	26,747
Receivables in connection with direct business transactions	499	263
Receivables in connection with reinsurance transactions		1
Receivables with group company	102	106
Other receivables	8,196	4,953
Total receivables	8,797	5,323
Tangible fixed assets	641	700
Cash, bank	1,971	1,785
Tax assets	1,058	1,723
Other assets designated according to type		67
Total other assets	3,670	4,275
Pre-paid direct selling expenses	699	717
Other pre-paid costs and income earned and not received	185	160
Total pre-paid costs and income earned and not received	884	877
Total assets in company portfolio	46,053	41,249

Storebrand Livsforsikring Group

Statement of financial position continue

(NOK million)	31.12.2021	31.12.2020
Assets in customer portfolios		
Properties at fair value	28,543	27,652
Properties for own use	1,659	1,609
Equities and units in subsidiaries, associated companies and joint ventures	5,864	5,044
Bonds held to maturity	8,441	13,026
Bonds at amortised cost	104,974	92,846
Loans at amortised cost	22,043	23,733
Deposits at amortised cost	5,141	9,390
Equities and fund units at fair value	28,714	21,839
Bonds and other fixed-income securities at fair value	90,011	97,223
Loans at fair value	7,310	7,523
Derivatives at fair value	2,358	6,535
Total investments in collective portfolio	305,059	306,419
Reinsurance share of insurance obligations	13	24
Properties at fair value	4,833	4,415
Equities and units in subsidiaries, associated companies and joint ventures	1,277	1,123
Loans	1,008	36
Deposits at amortised cost	1,302	900
Equities and fund units at fair value	249,069	208,607
Bonds and other fixed-income securities at fair value	50,800	50,939
Loans at fair value	133	142
Derivatives at fair value	558	2,052
Total investments in investment selection portfolio	308,979	268,215
Total assets in customer portfolio	614,051	574,657
TOTAL ASSETS	660,104	615,906
Equity and liabilities		
Share capital	3,540	3,540
Share premium	9,711	9,711
Other paid in equity	1,110	599
Total paid in equity	14,361	13,850
Risk equalisation fund	547	438
Security reserves	5	5
Other earned equity	11,097	11,323
Non-controlling interests		69
Total earned equity	11,649	11,835

Storebrand Livsforsikring Group

Statement of financial position continue

(NOK million)	31.12.2021	31.12.2020
Perpetual subordinated loans	1,976	1,100
Dated subordinated loans	8,889	7,734
Total subordinated loans and hybrid tier 1 capital	10,865	8,834
Premium reserves	261,044	263,383
Additional statutory reserves	13,602	11,380
Market value adjustment reserve	6,309	7,170
Premium fund, deposit fund and the pension surplus fund	3,501	2,266
Conditional bonus	13,781	10,769
Other technical reserve	661	702
Total insurance obligations in life insurance - contractual obligations	298,900	295,671
Pension capital	308,331	268,331
Total insurance obligations in life insurance - investment portfolio separately	308,331	268,331
Pension liabilities etc.	31	180
Deferred tax	622	647
Other provisions for liabilities	48	115
Total provisions for liabilities	702	942
Liabilities in connection with direct insurance	999	695
Liabilities in connection with reinsurance	14	11
Derivatives	1,997	886
Liabilities to group companies	24	29
Other liabilities	11,751	14,276
Total liabilities	14,785	15,897
Other accrued expenses and received, unearned income	510	546
Total accrued expenses and received, unearned income	510	546
TOTAL EQUITY AND LIABILITIES	660,104	615,906

Storebrand Livsforsikring Group

Statement of change in equity

(NOK million)	Majority's share of equity									Total equity
	Share capital	Share premium	Other paid in equity	Total paid in equity	Risk equalisation fund	Security reserves	Other equity	Non-controlling interests		
Equity at 31.12.2019	3,540	9,711	88	13,339	466	5	11,628	113	25,550	
Profit for the period					-27		1,699	7	1,679	
Other comprehensive income							164	8	172	
Total comprehensive income for the period					-27		1,864	15	1,851	
Equity transactions with owner:										
Received dividend/group contributions			511	511					511	
Paid dividend/group contributions							-2,220		-2,220	
Other							52	-59	-7	
Equity at 31.12.2020	3,540	9,711	599	13,850	438	5	11,323	69	25,686	
Profit for the period					109		2,053		2,162	
Other comprehensive income							-59		-59	
Total comprehensive income for the period					109		1,994		2,103	
Equity transactions with owner:										
Received dividend/group contributions			511	511					511	
Paid dividend/group contributions							-2,220		-2,220	
Other								-69	-69	
Equity at 31.12.2021	3,540	9,711	1,110	14,361	547	5	11,098	0	26,010	

Storebrand Livsforsikring AS

Statement of cash flow 1. January - 31. December

Storebrand Livsforsikring group			Storebrand Livsforsikring AS	
2020	2021	(NOK million)	2021	2020
Cash flow from operating activities				
27,431	29,213	Net received - direct insurance	19,190	18,147
-20,625	-20,865	Net claims/benefits paid - direct insurance	-12,423	-12,500
7,285	-7,713	Net receipts/payments - policy transfers	-3,339	1,030
366	3,343	Net change insurance liabilities	3,494	54
-156	-211	Payment of tax	-1	-1
-2,393	-2,459	Net receipts/payments operations	-1,442	-1,362
1,133	2,107	Net receipts/payments - other operational activities	-2,129	-662
13,042	3,413	Net cash flow from operating activities before financial assets	3,350	4,705
-195	446	Net receipts/payments - loans to customers	873	22
-7,424	-7,661	Net receipts/payments - financial assets	-9,868	-2,701
-511	178	Net receipts/payments - property activities		
	721	Net receipts - sale of properties		
	-1,859	Net payments - purchase of properties		
-2,657	3,674	Net change bank deposits insurance customers	3,445	-1,556
-10,786	-4,500	Net cash flow from operating activities from financial assets	-5,550	-4,235
2,256	-1,087	Net cash flow from operating activities	-2,200	470
Cash flow from investing activities				
-28	613	Net payments - sale/purchase of subsidiaries	621	279
-30	-31	Net receipts/payments - sale/purchase of fixed assets	-5	-6
-58	583	Net cash flow from investing activities	616	273
Cash flow from financing activities				
499	3,911	Receipts - subordinated loans issued	3,911	499
-872	-1,072	Repayment of subordinated loans	-1,072	-872
-381	-381	Payments - interest on subordinated loans	-381	-381
682	680	Payments received of dividend and group contribution	1,884	1,293
-2,202	-2,220	Payment of dividend and group contribution	-2,220	-1,526
-2,274	917	Net cash flow from financing activities	2,121	-986
-76	413	Net cash flow for the period	537	-243
10,710	4,913	of which net cash flow for the period before financial assets	6,087	3,992
-76	413	Net movement in cash and cash equivalent assets	537	-243
2,396	2,218	Cash and cash equivalents at the start of the period	1,167	1,410
-102	64	Currency translation differences		
2,218	2,696	Cash and cash equivalent assets at the end of the period	1,704	1,167

Storebrand Livsforsikring AS

Statement of comprehensive income

(NOK million)	Q4		1.1 - 31.12	
	2021	2020	2021	2020
Technical account:				
Gross premiums written	4,538	4,118	19,436	18,099
Reinsurance premiums ceded	-2		-9	-9
Premium reserves transferred from other companies	4,855	725	18,466	6,051
Premiums for own account	9,391	4,843	37,893	24,142
Income from investments in subsidiaries, associated companies and joint ventures companies	641	1,204	1,526	1,397
of which from investment in property companies	641	1,204	1,526	1,397
Interest income and dividends etc. from financial assets	1,420	1,409	5,130	5,389
Changes in investment value	681	-859	-754	1,622
Realised gains and losses on investments	452	796	1,957	1,901
Total net income from investments in the collective portfolio	3,194	2,550	7,859	10,308
Income from investments in subsidiaries, associated companies and joint ventures companies	155	314	405	355
of which from investment in property companies	156	316	405	357
Interest income and dividends etc. from financial assets	1,572	885	1,834	919
Changes in investment value	2,831	5,659	9,307	5,268
Realised gains and losses on investments	1,805	2,960	7,869	4,839
Total net income from investments in the investment selection portfolio	6,364	9,818	19,416	11,381
Other insurance related income	211	221	863	815
Gross claims paid	-3,298	-2,925	-12,798	-12,278
Claims paid - reinsurance	1	10	8	14
Premium reserves etc. transferred to other companies	-6,963	-793	-21,805	-5,021
Claims for own account	-10,261	-3,708	-34,595	-17,285
To/from premium reserve, gross	176	354	-5,448	554
To/from additional statutory reserves	-1,649	-2,538	-2,290	-2,460
Change in marketvalue adjustment fund	-617	922	861	-1,670
Change in premium fund, deposit fund and the pension surplus fund	-6	-2	-9	-3
To/from technical reserves for non-life insurance business	22	12	30	-106
Transfer of additional statutory reserves and value adjustment fund from other insurance companies/pension funds	43	33	724	27
Changes in insurance obligations recognised in the Profit and Loss Account - contractual obligations	-2,032	-1,218	-6,132	-3,658
Change in pension capital	-6,540	-12,205	-20,913	-22,580
Changes in insurance obligations recognised in the Profit and Loss Account - investment portfolio separately	-6,540	-12,205	-20,913	-22,580
Profit on investment result	-1,211	-508	-1,211	-508
Risk result allocated to insurance contracts	-100	-113	-100	-113
Other allocation of profit	-84	-84	-84	-84
Unallocated profit	1,945	1,308		
Funds allocated to insurance contracts	550	602	-1,395	-705

Storebrand Livsforsikring AS

Statement of comprehensive income continue

(NOK million)	Q4		1.1 - 31.12	
	2021	2020	2021	2020
Management expenses	-59	-62	-235	-211
Selling expenses	-64	63	-243	-216
Insurance-related administration expenses (incl. commissions for reinsurance received)	-295	-341	-965	-936
Insurance-related operating expenses	-418	-340	-1,442	-1,362
Other insurance related expenses after reinsurance share	-33	-69	-135	-247
Technical insurance profit	426	494	1,417	808
Non-technical account				
Income from investments in subsidiaries, associated companies and joint ventures companies	-59	78	1,506	1,117
Interest income and dividends etc. from financial assets	124	166	369	418
Changes in investment value	-54	-11	-66	35
Realised gains and losses on investments	135	-21	410	-581
Net income from investments in company portfolio	146	212	2,220	989
Other income	10	2	12	4
Management expenses	-5	-5	-20	-19
Other expenses	-161	-117	-481	-392
Total management expenses and other costs linked to the company portfolio	-166	-121	-500	-411
Profit or loss on non-technical account	-10	93	1,732	582
Profit before tax	416	587	3,149	1,390
Tax expenses	-173	-137	-504	369
Profit before other comprehensive income	243	449	2,645	1,759
Change in actuarial assumptions	2	-3	2	-3
Tax on other profit elements not to be reclassified to profit/loss	14	8	14	8
Other comprehensive income not to be reclassified to profit/loss	16	5	16	5
Profit/loss cash flow hedging	-21	-32	-56	-32
Other profit comprehensive income that may be reclassified to profit /loss	-21	-32	-56	-32
Other comprehensive income	-5	-27	-40	-27
TOTAL COMPREHENSIVE INCOME	238	422	2,605	1,732

Storebrand Livsforsikring AS

Statement of financial position

(NOK million)	31.12.2021	31.12.2020
Assets		
Assets in company portfolio		
Other intangible assets	455	419
Total intangible assets	455	419
Equities and units in subsidiaries, associated companies and joint ventures	12,478	13,225
Bonds at amortised cost	9,408	7,361
Deposits at amortised cost	715	373
Equities and fund units at fair value	476	51
Bonds and other fixed-income securities at fair value	12,419	10,748
Loans at fair value		12
Derivatives at fair value	843	1,316
Total investments	36,340	33,085
Receivables in connection with direct business transactions	495	257
Receivables in connection with reinsurance transactions		1
Receivables with group company	1,111	753
Other receivables	5,823	1,474
Total receivables	7,430	2,485
Tangible fixed assets	10	14
Cash, bank	989	794
Tax assets	797	1,547
Total other assets	1,796	2,355
Other pre-paid costs and income earned and not received	40	27
Total pre-paid costs and income earned and not received	40	27
Total assets in company portfolio	46,061	38,371
Assets in customer portfolios		
Equities and units in subsidiaries, associated companies and joint ventures	22,325	21,155
of which investment in property companies	22,325	21,104
Bonds held to maturity	8,441	13,026
Bonds at amortised cost	104,974	92,846
Loans at amortised cost	22,043	23,733
Deposits at amortised cost	2,701	6,499
Equities and fund units at fair value	19,006	11,902
Bonds and other fixed-income securities at fair value	26,107	27,035
Loans at fair value		104
Derivatives at fair value	1,276	4,247
Total investments in collective portfolio	206,875	200,546

Storebrand Livsforsikring AS

Statement of financial position continue

(NOK million)	31.12.2021	31.12.2020
Reinsurance share of insurance obligations	4	15
Equities and units in subsidiaries, associated companies and joint ventures	6,208	5,601
of which investment in property companies	6,208	5,586
Loans at amoritised cost	1,008	36
Deposits at amoritised cost	840	488
Equities and fund units at fair value	107,202	86,267
Bonds and other fixed-income securities at fair value	42,559	42,340
Loans at fair value	133	171
Derivatives at fair value	558	2,052
Total investments in investment selection portfolio	158,508	136,955
Total assets in customer portfolios	365,386	337,515
TOTAL ASSETS	411,447	375,886
Equity and liabilities		
Share capital	3,540	3,540
Share premium	9,711	9,711
Other paid in equity	1,899	1,110
Total paid in equity	15,150	14,361
Risk equalisation fund	547	438
Security reserves	5	5
Other earned equity	10,015	10,729
Total earned equity	10,567	11,172
Perpetual subordinated loans	1,976	1,100
Dated subordinated loans	8,889	7,734
Total subordinated loans and hybrid tier 1 capital	10,865	8,834
Premium reserves	180,684	172,089
Additional statutory reserves	13,602	11,380
Market value adjustment reserve	6,309	7,170
Premium fund, deposit fund and the pension surplus fund	3,501	2,266
Other technical reserve	661	702
Total insurance obligations in life insurance - contractual obligations	204,759	193,607
Pension capital	157,873	137,089
Total insurance obligations in life insurance - investment portfolio separately	157,873	137,089
Pension liabilities etc.	2	7
Total provisions for liabilities	2	7
Liabilities in connection with direct insurance	825	469
Derivatives	1,638	401
Liabilities to group companies	3,235	2,254
Other liabilities	6,377	7,553
Total liabilities	12,075	10,678
Other accrued expenses and received, unearned income	156	137
Total accrued expenses and received, unearned income	156	137
TOTAL EQUITY AND LIABILITIES	411,447	375,886

Storebrand Livsforsikring AS

Statement of change in equity

(NOK million)	Share capital ¹⁾	Share premium reserve	Other paid in capital	Total paid in equity	Risk equalisation fund	Security reserves	Other equity	Total equity
Equity at 31.12.2019	3,540	9,711	599	13,850	466	5	11,190	25,511
Profit for the period					-27		1,787	1,759
Other comprehensive income					0		-27	-27
Total comprehensive income for the period					-27		1,759	1,732
Equity transactions with owner:								
Received dividend/group contributions			511	511			0	511
Paid dividend/group contributions							-2,222	-2,222
Other							1	1
Equity at 31.12.2020	3,540	9,711	1,110	14,361	438	5	10,729	25,533
Profit for the period					109		2,536	2,645
Other comprehensive income					0		-40	-40
Total comprehensive income for the period					109		2,496	2,605
Equity transactions with owner:								
Received dividend/group contributions			789	789				789
Paid dividend/group contributions							-3,210	-3,210
Other								0
Equity at 31.12.2021	3,540	9,711	1,899	15,150	547	5	10,015	25,718

1) 35 404 200 shares of NOK 100 par value.

Notes

Storebrand Livsforsikring Group

Note 01 | Accounting policies

The Group's interim financial statements include Storebrand Livsforsikring AS, subsidiaries, associated and joint-ventures companies. The financial statements are prepared in accordance with the "Regulation on the annual accounts etc. of lifeinsurance companies" for the parent company and the consolidated financial statements in accordance with IAS 34 Interim Financial Reporting. The interim financial statements do not contain all the information that is required in full annual financial statements.

A description of the accounting policies applied in the preparation of the financial statements are provided in the 2020 annual report, and the interim financial statements are prepared in accordance with these accounting policies.

Storebrand Livsforsikring AS - the company's financial statements

The financial statements have been prepared in accordance with the accounting principles that were used in the annual report for 2020.

There are none new or changed accounting standards that entered into effect in 2021 that have significant effect on Storebrand's consolidated financial statements.

Note 02 | Estimates

In preparing the Group's financial statements the management are required to make estimates, judgements and assumptions of uncertain amounts. The estimates and underlying assumptions are reviewed on an ongoing basis and are based on historical experience and expectations of future events and represent the management's best judgement at the time the financial statements were prepared.

Actual results may differ from these estimates.

A description of the most critical estimates and judgements that can affect recognised amounts is included in the 2020 annual report in note 2, insurance risk in note 6, valuation of financial instruments at fair value is described in note 11 and in the interim financial statements note 10 Solvency II.

Note 03 | Acquisition

Danica Pensjonsforsikring Norge

Storebrand Livsforsikring AS has 20. December 2021 entered into an agreement to buy 100% of the shares in Danica Pensjonsforsikring AS, Norway ("Danica"). Danica, a subsidiary of Danske Bank, is the 6th largest provider of Defined Contribution pensions in Norway with 5% market share. Storebrand Livsforsikring AS will pay NOK 2.01 billion for the shares of Danica (adjusted for the change in the net asset value of Danica in the period from 30 September 2021 to 31 December 2021). The conclusion of the transaction is expected in the first half of 2022 and is subject to approval from the Norwegian Financial Supervisory Authority and the Norwegian Competition Authority.

Note 04 | Profit by segments

Storebrand's operation includes the segments Savings, Insurance, Guaranteed Pension and Other.

Savings

The savings segment includes products for retirement savings with no interest rate guarantees. The segment consists of defined contribution pensions in Norway and Sweden. In addition, certain other subsidiaries in Storebrand Livsforsikring and SPP are included in Savings.

Insurance

The insurance segment provides personal risk products in the Norwegian retail market in addition to employer's liability insurance and pension-related insurance in the Norwegian and Swedish corporate markets.

Guaranteed pension

The guaranteed Pension segment includes long-term pension savings products which provides customers a guaranteed rate of return. The area includes defined benefit pensions in Norway and Sweden, paid-up policies and individual capital and pension insurances.

Other

The result for the company portfolios of Storebrand Livsforsikring and SPP are reported in the Other segment.

Reconciliation with the profit and loss account

Profit in the segments are reconciled with the corporate profit and loss account before tax. The corporate profit and loss account includes gross income and gross expenses linked to both the insurance customers and owners. The various segments are to a large extent followed up on net profit margins, including risk and administration results. The profit lines that are used in segment reporting will therefore not be identical with the profit lines in the corporate profit and loss account.

A description of the most important differences is included in the 2020 annual report in note 3 Segment reporting.

Profit by segments

(NOK million)	Q4		1.1 - 31.12	
	2021	2020	2021	2020
Savings	197	211	1,001	782
Insurance	55	140	261	89
Guaranteed pension ¹⁾	485	396	1,432	805
Other	-6	14	397	32
Profit before amortisation	731	760	3,091	1,707
Amortisation intangible assets	-90	-95	-366	-372
Profit before tax	641	665	2,725	1,336

¹⁾ Comparing figures for previous periods have been revised. The result for Euroben has been moved from "Other" to "Guaranteed pension".

Segment information Q4

(NOK million)	Savings		Insurance		Guaranteed pension	
	2021	2020	2021	2020	2021	2020
Fee and administration income	519	503			418	389
Insurance result			158	215		
- Insurance premiums for own account			759	750		
- Claims for own account			-601	-535		
Operational cost	-329	-296	-115	-99	-248	-218
Operating profit	190	207	43	116	169	171
Financial items and risk result life & pension	6	4	12	23	63	14
Net profit sharing					253	211
Profit before amortisation	197	211	55	140	485	396
Amortisation of intangible assets	-	-	-	-	-	-
Profit before tax	197	211	55	140	485	396

(NOK million)	Other		Storebrand Livsforsikring group	
	2021	2020	2021	2020
Fee and administration income		3	936	895
Insurance result			158	215
- Insurance premiums for own account			759	750
- Claims for own account			-601	-535
Operational cost	-32	-7	-724	-620
Operating profit	-32	-4	371	490
Financial items and risk result life & pension	-26	18	361	270
Profit before amortisation	-6	14	731	760
Amortisation of intangible assets	-	-	-90	-95
Profit before tax	-6	14	641	665
Tax			-157	-114
Profit after tax			484	551

Segment information as at 31.12

(NOK million)	Savings		Insurance		Guaranteed pension	
	2021	2020	2021	2020	2021	2020
Fee and administration income	2,161	1,961			1,631	1,511
Insurance result			599	454		
- Insurance premiums for own account			2,988	2,938		
- Claims for own account			-2,389	-2,484		
Operational cost	-1,177	-1,138	-404	-399	-890	-861
Operating profit	984	824	195	56	741	650
Financial items and risk result life & pension	17	-41	65	33	691	155
Profit before amortisation	1,001	782	261	89	1,432	805
Amortisation of intangible assets	-	-	-	-	-	-
Profit before tax	1,001	782	261	89	1,432	805

(NOK million)	Other		Storebrand Livsforsikring group	
	2021	2020	2021	2020
Fee and administration income		4	3,792	3,476
Insurance result			599	454
- Insurance premiums for own account			2,988	2,938
- Claims for own account			-2,389	-2,484
Operational cost	-53	-30	-2,523	-2,427
Operating profit	-53	-26	1,867	1,503
Financial items and risk result life & pension	450	57	1,223	204
Profit before amortisation	397	32	3,090	1,707
Amortisation of intangible assets	-	-	-366	-372
Profit before tax	397	32	2,725	1,336
Tax			-563	344
Profit after tax			2,161	1,679

Financial market risk and insurance risk

Risks are described in the annual report for 2020 in note 7 (Insurance risk), note 8 (Financial market risk), note 9 (Liquidity risk), note 10 (Credit risk) and note 11 (Concentrations of risk).

Financial market risk

Market risk means changes in the value of assets due to unexpected volatility or price changes in the financial markets. It also refers to the risk that the value of the insurance liability develops differently than the assets due to interest rate changes. The most significant market risks for Storebrand are interest rate risk, equity market risk, property price risk, credit risk and currency exchange rate risk.

For the life insurance companies, the financial assets are invested in a variety of sub-portfolios. Market risk affects Storebrand's income and profit differently in the different portfolios. There are three main types of sub-portfolios: company portfolios, customer portfolios without a guarantee (unit linked) and customer portfolios with a guarantee.

The market risk in the company portfolios has a direct impact on Storebrand's profit.

The market risk in customer portfolios without a guarantee (unit linked) is borne by the customers, meaning Storebrand is not directly affected by changes in value. Nevertheless, changes in value do affect Storebrand's profit indirectly. Income is based mainly on the size of the portfolios, while the costs tend to be fixed. Lower returns from the financial market than expected will therefore have a negative effect on Storebrand's income and profit.

For customer portfolios with a guarantee, the net risk for Storebrand will be lower than the gross market risk. The extent of risk sharing with customers depends on several factors, the most important being the size and flexibility of the customer buffers, and the level and duration of the interest rate guarantee. If the investment return is not sufficiently high to meet the guaranteed interest rate, the shortfall will be met by using customer buffers in the form of risk capital built up from previous years' surpluses. Risk capital primarily consists of unrealised gains, additional statutory reserves, and conditional bonuses. Storebrand is responsible for meeting any shortfall that cannot be covered by the customer buffers.

For guaranteed customer portfolios, the risk is affected by changes in the interest rate level. Falling interest rates are positive for the investment return in the short term due to price appreciation for bonds, but negative in the long term because it reduces the probability of achieving a return higher than the guarantee.

2021 has been generally benign for risk assets, in particular equities. Positive drivers are increased economic activity as the society gradually learns to cope with the effects of corona, the roll-out of vaccines, and continued fiscal and monetary stimulus. Inflation has increased due to supply-shortages. The pick-up in inflation has caused some uncertainty and market volatility, as some fear that the increase is more than transitory. Higher inflation and expectations for central banks to gradually reduce the monetary stimulus, has led to increased interest rates. The uncertainty regarding the financial markets and the effects from Covid-19 going forward is still higher than normal market risk. Storebrand has risk management which through policies and principles handles and dampens the effect of volatile financial markets.

Global equities rose 8 percent in the fourth quarter and rose 24 percent in 2021. Norwegian equities rose 3 percent in the fourth quarter and rose 23 percent in 2021. The credit spreads for corporate bonds are little changed in the fourth quarter and in 2021.

Long-term interest rates are little changed in the fourth quarter but rose during 2021. The Norwegian 10-year swap-rate rose 0.6 pp to 1.9 percent in 2021. The Swedish 10-year swap-rate rose 0.6 pp to 1.0 percent in 2021. Short term interest rates have increased in Norway, as the Bank of Norway has increased the policy rate with 0.25 pp in September and a further 0.25 pp in December. Bank of Norway signal further increases during 2022. In Sweden, the short-term interest rates are still close to zero. Due to most of the interest rate investments in the Norwegian customer portfolios being held at amortized cost, changes in interest rates have a limited effect on booked returns in the short term. However, with the present interest rates, new low risk bond investments provide a lower return than the average interest rate guarantee. A lower interest rate is also negative for the solvency position.

The Norwegian krone strengthened slightly against the Swedish krone and the euro and were little changed against the US dollar in the fourth quarter. Since the start of the year, the Norwegian krone has strengthened with 7 percent against the Swedish krone, 5 percent against the euro but has weakened with 3 percent against the US dollar. A high degree of currency hedging in the portfolio means that the exchange rate fluctuations have a modest effect on results and Storebrand's market risk.

Financial instruments valued at fair value level three are priced based on models. Examples of such financial instruments are investment property, private equity, and mortgages. The valuation models gather and employ information from a wide range of well-informed sources. There is greater uncertainty regarding the input factors and the valuation from these models than normal. Any continued spread of Covid-19, governmental measurements to contain the spread and effects for the economy are uncertain and will have impact on the valuation of financial instruments. There is a large range of possible outcomes for these input data and thus for the modelled prices. Hence, the values reflect management's best estimate, but contain greater uncertainty than in a normal quarter. Sensitivities for the valuation from changes in key inputs are provided in note 6.

During the year the investment allocation has not been materially changed.

The market-based return for guaranteed customer portfolios in Norway in general was higher than the guarantee in the fourth quarter and in 2021. In Sweden, the return for guaranteed customer portfolios was better than the change in value for the liabilities in the fourth quarter and in 2021, mainly resulting in increased conditional bonuses.

The return for the unit linked portfolios was generally positive, both in the fourth quarter and in 2021.

Sensitivity analyses

The tables show the fall in value for Storebrand Life Insurance and SPP's investment portfolios because of immediate changes in value related to financial market risk. The calculation is model-based, and the result is dependent on the choice of stress level for each category of asset. The stresses have been applied to the company portfolio and guaranteed customer portfolios as of 31 December 2021. The effect of each stress changes the return in each investment profile.

Unit linked insurance without a guaranteed annual return is not included in the analysis. For these products, the customers bear the market risk and the effect of a falling market will not directly affect the result or buffer capital.

The amount of stress is the same that is used for the company's risk management. Two stress tests have been defined. Stress test 1 is a fall in the value of shares, corporate bonds and property in combination with lower interest rates. Stress test 2 is a somewhat smaller fall in the value of shares, corporate bonds, and property in combination with higher interest rates.

Level of stress

	Stresstest 1	Stresstest 2
Interest level (parallel shift)	-100bp	+100bp
Equity	-20%	- 12 %
Property	- 12 %	- 7 %
Credit spread (share of Solvency 2)	50 %	30 %

Due to the very low interest rates at the start of 2021, the interest rate down stress was reduced to -50bp from -100bp for the first three quarters. For 2022 the stress is reinstated at -100bp, and this is reflected in the calculations as of 31 December 2021.

Because it is the immediate market changes that are calculated, dynamic risk management will not affect the outcome. If it is assumed that the market changes occur over a period, then dynamic risk management would reduce the effect of the negative outcomes and reinforce the positive outcomes to some extent.

As a result of customer buffers, the effect of the stresses on the result will be lower than the values described in the tables. As of 31 December 2021, the customer buffers are of such a size that the effects on the result are significantly lower.

Stresstest 1

Sensitivity	Storebrand Livsforsikring		SPP Pension & Försäkring	
	NOK Million	Share of portfolio	NOK Million	Share of portfolio
Interest rate risk	4,811	2.1 %	-283	-0.3 %
Equity risk	-4,406	-1.9 %	-2,565	-2.8 %
Property risk	-2,723	-1.2 %	-1,333	-1.4 %
Credit risk	-1,097	-0.5 %	-796	-0.9 %
Total	-3,415	-1.5 %	-4,977	-5.4 %

Stresstest 2

Sensitivity	Storebrand Livsforsikring		SPP Pension & Försäkring	
	NOK Million	Share of portfolio	NOK Million	Share of portfolio
Interest rate risk	-4,814	-2.1 %	293	0.3 %
Equity risk	-2,643	-1.1 %	-1,539	-1.7 %
Property risk	-1,588	-0.7 %	-778	-0.8 %
Credit risk	-658	-0.3 %	-478	-0.5 %
Total	-9,703	-4.2 %	-2,512	-2.7 %

Storebrand Livsforsikring

Stress test 2, which includes an increase in interest rates, makes the greatest impact for Storebrand Livsforsikring. The overall market risk is NOK 9.7 billion (NOK 8,8 billion as of 30 September 2021), which is equivalent to 4.2 (3.8) per cent of the investment portfolio.

If the stress causes the return to fall below the guarantee, it will have a negative impact on the result. Similarly, if the customer buffer is not adequate the result will also be negatively impacted. Other negative effects on the result are a lower return from the company portfolio and that there is no profit sharing from paid-up policies and individual contracts.

SPP Pension & Försäkring

For SPP it is stress test 1, which includes a fall in interest rates, that creates the greatest impact. The overall market risk is SEK 5.0 billion (SEK 4.6 billion as of 30. September 2021), which is equivalent to 5.4 (5.1) per cent of the investment portfolio.

The buffer situation for the individual contracts will determine if all or portions of the fall in value will affect the financial result. If the portion of the fall in value cannot be covered by the customer buffer the result will be affected. In addition, the reduced profit sharing or loss of the indexing fees may affect the financial result.

Insurance risk

Insurance risk is the risk of higher-than-expected payments and/or an unfavourable change in the value of an insurance liability due to actual developments deviating from what was expected when premiums or provisions were calculated. Most of the insurance risk for the group is related to life insurance. Changes in longevity is the greatest insurance risk for Storebrand because higher longevity means that the guaranteed benefits must be paid over a longer period. There are also risks related to disability and early death.

The development of the insurance reserves is dependent on future scenarios and are currently more uncertain than normal. Storebrand will continue to monitor the development of Covid-19 and effects for the economy. A prolonged situation with high unemployment could lead to higher disability levels and increased reserves. However, the current insurance reserves represent Storebrand's best estimate of the insurance liabilities.

Other insurance risk was not materially changed during during 2021.

Note
06

Liquidty risk

Specification of subordinated loans

(NOK million)	Nominal value	Currency	Interest rate	Call date	Book value 2021	Book value 2020
Issuer						
Perpetual subordinated loans ¹⁾						
Storebrand Livsforsikring AS	1,100	NOK	Variable	2,024	1,100	1,100
Storebrand Livsforsikring AS ³⁾	900	SEK	Variable	2,026	876	
Dated subordinated loans						
Storebrand Livsforsikring AS ²⁾	750	SEK	Variable	2,021		789
Storebrand Livsforsikring AS ³⁾	1,000	SEK	Variable	2,022	976	1,044
Storebrand Livsforsikring AS ³⁾	900	SEK	Variable	2,025	877	938
Storebrand Livsforsikring AS ³⁾	1,000	SEK	Variable	2,024	976	1,045
Storebrand Livsforsikring AS	500	NOK	Variable	2,025	499	499
Storebrand Livsforsikring AS ³⁾	250	EUR	Fixed	2,023	2,685	3,420
Storebrand Livsforsikring AS ^{3,4)}	300	EUR	Fixed	2,031	2,876	
Total subordinated loans and hybrid tier 1 capital 31.12.2021					10,865	
Total subordinated loans and hybrid tier 1 capital 31.12.2020						8,834

1) Regarding perpetual subordinated loans, the cash flow has been calculated until the first call.

2) The loan was repurchased on 11.10.2021

3) The loans are subject to hedge accounting.

4) 300 million EUR in Storebrand's first green bond issuance in March 2021

Note
07

Valuation of financial instruments and properties

The Group categorises financial instruments valued at fair value on three different levels. Criteria for the categorisation and processes associated with valuing are described in more detail in note 11 in the annual report for 2020.

The company has established valuation models and gathers information from a wide range of well-informed sources with a view to minimize the uncertainty of valuations.

Fair value of financial assets and liabilities at amortised cost

(NOK million)	Fair value 31.12.2021	Fair value 31.12.2020	Book value 31.12.2021	Book value 31.12.2020
Financial assets				
Loans to customers - corporate	5,055	6,065	5,044	6,052
Loans to customers - retail	18,021	17,719	18,008	17,719
Bonds held to maturity	9,103	14,244	8,441	13,026
Bonds classified as loans and receivables	117,077	108,072	114,383	100,207
Financial liabilities				
Subordinated loan capital	11,926	8,903	10,865	8,834

Valuation of financial instruments and properties at fair value

Storebrand Livsforsikring Group

(NOK million)	Level 1	Level 2	Level 3	Total 31.12.2021	Total 31.12.2020
	Quoted prices	Observable assumptions	Non-observable assumptions		
Assets					
Equities and fund units					
- Equities	40,071	232	309	40,611	32,233
- Fund units		222,766	14,678	237,445	198,314
Total equities and fund units 31.12.2021	40,071	222,998	14,987	278,056	
Total equities and fund units 31.12.2020	31,285	189,064	10,199		230,548
Total loans to customers					
- Loans to customers - corporate			7,443	7,443	7,665
Bonds and other fixed income securities					
- Government bonds	16,722	14,188		30,911	34,206
- Corporate bonds		55,346	8	55,354	62,043
- Collateralised securities		3,528		3,528	3,128
- Bond funds		56,079	12,663	68,741	66,136
Total bonds and other fixed income securities 31.12.2021	16,722	129,141	12,670	158,533	
Total bonds and other fixed income securities 31.12.2020	15,959	140,040	9,514		165,513
Derivatives:					
- Equity derivatives					-
- Interest derivatives					5,664
- Currency derivatives		2,286		2,286	3,353
- Credit derivatives		-523		-523	
Total derivatives 31.12.2021		1,763		1,763	
- derivatives with a positive market value		3,760		3,760	9,903
- derivatives with a negative market value		-1,997		-1,997	-886
Total derivatives 31.12.2020		9,017			9,017
Properties:					
- investment properties			33,376	33,376	32,117
- Owner-occupied properties			1,659	1,659	1,609
Total properties 31.12.2021			35,035	35,035	
Total properties 31.12.2020			33,726		33,726

There is no significant movement between level 1 and level 2 in this quarter and year to date.

Movement level 3

(NOK million)	Equities	Fund units	Loans to customers	Bond funds	Investment properties	Owner- occupied pro- perties
Book value 01.01	839	9,360	7,665	318	9,196	32,117
Net profit/loss	-17	6,350	43	-311	113	558
Supply/disposal	4	1,523	975	38	5,740	1,793
Sales/overdue/settlement	-517	-2,212	-746	-38	-1,846	-721
Currency translation differences		-136	-495	0	-541	-775
Other						406
Book value 31.12.2021	309	14,678	7,443	8	12,663	33,376

As of 31.12.21, Storebrand Life Insurance had NOK 7 141 million invested in Storebrand Eiendomsfond Norge KS and Ruseløkkveien 26, Oslo. The investments are classified as "Investment in Associated Companies and joint ventures " in the Consolidated Financial Statements.

Storebrand Livsforsikring AS

(NOK million)	Level 1	Level 2	Level 3	Total 31.12.2021	Total 31.12.2020
	Quoted prices	Observable assumptions	Non-observable assumptions		
Assets					
Equities and fund units					
- Equities	38,320	221	309	38,851	29,791
- Fund units		75,833	12,001	87,834	68,428
Total equities and fund units 31.12.2021	38,320	76,055	12,310	126,685	
Total equities and fund units 31.12.2020	29,362	61,239	7,619		98,219
Total loans to customers					
- Loans to customers - corporate			133	133	
Bonds and other fixed income securities					
- Government bonds	9,667	282		9,949	7,661
- Corporate bonds		26,289	8	26,296	28,313
- Collateralised securities		1,227		1,227	1,097
- Bond funds		42,178	1,435	43,613	43,052
Total bonds and other fixed income securities 31.12.2021	9,667	69,975	1,443	81,086	
Total bonds and other fixed income securities 31.12.2020	7,497	71,341	1,285		80,122
Derivatives:					
- Equity derivatives					
- Interest derivatives		1,517		1,517	4,233
- Currency derivatives		-476		-476	2,981
Total derivatives 31.12.2021		1,040		1,040	
- derivatives with a positive market value		2,678		2,678	7,615
- derivatives with a negative market value		-1,638		-1,638	-401
Total derivatives 31.12.2020		7,214			7,214

Movement level 3

(NOK million)	Equities	Fund units	Loans to customers	Corporate bonds	Bond funds
Book value 01.01	328	7,291	287	318	966
Net profit/loss	-17	5,038	-10	-311	-12
Supply/disposal	3	1,365		38	1,871
Sales/overdue/settlement	-4	-1,694	-145	-38	-1,390
Book value 31.12.2021	309	12,001	133	8	1,435

Sensitivity assessments

Sensitivity assessments of investments on level 3 are described in note 11 in the 2020 annual report. There is no significant change in sensitivity in this quarter.

Tax

The effective tax rate is influenced by the fact that the Group has operations in countries with tax rates that are different from Norway and differences from currency hedging of the Swedish subsidiary SPP. The tax rate for companies' subject to the financial tax is 25 per cent. The Storebrand Group includes companies that are both subject to and not subject to the financial tax. Therefore, when capitalising deferred tax/deferred tax assets in the consolidated financial statements, the company tax rate that applies for the individual companies is used (22 or 25 per cent).

The tax rate for companies in Sweden is 20.6 per cent.

Storebrand has hedged part of the currency risk from the investment in the Swedish subsidiaries. Gains/losses on currency derivatives are taxable/deductible, while agio/disagio on the shares in the subsidiaries falls under the exemption method. Hence, large SEK/NOK movements will affect the group tax cost.

Uncertain tax positions

The tax rules for the insurance industry have undergone changes in recent years. In some cases, Storebrand and the Norwegian Tax Administration have had different interpretations of the tax rules and associated transitional rules. As a result of this, uncertain tax positions arise in connection with the recognised tax expenses. Whether or not the uncertain tax positions have to be recognised in the financial statements is assessed in accordance with IAS 12 and IFRIC 23. Uncertain tax positions will only be recognised in the financial statements if the company considers it to be probable that the Norwegian Tax Administration's interpretation will be accepted in a court of law. Significant uncertain tax positions are described below.

- A. In 2015, Storebrand Livsforsikring AS discontinued the Norwegian subsidiary, Storebrand Eiendom Holding AS, with a tax loss of approximately NOK 6.5 billion and a corresponding increase in the tax loss carryforward. In January 2018, Storebrand Livsforsikring AS received notice of an adjustment to the tax returns for 2015 which claimed that the calculated loss was excessive but provided no further quantification. Storebrand Livsforsikring AS disagrees with the arguments that were put forward and submitted its response to the Norwegian Tax Administration on 2 March 2018. The notice was unclear, but based on the notice, a provision was made in the 2017 annual financial statements for an uncertain tax position of approximately NOK 1.6 billion related to the former booked tax loss (appears as a reduction in the loss carryforward and, in isolation, gave an associated increased tax expense for 2017 of approximately NOK 0.4 billion). In May 2019, Storebrand Livsforsikring AS received a draft decision from the Norwegian Tax Administration claiming changes in the tax return from 2015. Storebrand disagrees with the notice from the Norwegian Tax Administration and submitted its response in October 2019. In March 2021 Storebrand received a decision from the Norwegian Tax Administration based on similar grounds as the ones outlined in the draft decision. Storebrand continues to disagree with the view of the Norwegian Tax Administration in this case and has in May 2021 challenged the decision to the Norwegian Tax Appeals Committee. Storebrand considers it to be probable that Storebrand's understanding of the tax legislation will be accepted by the Tax Appeals Committee or a court of law, and thus, no additional uncertain tax position has been recognised in the financial statements based on the received decision. If the Norwegian Tax Administration's position is accepted, Storebrand estimates that a tax expense for the company of approximately NOK 1.2 billion will arise. There will also be negative effects for returns on customer assets after tax. The effects are based on best estimates and following a review with external expertise.
- B. New tax rules for life insurance and pension companies were introduced for the 2018 financial year. These rules contained transitional rules for how the companies should revalue/write-down the tax values as at 31 December 2018. In December 2018, the Norwegian Directorate of Taxes published an interpretive statement that Storebrand does not consider to be in accordance with the wording of the relevant act. When presenting the national budget for 2020 in October 2019, the Ministry of Finance proposed a clarification of the wording of the transitional rules in line with the interpretive statement from the Norwegian Directorate of Taxes. The clarification was approved by the Norwegian Parliament in December 2019. Storebrand considers there to be uncertainty regarding the value such subsequent work on a legal rule has as a source of law, and which in this instance only applies for a previous financial year. In the tax return for 2018, Storebrand Livsforsikring AS applied the wording in the original transitional rule. However, in October 2019 Storebrand received a notice of adjustment of tax assessment in line with the interpretive statement from the Norwegian Directorate of Taxes and the clarification from the Ministry of Finance. Storebrand Livsforsikring AS disagrees with the Norwegian Tax Administration's interpretation but considers it uncertain as to whether the company's interpretation will be accepted if the case is decided by a court of law. The uncertain tax position has therefore been recognised in the financial statements. Based on our revised best estimate, the difference between Storebrand's interpretation and the Norwegian Tax Administration's interpretation is approximately NOK 6.4 billion in an uncertain tax position. If Storebrand's interpretation is accepted, a deferred tax expense of approximately NOK 1.6 billion will be derecognised from the financial statements.

- C. The outcome of the interpretation of tax rules for group contributions referred to above under (A) will have an impact when calculating the effect from the transitional rules for the new tax rules referred to under point (B). An equivalent interpretation to that described under (A) has been used as a basis in the financial statements when calculating tax input values on property shares owned by customer assets for 2016 and 2017. There is thus an uncertain tax position relating to the effect from the transitional rules described in (B). This effect will depend on the interpretation and outcome of (A). If Storebrand's position is accepted under (A), Storebrand will recognise an additional tax income of approximately NOK 0.8 billion if Storebrand's position under (B) is accepted. If the Norwegian Tax Administration prevails with its argument under point (A), Storebrand will recognise a tax expense of approximately NOK 0.6 billion.

Storebrand has reviewed the uncertain tax positions as part of the annual reporting process. The review has not reduced the company's assessment of the probability that Storebrand's interpretation will be accepted in a court of law. The timeline for the continued process with the Norwegian Tax Appeals Committee is unclear, but if necessary, Storebrand will seek clarification from the court of law for the aforementioned uncertain tax positions.

Note 09

Contingent liabilities

(NOK million)	Storebrand Livsforsikring group		Storebrand Livsforsikring AS	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Uncalled residual liabilities limited partnership	4,870	8,251	4,469	7,686
Uncalled residual liabilities in alternative investment funds	10,093		7,843	
Total contingent liabilities	14,963	8,251	12,312	7,686

Guarantees essentially encompass payment and contract guarantees.

Unused credit facilities encompass granted and any unused credit accounts and credit cards, as well as, any unused flexible mortgage facilities.

Storebrand Group companies are engaged in extensive activities in Norway and abroad, and are subject for client complaints and may become a party in legal disputes, see also note 2 and note 42 in the 2020 annual report.

Note 10

Solvency II

Storebrand Livsforsikring is an insurance company with capital requirements in accordance with Solvency II.

The calculations below are for Storebrand Livsforsikring AS when Storebrand Livsforsikring Group no longer entitled to report solvency. The requirement on consolidated level only applies to Storebrand Group.

The solvency capital requirement and minimum capital requirement are calculated in accordance with Section 46 (1) – (3) of the Solvency II Regulations using the standard method.

Solvency capital

(NOK million)	31.12.2021					31.12.20
	Total	Group 1 unlimited	Group 1 limited	Group 2	Group 3	Total
Share capital	3,540	3,540				3,540
Share premium	9,711	9,711				9,711
Reconciliation reserve	19,884	19,884				23,393
Including the effect of the transitional arrangement						4,815
Counting subordinated loans	10,860		2,002	8,857		8,734
Deferred tax asset						
Risk equalisation reserve	547			547		438
Expected dividend/group distributions	-2,420	-2,420				
Total solvency capital	42,121	30,715	2,002	9,404		44,107
Total solvency capital available to cover the minimum capital requirement	34,161	30,715	2,002	1,444		37,528

Solvency capital requirement and margin

(NOK million)	31.12.2021	31.12.2020
Market	20,424	21,635
Counterparty	620	818
Life	7,266	7,044
Health	635	644
P&C		
Operational	1,067	1,062
Diversification	-5,228	-5,318
Loss-absorbing tax effect	-5,125	-5,367
Total solvency requirement	19,659	20,518
Solvency margin	214 %	215 %
Minimum capital requirement	7,218	7,306
Minimum margin	473 %	514 %

Note 11 | Information about related parties

Storebrand conducts transactions with related parties as part of its normal business activities. These transactions take place on commercial terms. The terms for transactions with management and related parties are stipulated in notes 22 and 43 in the 2020 annual report.

Storebrand Livsforsikring has not carried out any material transactions other than normal business transactions with related parties during 2021, other than Storebrand Livsforsikring AS having acquired mortgages from the sister company Storebrand Bank ASA. The mortgages were transferred on commercial terms. Storebrand Livsforsikring transfers loans back to Storebrand Bank when mortgages are renegotiated or terminated. The total portfolio of loans bought as of the 4th quarter in 2021 is NOK 18 billion, net changes of NOK 2.6 billion in 4th quarter. Storebrand Livsforsikring AS pays management fees to Storebrand Bank ASA for management of the portfolios, the expense year to date is NOK 70,5 million.

Note 12 | Divestment of subsidiaries

Storebrand has conducted a strategic review of its ownership in AS Værdalsbruket, which was a wholly owned subsidiary of Storebrand, and was owned 74.9% by Storebrand Livsforsikring AS and 25.1% by Storebrand ASA. AS Værdalsbruket is Norway's second largest private forest owning company located in Trøndelag county. The company owns significant limestone resources, provides nature tourism experiences and is part owner of Inntre Holding AS, a large exporter of building timber.

During the second quarter Storebrand has sold AS Værdalsbruket. The sale has contributed to the accounts with a net gain of NOK 409 million in the group accounts. The gain is classified as Other Income in the accounts, and as Financial Items in the segment note under the Other segment. There are no contingent consideration associated with this transaction.

Financial calendar



4 May	Results Q1 2022
14 July	Results Q2 2022
26 October	Results Q3 2022
February 2023	Results Q4 2022

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