

# Interim report 2020

Storebrand Livsforsikring AS (unaudited)

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### Notice:

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# Storebrand Livsforsikring group

Storebrand Livsforsikring AS is a wholly owned subsidiary of the listed company Storebrand ASA. For information about the Storebrand Group's 3rd quarter result please refer to the Storebrand Group's interim report for the 3rd quarter of 2020. 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.

## COVID-19 UPDATE

In the 3rd quarter, the situation in the Norwegian and Swedish society following the Covid-19 pandemic continued to normalise, although both countries have seen a recent increase in Covid-19 cases. As an immediate impact of Covid-19 and the economic downturn, Storebrand's financial results were negatively affected by the financial market turmoil, but the losses have to a large extent been reversed since. Increased unemployment has affected the disability insurance results negatively due to reserve strengthening. How the current unprecedented situation will unfold remains uncertain, but Storebrand's financial risk management has proven to be robust and the Group is able to handle a further economic downturn. Storebrand has remained fully operational with close to normal productivity and has experienced strong underlying growth through the first three quarters in 2020, despite the Covid-19 pandemic.

## PROFIT STOREBRAND LIVSFORSIKRING GROUP

| (NOK million)                                  | 2020       |            |             | 2019       |            | 01.01 - 30.09 |              | Full Year    |
|------------------------------------------------|------------|------------|-------------|------------|------------|---------------|--------------|--------------|
|                                                | Q3         | Q2         | Q1          | Q4         | Q3         | 2020          | 2019         | 2019         |
| Fee and administration income                  | 864        | 867        | 851         | 865        | 844        | 2,581         | 2,467        | 3,332        |
| Insurance result                               | 195        | 175        | -131        | 120        | 189        | 239           | 545          | 665          |
| Operational expenses                           | -594       | -586       | -627        | -691       | -604       | -1,807        | -1,819       | -2,510       |
| <b>Operating profit</b>                        | <b>464</b> | <b>456</b> | <b>93</b>   | <b>294</b> | <b>428</b> | <b>1,013</b>  | <b>1,193</b> | <b>1,486</b> |
| Financial items and risk result life & pension | 282        | 123        | -471        | 284        | 112        | -66           | 425          | 709          |
| <b>Profit before amortisation</b>              | <b>747</b> | <b>578</b> | <b>-378</b> | <b>578</b> | <b>540</b> | <b>947</b>    | <b>1,618</b> | <b>2,196</b> |
| Amortisation                                   | -93        | -94        | -89         | -87        | -85        | -277          | -254         | -341         |
| <b>Profit before tax</b>                       | <b>653</b> | <b>484</b> | <b>-467</b> | <b>491</b> | <b>456</b> | <b>670</b>    | <b>1,364</b> | <b>1,855</b> |

The profit before amortisation was NOK 747m (NOK 540m) in the quarter and NOK 947m (NOK 1 618m) year to date. The figures in brackets are from the corresponding period last year. Strong underlying growth within the Savings and the Insurance segment, combined with rebounding financial markets, a strong insurance result, and strong cost control contribute to the growth in profits. Financial market returns also contribute to significant increases in the buffer capital, which at the end of the 3rd quarter amounted to 10.2% in Sweden and 10.5% in Norway as a share of customer reserves.

Total fee and administration income amounted to NOK 864m (NOK 844m) in the quarter representing an increase of 2% compared to the same period last year. Adjusted for currency changes the decrease was 1%. The increase is attributed to the savings segment where assets under management has grown, including Unit Linked in Norway and Sweden. Savings segment fee and administration income increased to NOK 484m for the quarter compared to NOK 450m last year, representing a growth of 3% adjusted for currency. In the Guaranteed segment, fee and administration income declined to NOK 370m for the quarter compared to NOK 384m last year, a decrease in line with the run-off nature of this business. Year to date fee and administration income

amounted to NOK 2 581m (NOK 2 467m) in the quarter representing an increase of 5% compared to the same period last year. Adjusted for currency changes the increase was 1%.

The Insurance result was NOK 195m (NOK 189m) and the total combined ratio was 87% (88%) in the quarter, ahead of the target of 90-92%. Year to date the Insurance result was NOK 239m (NOK 545m) with combined ratio of 103% (88%). The higher combined ratio in 2020 is due to reserve strengthening in the 1st quarter related to increased disability risk in Norway in light of COVID-19 and a subsequent economic downturn.

The operating costs in the quarter were NOK 594m (NOK 604m) and NOK 1 807m (NOK 1 819m) year to date. In the quarter strong cost discipline and somewhat lower activity has affected the cost level. The underlying cost control is strong.

Overall, the operating profit increased to NOK 464m (NOK 428m) in the quarter due to growth in the Group's income, lower costs and a stable insurance result. Year to date operating profit was NOK 1 013m (NOK 1 193m) due to weak result in the 1st quarter.

The financial items and risk result<sup>1</sup> improved to NOK 282m (NOK 112m). Positive developments in financial markets continued to reverse mark to market losses on credit bond investments and equities from the 1st quarter this year, resulting in investment gains on company portfolios. Profit sharing in the Norwegian and Swedish Guaranteed business, as well as indexation fees and a lower need for Deferred Capital Contribution resulted in a net profit sharing of NOK 164m for the Group in the quarter. However, the Norwegian Defined Benefit portfolio had a negative risk result in the quarter and year to date due to weak disability results and reserve strengthening. Year to date, the 'financial items and risk result' for the Group is still negative at NOK -66m (NOK 425m).

Storebrand Livsforsikring Group booked a tax expense of NOK 84m (NOK 90m) in the quarter and a tax income of NOK 458m (minus NOK 197m) year to date. Generally, 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 it varies from quarter to quarter depending on each legal entity's contribution to the Group result. The estimated normal tax rate is 20-23%, but currency can impact the quarterly tax rate. Tax related issues are described in note 7.

## PROFIT STOREBRAND LIVSFORSIKRING GROUP – BY SEGMENTS

| (NOK million)                     | 2020       |            |             | 2019       |            | 01.01 - 30.09 |              | Full Year    |
|-----------------------------------|------------|------------|-------------|------------|------------|---------------|--------------|--------------|
|                                   | Q3         | Q2         | Q1          | Q4         | Q3         | 2020          | 2019         | 2019         |
| Savings                           | 217        | 207        | 148         | 146        | 152        | 572           | 420          | 566          |
| Insurance                         | 112        | 90         | -253        | 23         | 89         | -51           | 258          | 281          |
| Guaranteed pensions               | 302        | -8         | 95          | 332        | 237        | 388           | 697          | 1,029        |
| Other                             | 116        | 289        | -368        | 77         | 62         | 38            | 244          | 320          |
| <b>Profit before amortisation</b> | <b>747</b> | <b>578</b> | <b>-378</b> | <b>578</b> | <b>540</b> | <b>947</b>    | <b>1,618</b> | <b>2,196</b> |

The Group reports the results by business segment. For a more detailed description of the results, see the sections by segment below. In the 3rd quarter, the Savings segment reported a profit before amortisation of NOK 217m (NOK 152), driven by increased assets under management and cost control. The insurance segment had a stable result development and reported a profit before amortisation of NOK 112m (NOK 89m). In the Guaranteed pension segment the result was NOK 302m (237m), primarily due to strong profit sharing. In the Other segment, the profit amounted to NOK 116m (NOK 62m) driven by positive returns in the company portfolios, reversing unrealised losses that occurred earlier in the year during the financial market turmoil.

### CAPITAL SITUATION

Storebrand uses the standard model for the calculation of Solvency II. The Storebrand Group's target solvency margin in accordance with the Solvency II regulations is a minimum of 150%, including use of the transitional rules. The solvency margin was 179% at the end of 3rd quarter 2020, this is within the target level of 150-180%. The Solvency ratio without transitional rules was 150%, also corresponding to an increase of 13 percentage points from the last quarter. The increase in the solvency ratio in the quarter is due to positive returns on credit

bonds and equities, as well as repricing and de-risking measures in parts of the guaranteed business. A lower regulatory volatility adjustment had a negative contribution to the solvency ratio. A strong group profit after tax, net of dividend set aside for 2020, also contribute positively to the solvency ratio.

### MARKET AND SALES PERFORMANCE

The growth in Unit linked savings is driven by premiums from existing contracts, new sales, investment returns, conversion from Defined Benefit to Defined Contribution schemes and increased savings rates. Both the Swedish and the Norwegian Unit Linked business manage over NOK 100bn of pension assets. In Norway, Storebrand is the market leader in Unit Linked occupational pension with 30% market share of gross premiums written (at the end of the 2nd quarter 2020). SPP is the third largest provider and has a market share of 15% in the Swedish market for non-unionised occupational pensions ("Övrig Tjänstepension"). SPP is rapidly growing its sales within United Linked pensions and has received large transfers this year. New sales year to date, measured in annual premium equivalent<sup>1</sup>, grew to NOK 1,988m (NOK 1235m) and the net transfer balance was NOK 5,133m (NOK 815m).

<sup>1</sup> Measured in SEK, as reported to Finansinspektionen, the Swedish Financial Supervisory Authority

# Savings

- 33% growth in operating profit in the 3rd quarter compared to last year
- 15% growth in Unit Linked premiums y/y
- Total Unit Linked reserves amounting to NOK 252 bn, up 22% 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)                                  | 2020       |            |            | 2019       |            | 01.01 - 30.09 |            | Full Year  |
|------------------------------------------------|------------|------------|------------|------------|------------|---------------|------------|------------|
|                                                | Q3         | Q2         | Q1         | Q4         | Q3         | 2020          | 2019       | 2019       |
| Fee and administration income                  | 484        | 487        | 488        | 484        | 450        | 1,459         | 1,321      | 1,805      |
| Operational expenses                           | -272       | -265       | -305       | -338       | -291       | -842          | -884       | -1,222     |
| <b>Operating profit</b>                        | <b>212</b> | <b>222</b> | <b>183</b> | <b>146</b> | <b>160</b> | <b>617</b>    | <b>436</b> | <b>583</b> |
| Financial items and risk result life & pension | 5          | -15        | -36        | -0         | -7         | -45           | -17        | -17        |
| <b>Profit before amortisation</b>              | <b>217</b> | <b>207</b> | <b>148</b> | <b>146</b> | <b>152</b> | <b>572</b>    | <b>420</b> | <b>566</b> |

The Savings segment reported a profit before amortisation and tax of NOK 212m (NOK 160m) for the quarter and NOK 617m (NOK 436m) year to date.

Compared to the 3rd quarter last year, the fee- and administration income in the Savings segment increased by 10% year to date, or 6% when adjusted for currency effects. In the 3d quarter the income increased by 3% when adjusted for currency effects.

Reported product margins decreased in the quarter, partly due to continued gradual margin decline, but also as due to lower activity based fees from pension administrative services.

Operational cost within Savings decreased in the 3rd quarter both compared to the corresponding quarter last year. This is partly explained by lower marketing activity in light of Covid-19, but also by strong cost control.

## BALANCE SHEET AND MARKET TRENDS

The Unit Linked premiums were NOK 4.9bn (NOK 4.2bn) at the end of 3rd quarter, growing 15% compared to the 3rd quarter last year. Total assets under management in Unit Linked increased by NOK 17bn (7%)

during the 3rd quarter to NOK 252bn. Compared to the same quarter last year, the growth is NOK 49bn (19%). Total net transfers in the quarter amounted to NOK -0.8bn net outflow, but a net NOK 6.2bn inflow year to date.

In the Norwegian Unit Linked business, assets under management increased by NOK 7.6bn (6%) in the quarter, and by NOK 17.1bn (16%) compared to the same quarter last year. The underlying growth is driven by growth in occupational pension premium payments as well as good market returns and new sales. Storebrand remains market leader with 30% market share of gross premiums written (at the end of the 2nd quarter 2020) within defined contribution corporate pensions.

In the Swedish market, SPP is the third largest, and fastest growing provider of non-unionised occupational pensions with a market share of 15% measured by gross premiums written (excluding transfers) within Unit Linked. Assets under management increased by SEK 7.9bn (7.0%) in the quarter and SEK 14.1bn (13.1%) compared to the same quarter last year. The growth is driven by strong growth in sales (APE) and positive net transfers – both from occupational pensions savings, but also from portfolio transfers into SPP.

## KEY FIGURES

| (NOK million)        | 2020    |         |         | 2019    |         |
|----------------------|---------|---------|---------|---------|---------|
|                      | Q3      | Q2      | Q1      | Q4      | Q3      |
| Unit Linked Reserves | 251,578 | 234,644 | 210,061 | 219,793 | 206,717 |
| Unit Linked Premiums | 4,856   | 5,121   | 5,046   | 4,551   | 4,205   |

# Insurance

- 9% growth in portfolio premiums y/y
- 7% growth in premiums f.o.a. YTD compared to same period last year
- Combined ratio of 87% in the quarter, target 90-92%

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

## PROFIT

| (NOK million)                                  | 2020       |           |             | 2019      |           | 01.01 - 30.09 |            | Full Year  |
|------------------------------------------------|------------|-----------|-------------|-----------|-----------|---------------|------------|------------|
|                                                | Q3         | Q2        | Q1          | Q4        | Q3        | 2020          | 2019       | 2019       |
| Insurance result                               | 195        | 175       | -131        | 120       | 189       | 239           | 545        | 665        |
| - Insurance premiums f.o.a.                    | 746        | 736       | 706         | 704       | 689       | 2,188         | 2,046      | 2,750      |
| - Claims f.o.a.                                | -551       | -561      | -837        | -584      | -500      | -1,949        | -1,501     | -2,086     |
| Operational expenses                           | -97        | -95       | -107        | -115      | -105      | -300          | -302       | -417       |
| <b>Operating profit</b>                        | <b>97</b>  | <b>80</b> | <b>-238</b> | <b>5</b>  | <b>84</b> | <b>-61</b>    | <b>243</b> | <b>248</b> |
| Financial items and risk result life & pension | 15         | 10        | -15         | 18        | 5         | 10            | 16         | 33         |
| <b>Profit before amortisation</b>              | <b>112</b> | <b>90</b> | <b>-253</b> | <b>23</b> | <b>89</b> | <b>-51</b>    | <b>258</b> | <b>281</b> |

Insurance delivered a result before amortisation of NOK 112m (NOK 89m) for the quarter and NOK -51m (NOK 258m) year to date. The combined ratio was 87% (88%) in the quarter and 111% (88%) year to date. The higher combined ratio year to date is primarily due to a reserve strengthening in the 1st quarter based on the Covid-19 pandemic and an expected increase in disability levels. The 3rd quarter claims ratio was 74% (73%) and all the three main product categories are generating positive insurance results.

For Individual life, the result year to date is weaker than normal due to increases in disability and child insurance claims. Price adjustments and discount restrictions have been implemented to improve results. The result was NOK 52m (NOK 28m) in the quarter and NOK 103m (159m) year to date.

Group life, the result was NOK 20m (NOK 10m) in the quarter and NOK -223m (-29m) year to date. Most of the reserve strengthening conducted in the 1st quarter is attributed to Group life, explaining the negative result year to date. In light of this, the result in the quarter is satisfactory for Group life.

The result for Pension related disability insurance Nordic was NOK 40m (NOK 51m) in the 3rd quarter and NOK 69m (NOK 129m) year to date.

The result is positive both for Norway and Sweden in the 3rd quarter.

Cost control has continued to be satisfactory. The cost ratio remains was 13% in the 3rd quarter (15%), in line with the last quarter and lower compared to the corresponding quarter last year.

Insurance's investment portfolio in Norway amounted to NOK 7.0bn<sup>1</sup> as of the 3rd quarter. It is primarily invested in fixed income securities with short to medium duration and achieved a financial return of 0.9% in the quarter and 2.1% 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. Portfolio premium (annual) amounts to NOK 2,923m (NOK 2,687m) in the 3rd quarter. Overall growth in portfolio premiums (annual basis) amounted to 11% year to date. The premium growth is attributed to increased business volumes in all lines of business. Profitability in the retail and corporate markets is satisfactory in general. The corporate market is more mature with lower margins and a strong focus on price. For risk cover in connection with defined-contribution pensions in Norway, future growth is expected to be driven by pension related disability insurance and salary growth. Storebrand is aiming to grow in the retail market.

## PORTFOLIO PREMIUM (ANNUAL)

| (NOK million)                            | 2020         |              |              | 2019         |              |
|------------------------------------------|--------------|--------------|--------------|--------------|--------------|
|                                          | Q3           | Q2           | Q1           | Q4           | Q3           |
| Individual life *                        | 680          | 695          | 680          | 673          | 662          |
| Group life **                            | 975          | 990          | 975          | 805          | 895          |
| Pension related disability insurance *** | 1,269        | 1,315        | 1,269        | 1,144        | 1,130        |
| <b>Portfolio premium</b>                 | <b>2,923</b> | <b>3,000</b> | <b>2,923</b> | <b>2,622</b> | <b>2,687</b> |

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

## KEY FIGURES

| (NOK million)         | 2020        |             |              | 2019        |             |
|-----------------------|-------------|-------------|--------------|-------------|-------------|
|                       | Q3          | Q2          | Q1           | Q4          | Q3          |
| Claims ratio          | 74 %        | 76 %        | 119 %        | 83 %        | 73 %        |
| Cost ratio            | 13 %        | 13 %        | 15 %         | 16 %        | 15 %        |
| <b>Combined ratio</b> | <b>87 %</b> | <b>89 %</b> | <b>134 %</b> | <b>99 %</b> | <b>88 %</b> |

<sup>1</sup> NOK 2.7bn 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.

# Guaranteed pension

- Net profit sharing of NOK 164m, primarily from Swedish Guaranteed business
- Buffer capital increased by NOK 3.6bn to NOK 36.7bn
- Negative risk result of NOK -21m driven by development in Norwegian DB business

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.

## PROFIT

| (NOK million)                                  | 2020       |            |            | 2019       |            | 01.01 - 30.09 |            | Full Year    |
|------------------------------------------------|------------|------------|------------|------------|------------|---------------|------------|--------------|
|                                                | Q3         | Q2         | Q1         | Q4         | Q3         | 2020          | 2019       | 2019         |
| Fee and administration income                  | 370        | 360        | 349        | 368        | 384        | 1,080         | 1,108      | 1,475        |
| Operational expenses                           | -212       | -214       | -202       | -225       | -199       | -628          | -594       | -819         |
| <b>Operating profit</b>                        | <b>159</b> | <b>147</b> | <b>147</b> | <b>143</b> | <b>185</b> | <b>453</b>    | <b>514</b> | <b>657</b>   |
| Financial items and risk result life & pension | 143        | -155       | -52        | 189        | 52         | -64           | 183        | 372          |
| <b>Profit before amortisation</b>              | <b>302</b> | <b>-8</b>  | <b>95</b>  | <b>332</b> | <b>237</b> | <b>388</b>    | <b>697</b> | <b>1,029</b> |

Guaranteed Pension achieved a profit before amortisation of NOK 302m (NOK 237m) in the 3rd quarter and NOK 388m (NOK 697m) year to date.

Fee and administration income has performed in line with the fact that a large part of the portfolio is mature and in long-term decline. The income amounted to NOK 370m (NOK 384m) in the 3rd quarter and NOK 1,080m (1,108m) year to date.

Operating costs amounted to NOK 212m (NOK 199m) in the 3rd quarter and NOK 628m (NOK 594m) year to date. Operating costs will gradually be reduced as a result of the products being in long-term run-off.

The risk result amounted to NOK -21m (NOK 30m) in the 3rd quarter and NOK 3m (NOK 144m) year to date. The risk result continues to be strong in Norwegian Paid-up policies in the quarter based on strong

tariffs for disability. However, the result in the Norwegian Defined Benefit portfolio is negative in the quarter and year to date due to weak disability results and reserve strengthening. To counter this, price adjustments are being implemented.

The result from profit sharing was NOK 164m (NOK 22m) in the 3rd quarter and NOK -67m (NOK 39m) year to date. The positive result in the quarter stems primarily from Swedish Guaranteed business in SPP, where positive developments in equity and credit markets have reduced the need for Deferred Capital Contributions (DCC) and lead to profit sharing and indexation fees for a total contribution of NOK 137m. Year to date, net profit sharing in SPP still amounts to NOK -103m due to an overall increase in DCC. In the Norwegian portfolios, profit sharing was NOK 28m in 3rd quarter and NOK 37m year to date.

## BALANCE SHEET AND MARKET TRENDS

The majority of the guaranteed products are closed for new business, and the customers' choice of transferring from guaranteed to non-guaranteed products is in line with the Group's strategy. As of the 3rd quarter, customer reserves for guaranteed pensions amounted to NOK 277bn. This is an increase of NOK 13.8bn year to date, but adjusted for currency effects the change is NOK 4.7bn. As a share of the total balance sheet, guaranteed reserves amounted to 52.4% (56.1%) as of the 3rd quarter, a reduction of 3.7 percentage points since last year. The premium income for guaranteed pensions (excluding transfers) was NOK 0.7bn (NOK 1.0bn) in the 3rd quarter and NOK 3.4bn (NOK 4.0bn) year to date.

In the Norwegian business, Paid-up policies is the only guaranteed pension portfolio experiencing some growth over time as active Defined Benefit contracts eventually become Paid-up policies. The Paid-up portfolio amounted to NOK 145bn as of the 3rd quarter – an increase of NOK 7.4bn from same period last year. The increase is mainly attributed to

one large Defined Benefit contract converting to a Hybrid pension plan, resulting in a transfer of NOK 3bn in assets to Paid up policies in the 1st quarter this year. Reserves for Defined Benefit pensions in Norway amounted to NOK 30bn at the end of the 3rd quarter, representing a reduction of NOK 2.8bn compared to the level at the start of the year.

Guaranteed portfolios in the Swedish business totalled NOK 90bn as of the 3rd quarter, an increase of NOK 9.7bn compared to the level at the start of the year. Adjusted for currency effects, reserves increased only by NOK 0.6bn.

Buffer capital for Guaranteed Pension increased by NOK 3.6bn in the 3rd quarter to NOK 36.7bn, driven by positive developments in financial markets. As a share of the total customer reserves, Conditional bonuses in Sweden increased by 0.9 percentage points to 10.2% in the quarter, while Market value adjustment reserves and Additional Statutory Reserves in Norway together increased by 1.0 percentage point to 10.5%.

## KEY FIGURES

| (NOK million)                                       | 2020    |         |         | 2019    |         |
|-----------------------------------------------------|---------|---------|---------|---------|---------|
|                                                     | Q3      | Q2      | Q1      | Q4      | Q3      |
| Guaranteed reserves                                 | 276 995 | 274 343 | 272 051 | 263 185 | 263 677 |
| Guaranteed reserves in % of total reserves          | 52.4 %  | 53.9 %  | 56.4 %  | 54.5 %  | 56.1 %  |
| Transfer out of guaranteed reserves                 | 4       | -634    | -93     | 16      | 14      |
| Buffer capital in % of customer reserves Storebrand | 10.5 %  | 9.5 %   | 8.3 %   | 8.6 %   | 8.3 %   |
| Buffer capital in % of customer reserves SPP        | 10.2 %  | 9.3 %   | 7.3 %   | 10.7 %  | 9.8 %   |



# Other

Under Other, the company portfolios and smaller daughter companies with Storebrand Life Insurance and SPP are reported. In addition, the result associated with the activities at Euroben is included.

## PROFIT

| (NOK million)                                  | 2020       |            |             | 2019      |           | 01.01 - 30.09 |            | Full Year  |
|------------------------------------------------|------------|------------|-------------|-----------|-----------|---------------|------------|------------|
|                                                | Q3         | Q2         | Q1          | Q4        | Q3        | 2020          | 2019       | 2019       |
| Fee and administration income                  | 9          | 19         | 13          | 13        | 10        | 42            | 38         | 51         |
| Operational expenses                           | -12        | -12        | -13         | -14       | -10       | -37           | -39        | -52        |
| <b>Operating profit</b>                        | <b>-3</b>  | <b>7</b>   | <b>1</b>    | <b>-1</b> | <b>-0</b> | <b>4</b>      | <b>-0</b>  | <b>-1</b>  |
| Financial items and risk result life & pension | 119        | 283        | -368        | 78        | 62        | 34            | 244        | 321        |
| <b>Profit before amortisation</b>              | <b>116</b> | <b>289</b> | <b>-368</b> | <b>77</b> | <b>62</b> | <b>38</b>     | <b>244</b> | <b>320</b> |

The Other segment reported a profit before amortisation of NOK 116m (NOK 62m) in the 3rd quarter. The positive result stems primarily from returns in the company portfolios, reversing unrealised losses that occurred earlier in the year during the financial market turmoil. Year to date, profit before amortisation amount to NOK 38m (NOK 244m).

Fee and administration income of NOK 9m (NOK 10m) in the quarter as well as operational cost of NOK -12m (NOK -10m) were in line with the levels of previous quarters.

The financial result for the Other segment includes the company portfolios of SPP and Storebrand Life Insurance, and amounted to NOK 119m in the quarter (NOK 62m). The investments are primarily in interest-bearing

securities in Norway and Sweden. The Norwegian company portfolio reported a return of 0.71% for the quarter and 1.33% year to date. The Swedish company portfolio achieved a return of 0.55% in the quarter and 0.63% year to date. A reversal of earn out costs contributed with an additional NOK 43m to the result.

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 3rd quarter, interest expenses of approximately NOK 70m per quarter are expected going forward. The company portfolios in the Norwegian and Swedish life insurance companies amounted to NOK 28bn at end of the 3rd quarter.

# Balance sheet 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.

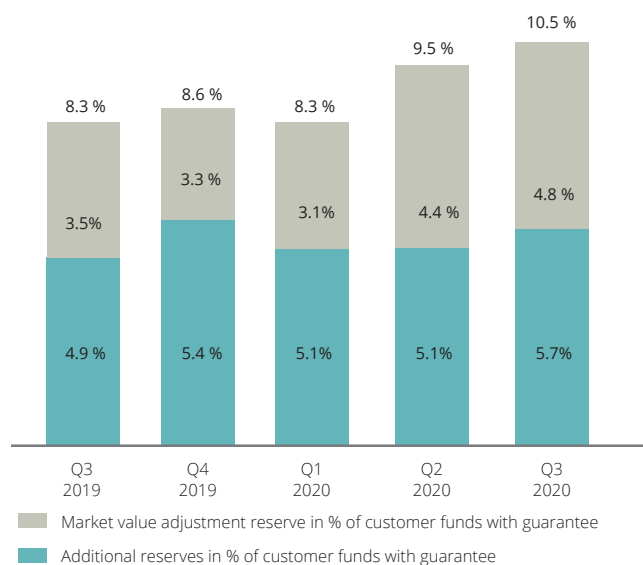
## STOREBRAND LIVSFORSIKRING GROUP

The Solidity capital<sup>1</sup> measures the amount of IFRS capital available to cover customer liabilities. The solidity capital amounted to NOK 72.0bn at the end of 3rd quarter 2020, an increase in the 3rd quarter by NOK 4.8bn and NOK 9.6bn year to date. The change in the quarter is due to increased customer buffers in both the Norwegian and Swedish operations.

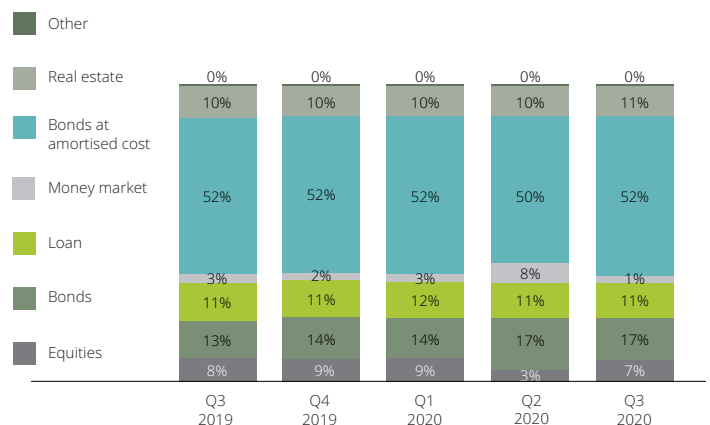
## STORBRAND LIVSFORSIKRING AS

The market value adjustment reserve increased during the 3rd quarter by NOK 0.7bn and NOK 2.6bn year to date. The market value adjustment reserves amounted to NOK 8.1bn, corresponding to 4.8% of customer funds with guarantee, at the end of 3rd quarter 2020. As a result of good investment return booked in customer portfolios, the additional statutory reserves has increased during the 3rd quarter by NOK 1.0bn and by NOK 0.7bn year to date. The additional statutory reserves amounted to NOK 9.7bn, corresponding to 5.7% of customer funds with guarantee, at the end of the 3rd quarter 2020. Together, the customer buffers amounted to 10.5% of customer funds with guarantee. The excess value of bonds and loans valued at amortised cost increased by NOK 1.1bn in the 3rd quarter and by NOK 5.8bn year to date due to lower interest rates. The excess value of bonds and loans valued at amortised cost amounted to NOK 10.5bn at the end of the 3rd quarter, but is not included in the financial statements.

## CUSTOMER BUFFERS



## ALLOCATION OF GUARANTEED CUSTOMER ASSETS

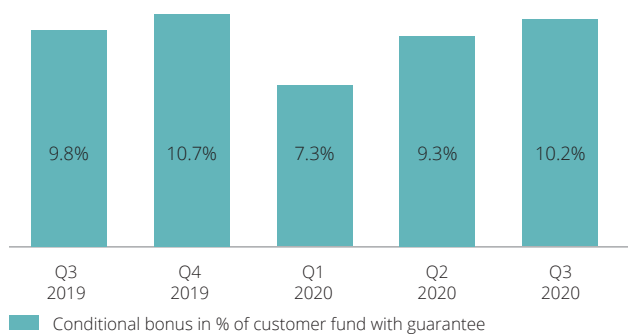


Customer assets increased by NOK 9.1bn in the 3rd quarter and NOK 14.4bn year to date, amounting to NOK 312bn at the end of the quarter. Customer assets within non-guaranteed savings increased NOK 7.6bn during the 3rd quarter and NOK 10.4bn year to date, amounting to NOK 125bn at the end of the quarter. Guaranteed customer assets increased in the 3rd quarter by NOK 1.6bn and by NOK 4.1bn year to date, amounting to NOK 187bn at the end of the quarter.

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

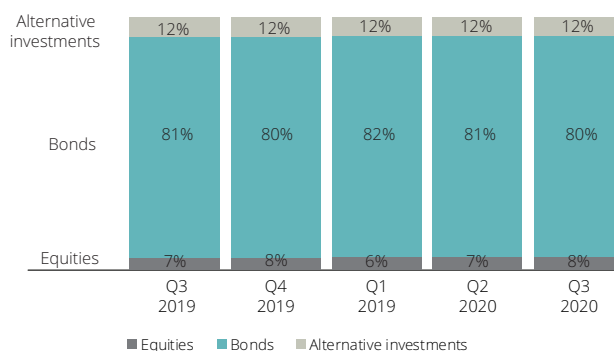
**SPP**

**BUFFER CAPITAL**



The buffer capital amounted to SEK 8.1bn (SEK 7.8bn) at the end of the 3rd quarter.

**ALLOCATION OF GUARANTEED CUSTOMER ASSETS**



Total assets under management for customers in SPP were SEK 203bn (SEK 191bn) at the end of the 3rd quarter. This corresponds to an increase of 6.4% compared to the 3rd quarter last year. For customer assets in non-guaranteed savings, assets under management totalled SEK 121bn (SEK 107bn) at the end of the 3rd quarter, which corresponds to an increase of 13%, compared with the 3rd quarter 2019.

# Outlook

## STRATEGY

Storebrand follows a twofold strategy. First, Storebrand aims to build a world class Savings Group supported by Insurance. Storebrand is the market leader in pension solutions to Norwegian businesses and a challenger in the Swedish market, and uniquely positioned in the growing retail savings market. Second, through cost control and disciplined use of capital, Storebrand aims to increase return to shareholders. The guaranteed business is in long term run-off and is projected to release NOK 10bn over the next years, but the recent decline in interest rates increases the uncertainty in its timing.

## FINANCIAL PERFORMANCE

The market for Defined Contribution pensions in Norway is undergoing structural growth. Storebrand's total reserves within Unit Linked increased by 22% in the last 12 months and are expected to continue to grow around 12-15% in the coming years. In Sweden, the market is more mature, but with a competitive digital offering and ESG enhanced mutual funds, SPP is the fastest growing provider in the non-unionized market, seizing new market shares.

The loyalty program for employees at companies that have their pensions managed by Storebrand remains an important area of focus for growing in the retail market in Norway.

Competition in the market has resulted in pressure on margins within the Savings and Insurance segment. The introduction of Individual Pension Accounts, outlined more in detail in a separate section below, will add to further margin pressure within Unit Linked. This in turn sets requirements for relative cost reductions, efficiency improvements, and the need for increased sales.

The Guaranteed Pension segment is in long term run-off and reserves for Defined Benefit products are decreasing. As Defined Benefit schemes are closed, contracts become Paid-up policies leading to some growth in Paid-up reserves. These reserves will eventually start to fall as well. Guaranteed reserves represent a declining share of the Group's total pension reserves and were 52.4% at the end of the quarter, 3.7 percentage points lower than the same period last year. Guaranteed pensions make a limited contribution to the Group results in the present interest rate environment. However, recent pension reforms to Public Occupational Pensions have made it attractive for Storebrand to enter this market, which today is run by a monopolist. In the 3rd quarter, Storebrand won its first mandate. More counties and municipalities are expected to put the management of their pensions out on tender, which could lead to further growth in the segment.

## RISK

Market risk is the Group's biggest 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.

Storebrand has adapted to the low interest rates by increasing duration in portfolios and building buffer capital. The level of the average annual interest rate guarantee is gradually reduced as older policies with higher guarantees are phased out. In the long term, continued low interest rates will represent a risk for products with guaranteed high interest rates. Storebrand has adjusted its asset allocation by building a robust portfolio of bonds at amortised cost to achieve sufficient returns. With 10.5% of customer buffers as a share of customer reserves with guarantees in Norway, Storebrand effectively has NOK 16.7bn more in customer assets than liabilities. These help to generate excess returns, currently estimated to be 0.4% above the average annual guarantee of 3.1%. The customer buffers can also be used to compensate for a shortfall in returns under poor market conditions, limiting the financial risk to shareholders.

For insurance risk, increased longevity and the development in disability are the factors that have greatest influence on solvency. Covid-19 combined with plummeting oil prices led to an increase in the number of temporarily laid off workers in Norway, but many have already returned to work. A prolonged situation with unemployment could lead to increased disability, which may result in increased claims. Consequently, Storebrand has strengthened its disability reserves this year. Should the economic situation worsen, further reserve and price increases can be undertaken.

Operational risk may also have an effect on solvency. The risk is closely monitored. The span of outcomes from regulatory risk has increased. Several processes, both on the domestic and international level, with potential implications for capital, customer returns and commercial opportunities are described below.

## INDIVIDUAL PENSION ACCOUNT

The Ministry of Finance is expected to pass final regulation and decide on timeline for introducing Individual Pension Accounts shortly.

Defined contribution capital certificates issued by previous employers ("pensjonskapitalbevis") will be transferred into the active scheme unless the holder makes an active choice to stay with the current provider by opting out ("negative acceptance").

We expect the new rules to enter into force 1 January 2021, and transfer of DC capital certificates to take place during May and June 2021.

A key aim of the reform is to reduce the costs associated with the administration of pension contributions from previous employers. The Ministry of Finance has proposed that individuals shall pay the same fee for former earnings transferred into the Individual Pension Account as the employer pays for current earnings. This is expected to be part of the final regulation, leading to significantly lower income related to former earnings for the providers.

Storebrand currently has a higher market share for active defined contribution schemes than for certificates from such schemes and therefore expects some new net inflows of DC capital certificates from the proposed changes. Individuals will be able to transfer the pension account (both current and former earnings) to other providers. Storebrand is participating in the Ministry of Finance implementing group on Individual pension accounts.

#### **GUARANTEED PENSIONS**

The Ministry of Finance has conducted a public consultation on proposals for changes in guaranteed pension regulations with the ambition to improve policy holders' prospects for better investment returns and higher pension payments.

The Ministry of Finance decided shortly after the public consultation that pension providers' ability to book fixed income at amortised cost would not be revoked.

The Ministry of Finance is still working on which proposals to put forward to parliament regarding changes in buffer and guarantee regulation.

#### **SOLVENCY II REVIEW**

The European Insurance and Occupational Pension Authority (EIOPA) has launched a public consultation on changes in the Solvency II standard model. EIOPA has proposed changes in the interest rate risk module that could increase the solvency capital requirement for Norwegian and Swedish insurers. EIOPA was expected to present final proposals to the Commission in June 2020. Due to the impact of the Covid-19 pandemic, EIOPA and the Commission has agreed on a revised timetable. EIOPA's advice will therefore not be delivered to the Commission until the end of December 2020.

The expectation is that final conclusions are to be drawn by the Commission, the Parliament and the Council in 2022.

Lysaker, 20 October 2020

# Storebrand Livsforsikring group

## Statement of comprehensive income

| (NOK million)                                                                                                       | Q3             |               | 01.01 - 30.09  |                | Full Year      |
|---------------------------------------------------------------------------------------------------------------------|----------------|---------------|----------------|----------------|----------------|
|                                                                                                                     | 2020           | 2019          | 2020           | 2019           | 2019           |
| <b>TECHNICAL ACCOUNT:</b>                                                                                           |                |               |                |                |                |
| Gross premiums written                                                                                              | 6,213          | 5,737         | 20,952         | 18,764         | 24,988         |
| Reinsurance premiums ceded                                                                                          | -2             | -1            | -11            | -9             | -11            |
| Premium reserves transferred from other companies                                                                   | 1,237          | 1,305         | 13,535         | 4,721          | 6,239          |
| <b>Premiums for own account</b>                                                                                     | <b>7,449</b>   | <b>7,041</b>  | <b>34,476</b>  | <b>23,476</b>  | <b>31,216</b>  |
| Income from investments in subsidiaries, associated companies and joint ventures companies                          | 82             | 80            | 166            | 222            | 285            |
| Interest income and dividends etc. from financial assets                                                            | 1,747          | 2,373         | 5,081          | 5,970          | 7,790          |
| Net operating income from properties                                                                                | 237            | 249           | 767            | 775            | 1,003          |
| Changes in investment value                                                                                         | 1,185          | 562           | 3,020          | 5,677          | 5,053          |
| Realised gains and losses on investments                                                                            | 893            | 1,004         | 1,393          | 2,807          | 2,235          |
| <b>Total net income from investments in the collective portfolio</b>                                                | <b>4,144</b>   | <b>4,269</b>  | <b>10,427</b>  | <b>15,451</b>  | <b>16,367</b>  |
| Income from investments in subsidiaries, associated companies and joint ventures companies                          | 25             | 9             | 39             | 37             | 56             |
| Interest income and dividends etc. from financial assets                                                            | 26             | -26           | 35             | -33            | 379            |
| Net operating income from properties                                                                                | 77             | 35            | 149            | 111            | 148            |
| Changes in investment value                                                                                         | 11,617         | 5,372         | 258            | 23,273         | 29,870         |
| Realised gains and losses on investments                                                                            | 1,032          | -380          | 1,879          | 976            | 1,941          |
| <b>Total net income from investments in the investment selection portfolio</b>                                      | <b>12,777</b>  | <b>5,010</b>  | <b>2,360</b>   | <b>24,363</b>  | <b>32,394</b>  |
| <b>Other insurance related income</b>                                                                               | <b>339</b>     | <b>372</b>    | <b>1,036</b>   | <b>984</b>     | <b>1,344</b>   |
| Gross claims paid                                                                                                   | -4,883         | -4,670        | -15,303        | -14,734        | -19,591        |
| Claims paid - reinsurance                                                                                           | 1              |               | 5              | 7              | 10             |
| Premium reserves etc. transferred to other companies                                                                | -2,051         | -1,182        | -6,181         | -5,157         | -6,357         |
| <b>Claims for own account</b>                                                                                       | <b>-6,933</b>  | <b>-5,851</b> | <b>-21,479</b> | <b>-19,884</b> | <b>-25,938</b> |
| To/from premium reserve, gross                                                                                      | 1,252          | -941          | -1,676         | -4,524         | -531           |
| To/from additional statutory reserves                                                                               | -417           | -79           | -771           | -104           | -768           |
| Change in marketvalue adjustment fund                                                                               | -689           | -753          | -2,592         | -3,648         | -3,255         |
| Change in premium fund, deposit fund and the pension surplus fund                                                   |                |               |                | -1             | -2             |
| To/from technical reserves for non-life insurance business                                                          | 1              | -22           | -118           | -27            | -8             |
| Change in conditional bonus                                                                                         | -907           | 310           | 1,218          | -356           | -1,858         |
| Transfer of additional statutory reserves and value adjustment fund from other insurance companies/pension funds    | 1              | -4            | -7             | -7             | -11            |
| <b>Changes in insurance obligations recognised in the Profit and Loss Account - contractual obligations</b>         | <b>-759</b>    | <b>-1,489</b> | <b>-3,946</b>  | <b>-8,668</b>  | <b>-6,433</b>  |
| Change in pension capital                                                                                           | -15,591        | -8,055        | -19,660        | -31,845        | -43,761        |
| <b>Changes in insurance obligations recognised in the Profit and Loss Account - investment portfolio separately</b> | <b>-15,591</b> | <b>-8,055</b> | <b>-19,660</b> | <b>-31,845</b> | <b>-43,761</b> |
| Profit on investment result                                                                                         |                |               |                |                | -199           |
| Risk result allocated to insurance contracts                                                                        |                |               |                |                | -196           |
| Other allocation of profit                                                                                          |                |               |                |                | -43            |
| Unallocated profit                                                                                                  | -180           | -109          | -318           | -305           |                |
| <b>Funds allocated to insurance contracts</b>                                                                       | <b>-180</b>    | <b>-109</b>   | <b>-318</b>    | <b>-305</b>    | <b>-438</b>    |
| Management expenses                                                                                                 | -57            | -48           | -149           | -144           | -189           |
| Selling expenses                                                                                                    | -230           | -190          | -703           | -575           | -788           |

# Storebrand Livsforsikring group

## Statement of comprehensive income continue

| (NOK million)                                                                              | Q3          |             | 01.01 - 30.09 |               | Full Year     |
|--------------------------------------------------------------------------------------------|-------------|-------------|---------------|---------------|---------------|
|                                                                                            | 2020        | 2019        | 2020          | 2019          | 2019          |
| Change in pre-paid direct selling expenses                                                 | 16          | 11          | 58            | 39            | 51            |
| Insurance-related administration expenses (incl. commissions for reinsurance received)     | -318        | -378        | -983          | -1,128        | -1,565        |
| <b>Insurance-related operating expenses</b>                                                | <b>-589</b> | <b>-606</b> | <b>-1,777</b> | <b>-1,808</b> | <b>-2,492</b> |
| <b>Other insurance related expenses</b>                                                    | <b>-28</b>  | <b>-76</b>  | <b>-204</b>   | <b>-389</b>   | <b>-388</b>   |
| <b>Technical insurance profit</b>                                                          | <b>631</b>  | <b>504</b>  | <b>915</b>    | <b>1,375</b>  | <b>1,871</b>  |
| <b>NON-TECHNICAL ACCOUNT</b>                                                               |             |             |               |               |               |
| Income from investments in subsidiaries, associated companies and joint ventures companies | 9           | -123        | 33            | -114          | 15            |
| Interest income and dividends etc. from financial assets                                   | 110         | 103         | 287           | 320           | 448           |
| Changes in investment value                                                                | 44          | 5           | 32            | 150           | 113           |
| Realised gains and losses on investments                                                   | 25          | 137         | -79           | 130           | 83            |
| <b>Net income from investments in company portfolio</b>                                    | <b>188</b>  | <b>122</b>  | <b>273</b>    | <b>486</b>    | <b>660</b>    |
| <b>Other income</b>                                                                        | <b>44</b>   | <b>37</b>   | <b>132</b>    | <b>122</b>    | <b>173</b>    |
| Management expenses                                                                        | -5          | -5          | -14           | -14           | -18           |
| Other expenses                                                                             | -205        | -203        | -636          | -605          | -831          |
| <b>Management expenses and other costs linked to the company portfolio</b>                 | <b>-210</b> | <b>-208</b> | <b>-650</b>   | <b>-619</b>   | <b>-849</b>   |
| <b>Profit or loss on non-technical account</b>                                             | <b>23</b>   | <b>-49</b>  | <b>-245</b>   | <b>-11</b>    | <b>-16</b>    |
| <b>Profit before tax</b>                                                                   | <b>653</b>  | <b>456</b>  | <b>670</b>    | <b>1,364</b>  | <b>1,855</b>  |
| Tax expenses                                                                               | -84         | -90         | 458           | -197          | -333          |
| <b>Profit before other comprehensive income</b>                                            | <b>569</b>  | <b>365</b>  | <b>1,128</b>  | <b>1,167</b>  | <b>1,522</b>  |
| Change in actuarial assumptions                                                            | -2          | -3          | -6            | -8            | 14            |
| Fair value adjustment of properties for own use                                            | 2           | 1           | 24            | -21           | -22           |
| Other comprehensive income allocated to customers                                          | -2          | -1          | -24           | 21            | 22            |
| Tax on other profit elements not to be reclassified to profit/loss                         |             |             |               |               | 9             |
| <b>Other comprehensive income not to be reclassified to profit/loss</b>                    | <b>-2</b>   | <b>-3</b>   | <b>-6</b>     | <b>-9</b>     | <b>23</b>     |
| Profit/loss cash flow hedging                                                              | -14         | 4           |               | -17           | -36           |
| Translation differences foreign exchange                                                   | 34          | -19         | 283           | -209          | -164          |
| <b>Other profit comprehensive income that may be reclassified to profit /loss</b>          | <b>20</b>   | <b>-15</b>  | <b>283</b>    | <b>-226</b>   | <b>-201</b>   |
| <b>Other comprehensive income</b>                                                          | <b>18</b>   | <b>-18</b>  | <b>277</b>    | <b>-235</b>   | <b>-177</b>   |
| <b>TOTAL COMPREHENSIVE INCOME</b>                                                          | <b>587</b>  | <b>348</b>  | <b>1,405</b>  | <b>932</b>    | <b>1,345</b>  |
| <b>PROFIT IS ATTRIBUTABLE TO:</b>                                                          |             |             |               |               |               |
| Share of profit for the period - shareholders                                              | 565         | 362         | 1,121         | 1,162         | 1,515         |
| Share of profit for the periode - non-controlling interests                                | 4           | 4           | 7             | 5             | 7             |
| <b>COMPREHENSIVE INCOME IS ATTRIBUTABLE TO:</b>                                            |             |             |               |               |               |
| Share of profit for the period - shareholders                                              | 587         | 354         | 1,405         | 939           | 1,347         |
| Share of profit for the periode - non-controlling interests                                |             | -7          |               | -7            | -2            |

# Storebrand Livsforsikring group

## Statement of financial position

| (NOK million)                                                               | 30.09.2020     | 30.09.2019     | 31.12.2019     |
|-----------------------------------------------------------------------------|----------------|----------------|----------------|
| <b>ASSETS</b>                                                               |                |                |                |
| <b>ASSETS IN COMPANY PORTFOLIO</b>                                          |                |                |                |
| Goodwill                                                                    | 833            | 739            | 750            |
| Other intangible assets                                                     | 3,260          | 3,095          | 3,073          |
| <b>Total intangible assets</b>                                              | <b>4,094</b>   | <b>3,834</b>   | <b>3,824</b>   |
| Properties at fair value                                                    | 50             | 50             | 49             |
| Equities and units in subsidiaries, associated companies and joint ventures | 130            | 114            | 114            |
| Loans at amortised cost                                                     | 2              | 2              | 2              |
| Bonds at amortised cost                                                     | 8,120          | 7,592          | 7,119          |
| Deposits at amortised cost                                                  | 421            | 471            | 582            |
| Equities and fund units at fair value                                       | 55             | 16             | 25             |
| Bonds and other fixed-income securities at fair value                       | 17,972         | 18,985         | 19,914         |
| Derivatives at fair value                                                   | 1,377          | 1,094          | 1,122          |
| <b>Total investments</b>                                                    | <b>28,127</b>  | <b>28,323</b>  | <b>28,926</b>  |
| Receivables in connection with direct business transactions                 | 373            | 466            | 310            |
| Receivables in connection with reinsurance transactions                     | 1              | 6              | 17             |
| Receivables with group company                                              | 66             | 78             | 112            |
| Other receivables                                                           | 5,093          | 1,030          | 3,206          |
| <b>Total receivables</b>                                                    | <b>5,533</b>   | <b>1,579</b>   | <b>3,645</b>   |
| Tangible fixed assets                                                       | 708            | 318            | 325            |
| Cash, bank                                                                  | 1,827          | 1,577          | 1,814          |
| Tax assets                                                                  | 1,815          | 1,692          | 1,566          |
| Other assets designated according to type                                   | 67             | 70             | 67             |
| <b>Total other assets</b>                                                   | <b>4,417</b>   | <b>3,657</b>   | <b>3,772</b>   |
| Pre-paid direct selling expenses                                            | 709            | 562            | 583            |
| Other pre-paid costs and income earned and not received                     | 280            | 207            | 138            |
| <b>Total pre-paid costs and income earned and not received</b>              | <b>989</b>     | <b>769</b>     | <b>721</b>     |
| <b>Total assets in company portfolio</b>                                    | <b>43,160</b>  | <b>38,163</b>  | <b>40,887</b>  |
| <b>Assets in customer portfolios</b>                                        |                |                |                |
| Properties at fair value                                                    | 26,568         | 24,927         | 25,526         |
| Properties for own use                                                      | 1,551          | 1,316          | 1,375          |
| Equities and units in subsidiaries, associated companies and joint ventures | 4,659          | 3,438          | 3,352          |
| Bonds held to maturity                                                      | 13,473         | 13,455         | 13,377         |
| Bonds at amortised cost                                                     | 91,914         | 90,180         | 89,790         |
| Loans at amortised cost                                                     | 22,330         | 24,416         | 23,735         |
| Deposits at amortised cost                                                  | 8,583          | 5,138          | 6,163          |
| Equities and fund units at fair value                                       | 19,708         | 24,483         | 25,677         |
| Bonds and other fixed-income securities at fair value                       | 97,878         | 86,314         | 83,881         |
| Loans at fair value                                                         | 8,177          | 5,400          | 6,393          |
| Derivatives at fair value                                                   | 7,843          | 7,149          | 3,122          |
| <b>Total investments in collective portfolio</b>                            | <b>302,684</b> | <b>286,215</b> | <b>282,391</b> |
| <b>Reinsurance share of insurance obligations</b>                           | <b>29</b>      | <b>62</b>      | <b>69</b>      |
| Properties at fair value                                                    | 4,111          | 3,693          | 3,839          |



# Storebrand Livsforsikring group

## Statement of financial position continue

| (NOK million)                                                                          | 30.09.2020     | 30.09.2019     | 31.12.2019     |
|----------------------------------------------------------------------------------------|----------------|----------------|----------------|
| Equities and units in subsidiaries, associated companies and joint ventures            | 1,051          | 545            | 693            |
| Loans                                                                                  | 36             |                |                |
| Deposits at amortised cost                                                             | 643            | 480            | 1,312          |
| Equities and fund units at fair value                                                  | 196,126        | 157,612        | 168,344        |
| Bonds and other fixed-income securities at fair value                                  | 50,582         | 44,071         | 44,245         |
| Loans at fair value                                                                    | 143            | 340            | 343            |
| Derivatives at fair value                                                              | 95             | 63             | 1,009          |
| <b>Total investments in investment selection portfolio</b>                             | <b>252,786</b> | <b>206,804</b> | <b>219,786</b> |
| <b>Total assets in customer portfolio</b>                                              | <b>555,499</b> | <b>493,081</b> | <b>502,246</b> |
| <b>TOTAL ASSETS</b>                                                                    | <b>598,659</b> | <b>531,244</b> | <b>543,133</b> |
| <b>EQUITY AND LIABILITIES</b>                                                          |                |                |                |
| Share capital                                                                          | 3,540          | 3,540          | 3,540          |
| Share premium                                                                          | 9,711          | 9,711          | 9,711          |
| Other paid in equity                                                                   | 599            | 88             | 88             |
| <b>Total paid in equity</b>                                                            | <b>13,850</b>  | <b>13,339</b>  | <b>13,339</b>  |
| Risk equalisation fund                                                                 | 436            | 428            | 466            |
| Security reserves                                                                      | 5              | 4              | 5              |
| Other earned equity                                                                    | 10,885         | 11,262         | 11,627         |
| Non-controlling interests                                                              | 69             | 111            | 113            |
| <b>Total earned equity</b>                                                             | <b>11,395</b>  | <b>11,804</b>  | <b>12,211</b>  |
| Perpetual subordinated loans                                                           | 1,100          | 1,974          | 1,974          |
| Dated subordinated loans                                                               | 7,860          | 6,613          | 6,675          |
| <b>Total subordinated loans and hybrid tier 1 capital</b>                              | <b>8,960</b>   | <b>8,587</b>   | <b>8,649</b>   |
| Premium reserves                                                                       | 264,468        | 255,333        | 253,582        |
| Additional statutory reserves                                                          | 9,689          | 8,362          | 9,023          |
| Market value adjustment reserve                                                        | 8,092          | 5,893          | 5,500          |
| Premium fund, deposit fund and the pension surplus fund                                | 1,993          | 1,900          | 2,016          |
| Conditional bonus                                                                      | 9,539          | 8,040          | 9,302          |
| Unallocated profit to insurance contracts                                              | 337            | 328            |                |
| Other technical reserve                                                                | 678            | 663            | 649            |
| <b>Total insurance obligations in life insurance - contractual obligations</b>         | <b>294,797</b> | <b>280,519</b> | <b>280,072</b> |
| Pension capital                                                                        | 251,577        | 206,696        | 219,936        |
| <b>Total insurance obligations in life insurance - investment portfolio separately</b> | <b>251,577</b> | <b>206,696</b> | <b>219,936</b> |
| Pension liabilities etc.                                                               | 104            | 135            | 100            |
| Deferred tax                                                                           | 571            | 465            | 527            |
| Other provisions for liabilities                                                       | 113            | 117            | 127            |
| <b>Total provisions for liabilities</b>                                                | <b>788</b>     | <b>717</b>     | <b>754</b>     |
| Liabilities in connection with direct insurance                                        | 788            | 812            | 1,015          |
| Liabilities in connection with reinsurance                                             | 3              | 3              | 3              |
| Derivatives                                                                            | 2,884          | 2,384          | 932            |
| Liabilities to group companies                                                         | 1,548          | 34             | 33             |
| Other liabilities                                                                      | 11,495         | 5,811          | 5,418          |
| <b>Total liabilities</b>                                                               | <b>16,719</b>  | <b>9,044</b>   | <b>7,401</b>   |
| Other accrued expenses and received, unearned income                                   | 572            | 538            | 772            |
| <b>Total accrued expenses and received, unearned income</b>                            | <b>572</b>     | <b>538</b>     | <b>772</b>     |
| <b>TOTAL EQUITY AND LIABILITIES</b>                                                    | <b>598,659</b> | <b>531,244</b> | <b>543,133</b> |

# 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 |  |               |
| <b>Equity at 31.12.2018</b>                      | <b>3,540</b>               | <b>9,711</b>  |                      | <b>13,251</b>        | <b>234</b>             |                   | <b>13,714</b> | <b>114</b>                |  | <b>27,313</b> |
| Profit for the period                            |                            |               |                      |                      | 195                    |                   | 968           | 5                         |  | 1,167         |
| Other comprehensive income                       |                            |               |                      |                      |                        |                   | -228          | -7                        |  | -235          |
| <b>Total comprehensive income for the period</b> |                            |               |                      |                      | <b>195</b>             |                   | <b>740</b>    | <b>-2</b>                 |  | <b>932</b>    |
| <b>Equity transactions with owner:</b>           |                            |               |                      |                      |                        |                   |               |                           |  |               |
| Received dividend/group contributions            |                            |               | 88                   | 88                   |                        |                   |               |                           |  | 88            |
| Paid dividend/group contributions                |                            |               |                      |                      |                        |                   | -3,221        |                           |  | -3,221        |
| Other                                            |                            |               |                      |                      |                        |                   | 33            | -2                        |  | 31            |
| <b>Equity at 30.09.2019</b>                      | <b>3,540</b>               | <b>9,711</b>  | <b>88</b>            | <b>13,339</b>        | <b>428</b>             |                   | <b>11,266</b> | <b>111</b>                |  | <b>25,143</b> |
| Profit for the period                            |                            |               |                      |                      | 232                    | 5                 | 1,278         | 7                         |  | 1,522         |
| Other comprehensive income                       |                            |               |                      |                      |                        |                   | -175          | -2                        |  | -177          |
| <b>Total comprehensive income for the period</b> |                            |               |                      |                      | <b>232</b>             | <b>5</b>          | <b>1,102</b>  | <b>6</b>                  |  | <b>1,345</b>  |
| <b>Equity transactions with owner:</b>           |                            |               |                      |                      |                        |                   |               |                           |  |               |
| Received dividend/group contributions            |                            |               | 88                   | 88                   |                        |                   |               |                           |  | 88            |
| Paid dividend/group contributions                |                            |               |                      |                      |                        |                   | -3,221        |                           |  | -3,221        |
| Other                                            |                            |               |                      |                      |                        |                   | 33            | -7                        |  | 26            |
| <b>Equity at 31.12.2019</b>                      | <b>3,540</b>               | <b>9,711</b>  | <b>88</b>            | <b>13,339</b>        | <b>466</b>             | <b>5</b>          | <b>11,628</b> | <b>113</b>                |  | <b>25,550</b> |
| Profit for the period                            |                            |               |                      |                      | -30                    |                   | 1,151         | 7                         |  | 1,128         |
| Other comprehensive income                       |                            |               |                      |                      |                        |                   | 277           |                           |  | 277           |
| <b>Total comprehensive income for the period</b> |                            |               |                      |                      | <b>-30</b>             |                   | <b>1,428</b>  | <b>7</b>                  |  | <b>1,405</b>  |
| <b>Equity transactions with owner:</b>           |                            |               |                      |                      |                        |                   |               |                           |  |               |
| Received dividend/group contributions            |                            |               | 511                  | 511                  |                        |                   |               |                           |  | 511           |
| Paid dividend/group contributions                |                            |               |                      |                      |                        |                   | -2,219        |                           |  | -2,219        |
| Other                                            |                            |               |                      |                      |                        |                   | 49            | -52                       |  | -3            |
| <b>Equity at 30.09.2020</b>                      | <b>3,540</b>               | <b>9,711</b>  | <b>599</b>           | <b>13,850</b>        | <b>436</b>             | <b>5</b>          | <b>10,886</b> | <b>69</b>                 |  | <b>25,245</b> |

# Storebrand Livsforsikring

## Statement of cash flow 1. January - 30. September

| Storebrand Livsforsikring<br>group         |                |                                                                        | Storebrand Livsforsikring AS |               |
|--------------------------------------------|----------------|------------------------------------------------------------------------|------------------------------|---------------|
| 2019                                       | 2020           | (NOK million)                                                          | 2020                         | 2019          |
| <b>Cash flow from operating activities</b> |                |                                                                        |                              |               |
| 25,236                                     | 20,894         | Net received - direct insurance                                        | 13,916                       | 17,104        |
| -19,913                                    | -15,484        | Net claims/benefits paid - direct insurance                            | -9,463                       | -12,529       |
| -118                                       | 7,353          | Net receipts/payments - policy transfers                               | 1,097                        | -1,368        |
| -765                                       | 143            | Net change insurance liabilities                                       | 25                           | -260          |
| 1,344                                      | 1,036          | Receipts - interest, commission and fees from customers                |                              |               |
| -388                                       | -204           | Payments - interest, commission and fees to customers                  | -178                         | -368          |
| -2,492                                     | -1,777         | Net receipts/payments operations                                       | -1,022                       | -1,509        |
| 2,687                                      | -296           | Net receipts/payments - other operational activities                   | 472                          | 710           |
| <b>5,591</b>                               | <b>11,665</b>  | <b>Net cash flow from operating activities before financial assets</b> | <b>4,848</b>                 | <b>1,780</b>  |
| 310                                        | 574            | Net receipts/payments - loans to customers                             | 1,569                        | 1,556         |
| -1,148                                     | -10,679        | Net receipts/payments - financial assets                               | -5,624                       | 2,115         |
| -368                                       | 698            | Net receipts/payments - property activities                            |                              |               |
| -2,092                                     | -1,587         | Net change bank deposits insurance customers                           | -872                         | -2,770        |
| <b>-3,298</b>                              | <b>-10,994</b> | <b>Net cash flow from operating activities from financial assets</b>   | <b>-4,927</b>                | <b>901</b>    |
| <b>2,293</b>                               | <b>671</b>     | <b>Net cash flow from operating activities</b>                         | <b>-79</b>                   | <b>2,681</b>  |
| <b>Cash flow from investing activities</b> |                |                                                                        |                              |               |
|                                            | 73             | Net payments - sale/purchase of subsidiaries                           | 73                           |               |
|                                            | -46            | Net payments - purchase/capitalisation associated companies            | -46                          |               |
| -14                                        | -24            | Net receipts/payments - sale/purchase of fixed assets                  | -4                           | -15           |
| <b>-14</b>                                 | <b>3</b>       | <b>Net cash flow from investment activities</b>                        | <b>22</b>                    | <b>-15</b>    |
| <b>Cash flow from financing activities</b> |                |                                                                        |                              |               |
| 927                                        | 499            | Receipts - subordinated loans issued                                   | 499                          | 927           |
| -128                                       | -872           | Repayment of subordinated loans                                        | -872                         | -128          |
| -355                                       | -343           | Payments - interest on subordinated loans                              | -343                         | -355          |
| 110                                        | 682            | Payments received of dividend and group contribution                   | 1,286                        | 110           |
| -3,200                                     | -682           | Payment of dividend and group contribution                             | -687                         | -3,200        |
| <b>-2,646</b>                              | <b>-717</b>    | <b>Net cash flow from financing activities</b>                         | <b>-118</b>                  | <b>-2,646</b> |
| -367                                       | -43            | Net cash flow for the period                                           | -176                         | 20            |
| 2,931                                      | 10,951         | of which net cash flow for the period before financial assets          | 4,751                        | -881          |
| -367                                       | -43            | Net movement in cash and cash equivalent assets                        | -176                         | 20            |
| 2,717                                      | 2,396          | Cash and cash equivalents at the start of the period                   | 1,410                        | 1,390         |
| 46                                         | -105           | Currency translation differences                                       |                              |               |
| <b>2,396</b>                               | <b>2,248</b>   | <b>Cash and cash equivalent assets at the end of the period</b>        | <b>1,235</b>                 | <b>1,410</b>  |

# Storebrand Livsforsikring AS

## Statement of comprehensive income

| (NOK million)                                                                                                       | Q3            |               | 01.01 - 30.09  |                | Full Year      |
|---------------------------------------------------------------------------------------------------------------------|---------------|---------------|----------------|----------------|----------------|
|                                                                                                                     | 2020          | 2019          | 2020           | 2019           | 2019           |
| <b>TECHNICAL ACCOUNT</b>                                                                                            |               |               |                |                |                |
| Gross premiums written                                                                                              | 3,968         | 3,766         | 13,982         | 12,816         | 16,905         |
| Reinsurance premiums ceded                                                                                          | -1            |               | -8             | -7             | -8             |
| Premium reserves transferred from other companies                                                                   | 332           | 571           | 5,326          | 2,370          | 3,139          |
| <b>Premiums for own account</b>                                                                                     | <b>4,300</b>  | <b>4,337</b>  | <b>19,299</b>  | <b>15,179</b>  | <b>20,036</b>  |
| Income from investments in subsidiaries, associated companies and joint ventures companies                          | 667           | 820           | 193            | 2,599          | 3,461          |
| of which from investment in property companies                                                                      | 223           | 218           | 193            | 918            | 1,302          |
| Interest income and dividends etc. from financial assets                                                            | 1,509         | 1,355         | 3,980          | 4,090          | 5,389          |
| Changes in investment value                                                                                         | -748          | 649           | 2,480          | 2,543          | 1,702          |
| Realised gains and losses on investments                                                                            | 1,226         | -475          | 1,105          | -826           | -455           |
| <b>Total net income from investments in the collective portfolio</b>                                                | <b>2,654</b>  | <b>2,348</b>  | <b>7,758</b>   | <b>8,407</b>   | <b>10,097</b>  |
| Income from investments in subsidiaries, associated companies and joint ventures companies                          | -544          | 1,057         | 41             | 2,984          | 3,870          |
| of which from investment in property companies                                                                      | 51            | 48            | 41             | 203            | 289            |
| Interest income and dividends etc. from financial assets                                                            | 189           | -98           | 34             | -282           | 64             |
| Changes in investment value                                                                                         | 4,462         | 2,128         | -391           | 6,798          | 8,534          |
| Realised gains and losses on investments                                                                            | 1,858         | -1,148        | 1,879          | 225            | 1,430          |
| <b>Total net income from investments in the investment selection portfolio</b>                                      | <b>5,965</b>  | <b>1,939</b>  | <b>1,563</b>   | <b>9,726</b>   | <b>13,897</b>  |
| <b>Other insurance related income</b>                                                                               | <b>187</b>    | <b>233</b>    | <b>594</b>     | <b>583</b>     | <b>824</b>     |
| Gross claims paid                                                                                                   | -2,895        | -2,876        | -9,354         | -9,300         | -12,226        |
| Claims paid - reinsurance                                                                                           |               |               | 4              | 7              | 9              |
| Premium reserves etc. transferred to other companies                                                                | -1,251        | -798          | -4,228         | -3,892         | -4,506         |
| <b>Claims for own account</b>                                                                                       | <b>-4,146</b> | <b>-3,673</b> | <b>-13,578</b> | <b>-13,185</b> | <b>-16,723</b> |
| To/from premium reserve, gross                                                                                      | 563           | 487           | 201            | 79             | 543            |
| To/from additional statutory reserves                                                                               | 17            | 21            | 78             | 64             | -768           |
| Change in marketvalue adjustment fund                                                                               | -689          | -753          | -2,592         | -3,648         | -3,255         |
| Change in premium fund, deposit fund and the pension surplus fund                                                   |               |               |                | -1             | -2             |
| To/from technical reserves for non-life insurance business                                                          | 1             | -22           | -118           | -27            | -8             |
| Transfer of additional statutory reserves and value adjustment fund from other insurance companies/pension funds    | 1             | -4            | -7             | -7             | -11            |
| <b>Changes in insurance obligations recognised in the Profit and Loss Account - contractual obligations</b>         | <b>-108</b>   | <b>-271</b>   | <b>-2,440</b>  | <b>-3,539</b>  | <b>-3,501</b>  |
| Change in pension capital                                                                                           | -7,573        | -3,929        | -10,376        | -14,323        | -21,134        |
| <b>Changes in insurance obligations recognised in the Profit and Loss Account - investment portfolio separately</b> | <b>-7,573</b> | <b>-3,929</b> | <b>-10,376</b> | <b>-14,323</b> | <b>-21,134</b> |
| Profit on investment result                                                                                         |               |               |                |                | -199           |
| Risk result allocated to insurance contracts                                                                        |               |               |                |                | -196           |
| Other allocation of profit                                                                                          |               |               |                |                | -43            |
| Unallocated profit                                                                                                  | -546          | -231          | -1,308         | -647           |                |
| <b>Funds allocated to insurance contracts</b>                                                                       | <b>-546</b>   | <b>-231</b>   | <b>-1,308</b>  | <b>-647</b>    | <b>-438</b>    |

# Storebrand Livsforsikring AS

## Statement of comprehensive income continue

| (NOK million)                                                                              | Q3          |             | 01.01 - 30.09 |               | Full Year     |
|--------------------------------------------------------------------------------------------|-------------|-------------|---------------|---------------|---------------|
|                                                                                            | 2020        | 2019        | 2020          | 2019          | 2019          |
| Management expenses                                                                        | -57         | -48         | -149          | -144          | -189          |
| Selling expenses                                                                           | -96         | -68         | -278          | -194          | -269          |
| Insurance-related administration expenses (incl. commissions for reinsurance received)     | -192        | -262        | -595          | -751          | -1,051        |
| <b>Insurance-related operating expenses</b>                                                | <b>-344</b> | <b>-378</b> | <b>-1,022</b> | <b>-1,089</b> | <b>-1,509</b> |
| Other insurance related expenses after reinsurance share                                   | -22         | -68         | -178          | -352          | -368          |
| <b>Technical insurance profit</b>                                                          | <b>367</b>  | <b>306</b>  | <b>314</b>    | <b>761</b>    | <b>1,180</b>  |
| <b>NON-TECHNICAL ACCOUNT</b>                                                               |             |             |               |               |               |
| Income from investments in subsidiaries, associated companies and joint ventures companies | 21          | 20          | 1,039         | 477           | 546           |
| Interest income and dividends etc. from financial assets                                   | 80          | 103         | 252           | 317           | 448           |
| Changes in investment value                                                                | 17          | 15          | 46            | 126           | 102           |
| Realised gains and losses on investments                                                   | 2           | -5          | -560          | 301           | 279           |
| <b>Net income from investments in company portfolio</b>                                    | <b>120</b>  | <b>133</b>  | <b>777</b>    | <b>1,221</b>  | <b>1,374</b>  |
| <b>Other income</b>                                                                        | <b>1</b>    | <b>6</b>    | <b>2</b>      | <b>17</b>     | <b>22</b>     |
| Management expenses                                                                        | -5          | -5          | -14           | -14           | -18           |
| Other expenses                                                                             | -85         | -116        | -276          | -288          | -390          |
| <b>Total management expenses and other costs linked to the company portfolio</b>           | <b>-90</b>  | <b>-120</b> | <b>-290</b>   | <b>-302</b>   | <b>-408</b>   |
| <b>Profit or loss on non-technical account</b>                                             | <b>31</b>   | <b>19</b>   | <b>489</b>    | <b>937</b>    | <b>988</b>    |
| <b>Profit before tax</b>                                                                   | <b>398</b>  | <b>325</b>  | <b>803</b>    | <b>1,697</b>  | <b>2,168</b>  |
| Tax expenses                                                                               | -90         | -82         | 507           | -137          | -322          |
| <b>Profit before other comprehensive income</b>                                            | <b>308</b>  | <b>243</b>  | <b>1,310</b>  | <b>1,560</b>  | <b>1,846</b>  |
| Change in actuarial assumptions                                                            |             |             |               |               | -4            |
| Tax on other profit elements not to be reclassified to profit/loss                         |             |             |               |               | 10            |
| <b>Other comprehensive income not to be reclassified to profit/loss</b>                    |             |             |               |               | <b>6</b>      |
| Profit/loss cash flow hedging                                                              | -14         | 4           |               | -17           | -36           |
| Translation differences foreign exchange                                                   | -14         | 4           |               | -17           | -36           |
| <b>Other profit comprehensive income that may be reclassified to profit /loss</b>          |             |             |               |               |               |
| <b>Other comprehensive income</b>                                                          | <b>-14</b>  | <b>4</b>    | <b>0</b>      | <b>-17</b>    | <b>-30</b>    |
| <b>TOTAL COMPREHENSIVE INCOME</b>                                                          | <b>294</b>  | <b>247</b>  | <b>1,310</b>  | <b>1,543</b>  | <b>1,816</b>  |

# Storebrand Livsforsikring AS

## Statement of financial position

| (NOK million)                                                               | 30.09.2020     | 30.09.2019     | 31.12.2019     |
|-----------------------------------------------------------------------------|----------------|----------------|----------------|
| <b>ASSETS</b>                                                               |                |                |                |
| <b>ASSETS IN COMPANY PORTFOLIO</b>                                          |                |                |                |
| Other intangible assets                                                     | 396            | 337            | 338            |
| <b>Total intangible assets</b>                                              | <b>396</b>     | <b>337</b>     | <b>338</b>     |
| Equities and units in subsidiaries, associated companies and joint ventures | 13,457         | 12,692         | 12,814         |
| Loans at amortised cost                                                     | 1              | 1              | 1              |
| Bonds at amortised cost                                                     | 8,120          | 7,592          | 7,119          |
| Deposits at amoritsed cost                                                  | 349            | 339            | 508            |
| Equities and fund units at fair value                                       | 55             | 15             | 24             |
| Bonds and other fixed-income securities at fair value                       | 11,364         | 11,174         | 11,675         |
| Derivatives at fair value                                                   | 1,377          | 1,094          | 1,122          |
| <b>Total investments</b>                                                    | <b>34,723</b>  | <b>32,908</b>  | <b>33,262</b>  |
| Receivables in connection with direct business transactions                 | 370            | 459            | 305            |
| Receivables in connection with reinsurance transactions                     | 1              | 6              | 9              |
| Receivables with group company                                              | 47             | 55             | 770            |
| Other receivables                                                           | 2,065          | 673            | 356            |
| <b>Total receivables</b>                                                    | <b>2,483</b>   | <b>1,194</b>   | <b>1,439</b>   |
| Tangible fixed assets                                                       | 16             | 12             | 19             |
| Cash, bank                                                                  | 885            | 754            | 902            |
| Tax assets                                                                  | 1,845          | 1,684          | 1,340          |
| <b>Total other assets</b>                                                   | <b>2,746</b>   | <b>2,450</b>   | <b>2,261</b>   |
| Other pre-paid costs and income earned and not received                     | 22             | 71             | 25             |
| <b>Total pre-paid costs and income earned and not received</b>              | <b>22</b>      | <b>71</b>      | <b>25</b>      |
| <b>Total assets in company portfolio</b>                                    | <b>40,369</b>  | <b>36,959</b>  | <b>37,326</b>  |
| <b>Assets in customer portfolios</b>                                        |                |                |                |
| Equities and units in subsidiaries, associated companies and joint ventures | 19,993         | 27,836         | 28,662         |
| of which investment in property companies                                   | 19,993         | 19,201         | 19,565         |
| Bonds held to maturity                                                      | 13,473         | 13,455         | 13,377         |
| Bonds at amortised cost                                                     | 91,914         | 90,180         | 89,790         |
| Loans at amoritsed cost                                                     | 22,330         | 24,416         | 23,735         |
| Deposits at amoritsed cost                                                  | 5,981          | 2,493          | 4,444          |
| Equities and fund units at fair value                                       | 10,650         | 7,688          | 7,860          |
| Bonds and other fixed-income securities at fair value                       | 27,474         | 23,330         | 22,173         |
| Derivatives at fair value                                                   | 5,593          | 1,628          | 1,080          |
| <b>Total investments in collective portfolio</b>                            | <b>197,408</b> | <b>191,026</b> | <b>191,121</b> |
| <b>Reinsurance share of insurance obligations</b>                           | <b>20</b>      | <b>62</b>      | <b>67</b>      |

# Storebrand Livsforsikring AS

## Statement of financial position continue

| (NOK million)                                                                          | 30.09.2020     | 30.09.2019     | 31.12.2019     |
|----------------------------------------------------------------------------------------|----------------|----------------|----------------|
| Equities and units in subsidiaries, associated companies and joint ventures            | 5,204          | 19,092         | 20,077         |
| of which investment in property companies                                              | 5,204          | 4,449          | 4,643          |
| Lendings at amoritised cost                                                            | 36             |                |                |
| Deposits at amoritised cost                                                            | 321            | 410            | 986            |
| Equities and fund units at fair value                                                  | 78,701         | 51,303         | 54,990         |
| Bonds and other fixed-income securities at fair value                                  | 41,594         | 36,957         | 37,138         |
| Loans at fair value                                                                    | 143            | 340            | 343            |
| Derivatives at fair value                                                              | 95             | 63             | 1,009          |
| <b>Total investments in investment selection portfolio</b>                             | <b>126,096</b> | <b>108,165</b> | <b>114,544</b> |
| <b>Total assets in customer portfolios</b>                                             | <b>323,524</b> | <b>299,253</b> | <b>305,732</b> |
| <b>TOTAL ASSETS</b>                                                                    | <b>363,893</b> | <b>336,212</b> | <b>343,058</b> |
| <b>EQUITY AND LIABILITIES</b>                                                          |                |                |                |
| Share capital                                                                          | 3,540          | 3,540          | 3,540          |
| Share premium                                                                          | 9,711          | 9,711          | 9,711          |
| Other paid in equity                                                                   | 599            | 88             | 599            |
| <b>Total paid in equity</b>                                                            | <b>13,850</b>  | <b>13,339</b>  | <b>13,850</b>  |
| Risk equalisation fund                                                                 | 436            | 428            | 466            |
| Security reserves                                                                      | 5              |                | 5              |
| Other earned equity                                                                    | 12,530         | 13,156         | 11,190         |
| <b>Total earned equity</b>                                                             | <b>12,971</b>  | <b>13,588</b>  | <b>11,661</b>  |
| Perpetual subordinated loans                                                           | 1,100          | 1,974          | 1,974          |
| Dated subordinated loans                                                               | 7,860          | 6,613          | 6,675          |
| <b>Total subordinated loans and hybrid tier 1 capital</b>                              | <b>8,960</b>   | <b>8,587</b>   | <b>8,649</b>   |
| Premium reserves                                                                       | 172,016        | 172,112        | 171,973        |
| Additional statutory reserves                                                          | 8,841          | 8,194          | 9,023          |
| Market value adjustment reserve                                                        | 8,092          | 5,893          | 5,500          |
| Premium fund, deposit fund and the pension surplus fund                                | 1,993          | 1,900          | 2,016          |
| Unallocated profit to insurance contracts                                              | 1,327          | 669            |                |
| Other technical reserve                                                                | 678            | 663            | 649            |
| <b>Total insurance obligations in life insurance - contractual obligations</b>         | <b>192,947</b> | <b>189,432</b> | <b>189,161</b> |
| Pension capital                                                                        | 124,900        | 107,734        | 114,538        |
| <b>Total insurance obligations in life insurance - investment portfolio separately</b> | <b>124,900</b> | <b>107,734</b> | <b>114,538</b> |
| Pension liabilities etc.                                                               | 7              | 12             | 7              |
| <b>Total provisions for liabilities</b>                                                | <b>7</b>       | <b>12</b>      | <b>7</b>       |
| Liabilities in connection with direct insurance                                        | 597            | 635            | 758            |
| Derivatives                                                                            | 2,196          | 1,267          | 421            |
| Liabilities to group companies                                                         | 1,555          | 36             | 2,257          |
| Other liabilities                                                                      | 5,770          | 1,425          | 1,450          |
| <b>Total liabilities</b>                                                               | <b>10,118</b>  | <b>3,363</b>   | <b>4,886</b>   |
| Other accrued expenses and received, unearned income                                   | 140            | 158            | 305            |
| <b>Total accrued expenses and received, unearned income</b>                            | <b>140</b>     | <b>158</b>     | <b>305</b>     |
| <b>TOTAL EQUITY AND LIABILITIES</b>                                                    | <b>363,893</b> | <b>336,212</b> | <b>343,058</b> |

# Storebrand Livsforsikring AS

## Statement of change in equity

| (NOK million)                                    | Share capital <sup>1)</sup> | Share premium reserve | Other paid in capital | Total paid in equity | Risk equalisation fund | Security reserves | Other equity  | Total equity  |
|--------------------------------------------------|-----------------------------|-----------------------|-----------------------|----------------------|------------------------|-------------------|---------------|---------------|
| <b>Equity at 31.12.2018</b>                      | <b>3,540</b>                | <b>9,711</b>          | <b>84</b>             | <b>13,335</b>        | <b>233</b>             |                   | <b>11,812</b> | <b>25,381</b> |
| Profit for the period                            |                             |                       |                       |                      | 195                    |                   | 1,365         | 1,560         |
| Other comprehensive income                       |                             |                       |                       |                      |                        |                   | -17           | -17           |
| <b>Total comprehensive income for the period</b> |                             |                       |                       |                      | <b>195</b>             |                   | <b>1,348</b>  | <b>1,543</b>  |
| <b>Equity transactions with owner:</b>           |                             |                       |                       |                      |                        |                   |               |               |
| Received dividend/group contributions            |                             |                       | 3                     | 3                    |                        |                   |               | 3             |
| Other                                            |                             |                       |                       |                      |                        |                   |               |               |
| <b>Equity at 30.09.2019</b>                      | <b>3,540</b>                | <b>9,711</b>          | <b>88</b>             | <b>13,339</b>        | <b>428</b>             |                   | <b>13,160</b> | <b>26,927</b> |
| Profit for the period                            |                             |                       |                       |                      | 232                    | 5                 | 1,609         | 1,846         |
| Other comprehensive income                       |                             |                       |                       |                      |                        |                   | -30           | -30           |
| <b>Total comprehensive income for the period</b> |                             |                       |                       |                      | <b>232</b>             | <b>5</b>          | <b>1,578</b>  | <b>1,816</b>  |
| <b>Equity transactions with owner:</b>           |                             |                       |                       |                      |                        |                   |               |               |
| Received dividend/group contributions            |                             |                       | 515                   | 515                  |                        |                   |               | 515           |
| Paid dividend/group contributions                |                             |                       |                       |                      |                        |                   | -2,200        | -2,200        |
| Other                                            |                             |                       |                       |                      |                        |                   |               |               |
| <b>Equity at 31.12.2019</b>                      | <b>3,540</b>                | <b>9,711</b>          | <b>599</b>            | <b>13,850</b>        | <b>466</b>             | <b>5</b>          | <b>11,190</b> | <b>25,511</b> |
| Profit for the period                            |                             |                       |                       |                      | -30                    |                   | 1,340         | 1,310         |
| Other comprehensive income                       |                             |                       |                       |                      |                        |                   |               |               |
| <b>Total comprehensive income for the period</b> |                             |                       |                       |                      | <b>-30</b>             |                   | <b>1,340</b>  | <b>1,310</b>  |
| <b>Equity transactions with owner:</b>           |                             |                       |                       |                      |                        |                   |               |               |
| Other                                            |                             |                       |                       |                      |                        |                   |               |               |
| <b>Equity at 30.09.2020</b>                      | <b>3,540</b>                | <b>9,711</b>          | <b>599</b>            | <b>13,850</b>        | <b>436</b>             | <b>5</b>          | <b>12,530</b> | <b>26,820</b> |

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 2019 annual report, and the interim financial statements are prepared in accordance with these accounting policies.

There are none new or changed accounting standards that entered into effect in 2020 that have significant effect on Storebrand's consolidated financial statements.

In the third quarter, additional statutory reserves were changed to include both estimated deductions and estimated addition to additional statutory reserves, comparative figures have been restated.

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 2019.

### 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 2019 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 9 Solvency II.

### Note 03 | Segments - profit by business area

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 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.

## OTHER

The result for the company portfolios and small subsidiaries of Storebrand Life Insurance and SPP. In addition, the activities at BenCo are reported in this segment. The elimination of intra-group transactions that have been included in the other segments has also been included.

## 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 2019 annual report in note 3 Segment reporting

## PROFIT BY SEGMENTS

| (NOK million)                     | Q3         |            | 01.01 - 30.09 |              | Full Year    |
|-----------------------------------|------------|------------|---------------|--------------|--------------|
|                                   | 2020       | 2019       | 2020          | 2019         | 2019         |
| Savings                           | 217        | 152        | 572           | 420          | 491          |
| Insurance                         | 112        | 89         | -51           | 258          | 554          |
| Guaranteed pension                | 302        | 237        | 388           | 697          | 1,148        |
| Other                             | 116        | 62         | 38            | 244          | 121          |
| <b>Profit before amortisation</b> | <b>747</b> | <b>540</b> | <b>947</b>    | <b>1,618</b> | <b>2,315</b> |
| Amortisation intangible assets    | -93        | -85        | -277          | -254         | -305         |
| <b>Profit before tax</b>          | <b>653</b> | <b>456</b> | <b>670</b>    | <b>1,364</b> | <b>2,010</b> |

## SEGMENT INFORMATION Q3

| (NOK million)                                  | Savings    |            | Insurance  |           | Guaranteed pension |            |
|------------------------------------------------|------------|------------|------------|-----------|--------------------|------------|
|                                                | 2020       | 2019       | 2020       | 2019      | 2020               | 2019       |
| Fee and administration income                  | 484        | 450        |            |           | 370                | 384        |
| Insurance result                               |            |            | 195        | 189       |                    |            |
| - Insurance premiums for own account           |            |            | 746        | 689       |                    |            |
| - Claims for own account                       |            |            | -551       | -500      |                    |            |
| Operational cost                               | -272       | -291       | -97        | -105      | -212               | -199       |
| <b>Operating profit</b>                        | <b>212</b> | <b>160</b> | <b>97</b>  | <b>84</b> | <b>159</b>         | <b>185</b> |
| Financial items and risk result life & pension | 5          | -7         | 15         | 5         | 143                | 52         |
| <b>Profit before amortisation</b>              | <b>217</b> | <b>152</b> | <b>112</b> | <b>89</b> | <b>302</b>         | <b>237</b> |
| Amortisation of intangible assets              |            |            |            |           |                    |            |
| <b>Profit before tax</b>                       | <b>217</b> | <b>152</b> | <b>112</b> | <b>89</b> | <b>302</b>         | <b>237</b> |

| (NOK million)                                  | Other      |           | Storebrand Livsforsikring group |            |
|------------------------------------------------|------------|-----------|---------------------------------|------------|
|                                                | 2020       | 2019      | 2020                            | 2019       |
| Fee and administration income                  | 9          | 10        | 864                             | 844        |
| Insurance result                               |            |           | 195                             | 189        |
| - Insurance premiums for own account           |            |           | 746                             | 689        |
| - Claims for own account                       |            |           | -551                            | -500       |
| Operational cost                               | -12        | -10       | -594                            | -604       |
| <b>Operating profit</b>                        | <b>-3</b>  | <b>0</b>  | <b>464</b>                      | <b>428</b> |
| Financial items and risk result life & pension | 119        | 62        | 282                             | 112        |
| <b>Profit before amortisation</b>              | <b>116</b> | <b>62</b> | <b>747</b>                      | <b>540</b> |
| Amortisation of intangible assets              |            |           | -93                             | -85        |
| <b>Profit before tax</b>                       | <b>116</b> | <b>62</b> | <b>653</b>                      | <b>456</b> |

### SEGMENT INFORMATION AS AT 30.09

| (NOK million)                                  | Savings    |            | Insurance  |            | Guaranteed pension |            |
|------------------------------------------------|------------|------------|------------|------------|--------------------|------------|
|                                                | 2020       | 2019       | 2020       | 2019       | 2020               | 2019       |
| Fee and administration income                  | 1,459      | 1,321      |            |            | 1,080              | 1,108      |
| Insurance result                               |            |            | 239        | 545        |                    |            |
| - Insurance premiums for own account           |            |            | 2,188      | 2,046      |                    |            |
| - Claims for own account                       |            |            | -1,949     | -1,501     |                    |            |
| Operational cost                               | -842       | -884       | -300       | -302       | -628               | -594       |
| <b>Operating profit</b>                        | <b>617</b> | <b>436</b> | <b>-61</b> | <b>243</b> | <b>453</b>         | <b>514</b> |
| Financial items and risk result life & pension | -45        | -17        | 10         | 16         | -64                | 183        |
| <b>Profit before amortisation</b>              | <b>572</b> | <b>420</b> | <b>-51</b> | <b>258</b> | <b>388</b>         | <b>697</b> |
| Amortisation of intangible assets              |            |            |            |            |                    |            |
| <b>Profit before tax</b>                       | <b>572</b> | <b>420</b> | <b>-51</b> | <b>258</b> | <b>388</b>         | <b>697</b> |

| (NOK million)                                  | Other     |            | Storebrand Livsforsikring group |              |
|------------------------------------------------|-----------|------------|---------------------------------|--------------|
|                                                | 2020      | 2019       | 2020                            | 2019         |
| Fee and administration income                  | 42        | 38         | 2,581                           | 2,467        |
| Insurance result                               |           |            | 239                             | 545          |
| - Insurance premiums for own account           |           |            | 2,188                           | 2,046        |
| - Claims for own account                       |           |            | -1,949                          | -1,501       |
| Operational cost                               | -37       | -39        | -1,807                          | -1,819       |
| <b>Operating profit</b>                        | <b>4</b>  | <b>0</b>   | <b>1,013</b>                    | <b>1,193</b> |
| Financial items and risk result life & pension | 34        | 244        | -66                             | 425          |
| <b>Profit before amortisation</b>              | <b>38</b> | <b>244</b> | <b>947</b>                      | <b>1,618</b> |
| Amortisation of intangible assets              |           |            | -277                            | -254         |
| <b>Profit before tax</b>                       | <b>38</b> | <b>244</b> | <b>670</b>                      | <b>1,364</b> |

## Financial market risk and insurance risk

Risks are described in the annual report for 2019 in note 6 (Insurance risk), note 7 (Financial market risk), note 8 (Liquidity risk), note 9 (Credit risk) and note 10 (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. 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.

2020 has been strongly affected by the development linked to the Coronavirus spread. From the last part of February and throughout March, the pandemic, and the consequences of containment both in Norway and globally, led to financial turmoil with falling equity prices, increased credit spreads, falling interest rates and lower tradability for many financial assets. In combination with reduced oil prices, the conditions also led to a significant weakening of the Norwegian Krone. In the second and third quarter, the financial market and especially the equity market has recovered, helped by supporting policy measures. Storebrand has risk management which through policies and principles handles and dampens the effect of volatile financial markets, but the market turmoil has led to negative effects for the results. The uncertainty regarding the financial markets and the effects from Covid-19 going forward is still higher than normal market risk.

The equity market was strong in the third quarter. Global equities increased 7 percent and Norwegian equities increased 8 percent in the third quarter. For the first three quarters, global equities rose 1 percent while Norwegian equities fell 8 percent. The market for corporate bonds was also positive in the third quarter. Most of the increase in credit spreads in the first quarter is now reversed.

Interest rates stayed at around the same level during the third quarter, after large falls in the first half. Short term interest rates are down by approx. 1.6 pp and the Norwegian 10-year swap-rate are down by 1.2 pp from the start of the year. The Swedish 10-year swap-rate is down by 0.4 pp. 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 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 stayed at around the same level in the third quarter but has weakened significantly from the start of the year, particularly in the first quarter. From the start of the year, the Norwegian Krone has weakened approx. 11 percent against both the Euro and the Swedish Krona and 6 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 the 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 first quarter the investment allocation to equities was reduced in line with the principles for dynamic risk management. During the second and third quarters there has been a reweighting of the equity position in line with positive equity markets.

The return for guaranteed customer portfolios in Norway and Sweden on average was positive, both in the third quarter and from the start of the year. But from the start of the year, the return is slightly lower than the change in value of the liabilities.

The return for the unit linked portfolios was positive in the third quarter but is close to zero from the start of the year.

### SENSITIVITY ANALYSES

The tables show the fall in value for Storebrand Life Insurance and SPP's investment portfolios as a result 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 at 30 September 2020. The effect of each stress changes the return in each 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 II) | 50%          | 30%          |

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 at 30 September 2020, the customer buffers are of such a size that the effects on the result are significantly lower.

### STRESSTEST 1

| Sensitivity        | Storebrand Livförsäkring |                    | SSP Pension & Försäkring |                    |
|--------------------|--------------------------|--------------------|--------------------------|--------------------|
|                    | NOK Million              | Share of portfolio | NOK Million              | Share of portfolio |
| Interest rate risk | 4,193                    | 2.0%               | -144                     | -0.2%              |
| Equity risk        | -2,037                   | -1.0%              | -2,048                   | -2.2%              |
| Property risk      | -2,471                   | -1.2%              | -1,215                   | -1.3%              |
| Credit risk        | -1,240                   | -0.6%              | -908                     | -1.0%              |
| <b>Total</b>       | <b>-1,555</b>            | <b>-0.7%</b>       | <b>-4,315</b>            | <b>-4.6%</b>       |

## STRESSTEST 2

| Sensitivity        | Storebrand Livsforsikring |                    | SSP Pension & Försäkring |                    |
|--------------------|---------------------------|--------------------|--------------------------|--------------------|
|                    | NOK Million               | Share of portfolio | NOK Million              | Share of portfolio |
| Interest rate risk | -4,193                    | 2.0%               | 144                      | -0.2%              |
| Equity risk        | -1,222                    | -0.6%              | -1,229                   | -1.3%              |
| Property risk      | -1,442                    | -0.7%              | -709                     | -0.8%              |
| Credit risk        | -745                      | -0.3%              | -545                     | -0.6%              |
| <b>Total</b>       | <b>-7,602</b>             | <b>-3.6%</b>       | <b>-2,339</b>            | <b>-2.5%</b>       |

### *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 7.6 billion (NOK 7.2 billion as at 31 December 2019), which is equivalent to 3.6 (3.4) 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 if the customer buffer is not adequate. 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 4.3 billion (SEK 3.5 billion as at 31 December 2019), which is equivalent to 4.6 (3.8) 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. Only the portion of the fall in value that cannot be settled against the customer buffer will be charged to the result. 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 weakening of the Norwegian economy in the first half of 2020 has led to a substantial increase in unemployment. This increase is possibly temporary due to the containment of the virus and the labour market has improved somewhat in the third quarter. There has historically been correlations between the unemployment rate and the disability levels. The governments are putting in place several measures to support the economy from effects from Covid-19, but the long-term unemployment rate and the outcome of the pandemic is uncertain.

Storebrand increased insurance reserves in the first quarter 2020 based on expected effects from the Covid-19 virus. The situation has been closely monitored during the second and third quarter, without any observed significant effects from Covid-19 on the reserves. 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 the first three quarters.

Note 05 | Liquidity risk

**SPECIFICATION OF SUBORDINATED LOAN CAPITAL**

| (NOK million)                                                        | Nominal value | Currency | Interest rate | Call date | Book value   |
|----------------------------------------------------------------------|---------------|----------|---------------|-----------|--------------|
| <b>Issuer</b>                                                        |               |          |               |           |              |
| <b>Perpetual subordinated loans</b>                                  |               |          |               |           |              |
| Storebrand Livsforsikring AS                                         | 1,100         | NOK      | Variable      | 2024      | 1,100        |
| <b>Dated subordinated loans</b>                                      |               |          |               |           |              |
| Storebrand Livsforsikring AS                                         | 750           | SEK      | Variable      | 2021      | 791          |
| Storebrand Livsforsikring AS                                         | 1,000         | SEK      | Variable      | 2022      | 1,047        |
| Storebrand Livsforsikring AS                                         | 900           | SEK      | Variable      | 2025      | 940          |
| Storebrand Livsforsikring AS                                         | 1,000         | SEK      | Variable      | 2024      | 1,047        |
| Storebrand Livsforsikring AS                                         | 500           | NOK      | Variable      | 2025      | 499          |
| Storebrand Livsforsikring AS                                         | 300           | EUR      | Fixed         | 2023      | 3,536        |
| <b>Total subordinated loans and hybrid tier 1 capital 30.09.2020</b> |               |          |               |           | <b>8,960</b> |
| <b>Total subordinated loans and hybrid tier 1 capital 31.12.2019</b> |               |          |               |           | <b>8,649</b> |

Note 06 | 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 2019.

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

**FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES AT AMORTISED COST**

| (NOK million)                             | Fair value<br>30.09.2020 | Fair value<br>31.12.19 | Book value<br>30.09.2020 | Book value<br>31.12.19 |
|-------------------------------------------|--------------------------|------------------------|--------------------------|------------------------|
| <b>Financial assets</b>                   |                          |                        |                          |                        |
| Loans to customers - corporate            | 6,211                    | 6,169                  | 6,220                    | 6,194                  |
| Loans to customers - retail               | 17,195                   | 17,542                 | 17,195                   | 17,542                 |
| Bonds held to maturity                    | 14,876                   | 14,433                 | 13,394                   | 13,377                 |
| Bonds classified as loans and receivables | 107,363                  | 100,588                | 99,425                   | 96,909                 |
| <b>Financial liabilities</b>              |                          |                        |                          |                        |
| Subordinated loan capital                 | 8,882                    | 8,729                  | 8,960                    | 8,649                  |

## VALUATION OF FINANCIAL INSTRUMENTS AND PROPERTIES AT FAIR VALUE

### STOREBRAND LIVSFORSIKRING GROUP

| (NOK million)                                                   | Level 1       | Level 2                | Level 3                    | Total          | Total          |
|-----------------------------------------------------------------|---------------|------------------------|----------------------------|----------------|----------------|
|                                                                 | Quoted prices | Observable assumptions | Non-observable assumptions | 30.09.2020     | 31.12.2019     |
| <b>Assets</b>                                                   |               |                        |                            |                |                |
| <b>Equities and fund units</b>                                  |               |                        |                            |                |                |
| - Equities                                                      | 24,307        | 107                    | 479                        | 24,893         | 28,673         |
| - Fund units                                                    |               | 181,190                | 9,806                      | 190,996        | 165,372        |
| <b>Total equities and fund units 30.09.2020</b>                 | <b>24,307</b> | <b>181,298</b>         | <b>10,285</b>              | <b>215,889</b> |                |
| <b>Total equities and fund units 31.12.2019</b>                 | <b>28,007</b> | <b>156,553</b>         | <b>9,485</b>               |                | <b>194,045</b> |
| <b>Total loans to customers</b>                                 |               |                        |                            |                |                |
| - Loans to customers - corporate                                |               |                        | 8,320                      | 8,320          | 6,736          |
| <b>Bonds and other fixed income securities</b>                  |               |                        |                            |                |                |
| - Government bonds                                              | 15,739        | 19,001                 |                            | 34,740         | 31,416         |
| - Corporate bonds                                               |               | 61,298                 | 8                          | 61,306         | 60,055         |
| - Structured notes                                              |               |                        |                            |                |                |
| - Collateralised securities                                     |               | 3,114                  |                            | 3,114          | 1,219          |
| - Bond funds                                                    |               | 58,070                 | 9,203                      | 67,272         | 55,350         |
| <b>Total bonds and other fixed income securities 30.09.2020</b> | <b>15,739</b> | <b>141,483</b>         | <b>9,210</b>               | <b>166,432</b> |                |
| <b>Total bonds and other fixed income securities 31.12.2019</b> | <b>10,638</b> | <b>131,898</b>         | <b>5,505</b>               |                | <b>148,040</b> |
| <b>Derivatives:</b>                                             |               |                        |                            |                |                |
| - Equity derivatives                                            |               |                        |                            |                | 1              |
| - Interest derivatives                                          |               | 8,656                  | -123                       | 8,533          | 2,539          |
| - Currency derivatives                                          |               | -2,102                 |                            | -2,102         | 1,780          |
| - Credit derivatives                                            |               |                        |                            |                |                |
| <b>Total derivatives 30.09.2020</b>                             |               | <b>6,554</b>           | <b>-123</b>                | <b>6,431</b>   |                |
| - derivatives with a positive market value                      |               | 9,315                  |                            | 9,315          | 5,253          |
| - derivatives with a negative market value                      |               | -2,761                 | -123                       | -2,884         | -932           |
| <b>Total derivatives 31.12.2019</b>                             |               | <b>4,321</b>           |                            |                | <b>4,321</b>   |
| <b>Properties:</b>                                              |               |                        |                            |                |                |
| - investment properties                                         |               |                        | 30,729                     | 30,729         | 29,415         |
| - Owner-occupied properties                                     |               |                        | 1,551                      | 1,551          | 1,375          |
| <b>Total properties 30.09.2020</b>                              |               |                        | <b>32,280</b>              | <b>32,280</b>  |                |
| <b>Total properties 31.12.2019</b>                              |               |                        | <b>30,790</b>              |                | <b>30,790</b>  |

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 | Corporate bonds | Bond funds   | Investment properties | Owner-occupied properties |
|----------------------------------|------------|--------------|--------------------|-----------------|--------------|-----------------------|---------------------------|
| Book value 01.01                 | 469        | 9,016        | 6,736              | 15              | 5,490        | 29,415                | 1,375                     |
| Net profit/loss                  | 30         | 214          | -195               |                 | -3           | 362                   | -74                       |
| Supply/disposal                  |            | 1,252        | 1,688              |                 |              | 3,091                 | 826                       |
| Sales/overdue/settlement         | -20        | -925         | -636               |                 | -6           | -278                  |                           |
| Currency translation differences |            | 248          | 727                |                 | 1            | 537                   | 1,116                     |
| Other                            |            |              |                    |                 |              |                       | -554                      |
| <b>Book value 30.09.2020</b>     | <b>479</b> | <b>9,806</b> | <b>8,320</b>       | <b>15</b>       | <b>5,483</b> | <b>33,128</b>         | <b>2,689</b>              |

As at 30 September 2020, Storebrand Livsforsikring had NOK 5 709 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<br>Quoted prices | Level 2<br>Observable assumptions | Level 3<br>Non-observable assumptions | Total<br>30.09.2020 | Total<br>31.12.2019 |
|-----------------------------------------------------------------|--------------------------|-----------------------------------|---------------------------------------|---------------------|---------------------|
| <b>Assets</b>                                                   |                          |                                   |                                       |                     |                     |
| <b>Equities and fund units</b>                                  |                          |                                   |                                       |                     |                     |
| - Equities                                                      | 22,475                   | 95                                | 479                                   | 23,048              | 2,327               |
| - Fund units                                                    |                          | 58,756                            | 7,602                                 | 66,358              | 60,547              |
| <b>Total equities and fund units 30.09.2020</b>                 | <b>22,475</b>            | <b>58,851</b>                     | <b>8,080</b>                          | <b>89,406</b>       |                     |
| <b>Total equities and fund units 31.12.2019</b>                 | <b>1,685</b>             | <b>53,883</b>                     | <b>7,306</b>                          |                     | <b>62,874</b>       |
| <b>Total loans to customers</b>                                 |                          |                                   |                                       |                     |                     |
| - Loans to customers - corporate                                |                          |                                   | 143                                   | 143                 |                     |
| <b>Bonds and other fixed income securities</b>                  |                          |                                   |                                       |                     |                     |
| - Government bonds                                              | 7,935                    | 107                               |                                       | 8,042               | 4,992               |
| - Corporate bonds                                               |                          | 27,579                            | 8                                     | 27,586              | 25,794              |
| - Structured notes                                              |                          |                                   |                                       |                     |                     |
| - Collateralised securities                                     |                          | 765                               |                                       | 765                 | 732                 |
| - Bond funds                                                    |                          | 43,081                            | 958                                   | 44,039              | 39,467              |
| <b>Total bonds and other fixed income securities 30.09.2020</b> | <b>7,935</b>             | <b>71,531</b>                     | <b>965</b>                            | <b>80,432</b>       |                     |
| <b>Total bonds and other fixed income securities 31.12.2019</b> | <b>4,899</b>             | <b>65,316</b>                     | <b>771</b>                            |                     | <b>70,986</b>       |
| <b>Derivatives:</b>                                             |                          |                                   |                                       |                     |                     |
| - Equity derivatives                                            |                          |                                   |                                       |                     | 1                   |
| - Interest derivatives                                          |                          | 6,901                             |                                       | 6,901               | 1,238               |
| - Currency derivatives                                          |                          | -2,032                            |                                       | -2,032              | 1,550               |
| <b>Total derivatives 30.09.2020</b>                             |                          | <b>4,869</b>                      |                                       | <b>4,869</b>        |                     |
| - derivatives with a positive market value                      |                          | 7,065                             |                                       | 7,065               |                     |
| - derivatives with a negative market value                      |                          | -2,196                            |                                       | -2,196              |                     |
| <b>Total derivatives 31.12.2019</b>                             |                          | <b>2,789</b>                      |                                       |                     | <b>2,789</b>        |

### MOVEMENT LEVEL 3

| (NOK million)                | Equities   | Fund units   | Loans to customers | Corporate bonds | Bond funds |
|------------------------------|------------|--------------|--------------------|-----------------|------------|
| Book value 01.01             | 469        | 6,837        | 343                | 8               | 763        |
| Net profit/loss              | 30         | 428          | 30                 |                 | 32         |
| Supply/disposal              |            | 1,056        |                    |                 | 228        |
| Sales/overdue/settlement     | -20        | -720         | -230               |                 | -65        |
| <b>Book value 30.09.2020</b> | <b>479</b> | <b>7,602</b> | <b>143</b>         | <b>8</b>        | <b>958</b> |

### SENSITIVITY ASSESSMENTS

#### EQUITIES

It is primarily investments in forests that are classified under equity at level 3. Forestry investments are characterised by, among other things, very long cash flow periods. There can be some uncertainty associated with future cash flows due to future income and costs growth, even though these assumptions are based on recognised sources. Nonetheless, valuations of forestry investments will be particularly sensitive to the discount rate used in the estimate. The company bases its valuation on external valuations. These utilise an estimated market-related required rate of return

| (NOK million)                       | Storebrand Livsforsikring group            |                  | Storebrand Livsforsikring AS               |                  |
|-------------------------------------|--------------------------------------------|------------------|--------------------------------------------|------------------|
|                                     | Change in value at change in discount rate |                  | Change in value at change in discount rate |                  |
|                                     | Increase + 25 bp                           | Decrease - 25 bp | Increase + 25 bp                           | Decrease - 25 bp |
| Change in fair value as at 30.09.20 | -19                                        | 17               | -19                                        | 17               |
| Change in fair value as at 31.12.19 | -19                                        | 21               | -19                                        | 21               |

#### UNITS

Large portions of the portfolio are private equity funds invested in companies priced against comparable listed companies. The valuation of the private equity portfolio will thus be sensitive to fluctuations in global equity markets. The private equity portfolio has an estimated Beta relative to the MSCI World (Net - currency hedged to NOK) of around 0.46.

| (NOK million)                       | Storebrand Livsforsikring group |                 | Storebrand Livsforsikring AS |                 |
|-------------------------------------|---------------------------------|-----------------|------------------------------|-----------------|
|                                     | Change MSCI World               |                 | Change MSCI World            |                 |
|                                     | Increase + 10 %                 | Decrease - 10 % | Increase + 10 %              | Decrease - 10 % |
| Change in fair value as at 30.09.20 | 450                             | -450            | 354                          | -354            |
| Change in fair value as at 31.12.19 | 413                             | -413            | 320                          | -320            |

The valuation of indirect property investments will be sensitive to a change in the required rate of return and the expected future cash flow. Remaining indirect property investments are no longer leveraged

| (NOK million)                       | Storebrand Livsforsikring group      |                 | Storebrand Livsforsikring AS         |                 |
|-------------------------------------|--------------------------------------|-----------------|--------------------------------------|-----------------|
|                                     | Change indirect property investments |                 | Change indirect property investments |                 |
|                                     | Increase + 10 %                      | Decrease - 10 % | Increase + 10 %                      | Decrease - 10 % |
| Change in fair value as at 30.09.20 | 2                                    | -2              | 2                                    | -2              |
| Change in fair value as at 31.12.19 | 1                                    | -1              | 1                                    | -1              |

## LOANS TO CUSTOMERS

Loans are valued at fair value. The fair value is determined by discounting future cash flows with the associated swap curve adjusted for a customer-specific credit spread. Loans from SPP Pension & Försäkring AB are appraised at fair value. The value of these loans is determined by future cash flows being discounted by an associated swap curve adjusted for a customer-specific credit spread.

| (NOK million)                       | Storebrand Livsforsikring group |         | Storebrand Livsforsikring AS |         |
|-------------------------------------|---------------------------------|---------|------------------------------|---------|
|                                     | Change in marketspread          |         | Change in marketspread       |         |
|                                     | + 10 bp                         | - 10 bp | + 10 bp                      | - 10 bp |
| Change in fair value as at 30.09.20 | -28                             | 28      | -7                           | 7       |
| Change in fair value as at 31.12.19 | -27                             | 27      | -9                           | 9       |

## CORPORATE BONDS

Corporate bonds at level 3 are typical non-performing loans and convertible bonds. They are not priced by a discount rate as bonds normally are, and therefore these investments are included in the same sensitivity test as private equity.

| (NOK million)                       | Storebrand Livsforsikring group |                 | Storebrand Livsforsikring AS |                 |
|-------------------------------------|---------------------------------|-----------------|------------------------------|-----------------|
|                                     | Change MSCI World               |                 | Change MSCI World            |                 |
|                                     | Increase + 10 %                 | Decrease - 10 % | Increase + 10 %              | Decrease - 10 % |
| Change in fair value as at 30.09.20 | 0                               | 0               | 0                            | 0               |
| Change in fair value as at 31.12.19 | 0                               | 0               | 0                            | 0               |

## PROPERTIES

The sensitivity assessment for properties includes investments properties.

The valuation of property is particularly sensitive to a change in the required rate of return and the expected future cash flow. A change of 0.25 per cent in the required rate of return when everything else remains unchanged will result in a change in the value of Storebrand's property portfolio of approximately 5.5 per cent.

| (NOK million)                       | Storebrand Livsforsikring group   |         | Storebrand Livsforsikring AS      |         |
|-------------------------------------|-----------------------------------|---------|-----------------------------------|---------|
|                                     | Change in required rate of return |         | Change in required rate of return |         |
|                                     | 0.25 %                            | -0.25 % | 0.25 %                            | -0.25 % |
| Change in fair value as at 30.09.20 | -1,678                            | 1,870   | -1,001                            | 1,104   |
| Change in fair value as at 31.12.19 | -1,560                            | 1,699   | -1,065                            | 1,129   |

## 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 income tax expense is also influenced by a tax effect relating to previous years. In the quarter there has been booked a tax income due to new information and interpretation of the transition rules of 2018. 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 21.4 per cent.

In the first quarter there was booked a tax income of NOK 356 million due to new information and revised interpretation of the transition rules of 2018. Due to a substantial weakening of NOK against SEK in the first quarter, the hedging of Swedish subsidiaries had a tax effect which increased the tax income. The NOK has increased during the last two quarters and the tax effect was reduced to NOK 223 million for the third quarter.

*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 preponderance 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. The company considers it to be preponderance that Storebrand's understanding of the tax legislation will be accepted by a court of law and thus, no uncertain tax position has been recognised in the financial statements based on the received draft 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, but in October 2019 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 6.3 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 a tax income of approximately NOK 0.8 billion. If the Norwegian Tax Administration prevails with its argument under point (A), Storebrand will recognise a tax expense of approximately NOK 0.6 billion.

The timeline for the continued process with the Norwegian Tax Administration is unclear, but if necessary, Storebrand will seek clarification from the court of law for the aforementioned uncertain tax positions.

## Note 08

### Contingent liabilities

| (NOK million)                                        | Storebrand Livsforsikring<br>group |              | Storebrand<br>Livsforsikring AS |              |
|------------------------------------------------------|------------------------------------|--------------|---------------------------------|--------------|
|                                                      | 30.09.20                           | 31.12.19     | 30.09.20                        | 31.12.19     |
| Uncalled residual liabilities re limited partnership | 5,948                              | 7,297        | 5,311                           | 6,433        |
| <b>Total contingent liabilities</b>                  | <b>5,948</b>                       | <b>7,297</b> | <b>5,311</b>                    | <b>6,433</b> |

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 2019 annual report.

## Note 09

### 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)                                                                    | 30.09.2020    |                      |                    |              |         | 31.12.19      |
|----------------------------------------------------------------------------------|---------------|----------------------|--------------------|--------------|---------|---------------|
|                                                                                  | Total         | Group 1<br>unlimited | Group 1<br>limited | Group 2      | Group 3 | Total         |
| Share capital                                                                    | 3,540         | 3,540                |                    |              |         | 3,540         |
| Share premium                                                                    | 9,711         | 9,711                |                    |              |         | 9,711         |
| Reconciliation reserve                                                           | 23,600        | 23,600               |                    |              |         | 21,146        |
| Including the effect of the transitional arrangement                             | 11,591        | 11,591               |                    |              |         |               |
| Subordinated loans                                                               | 8,902         |                      | 1,132              | 7,770        |         | 7,651         |
| Deferred tax asset                                                               |               |                      |                    |              |         |               |
| Risk equalisation reserve                                                        | 436           |                      |                    | 436          |         | 466           |
| Expected dividend/group distributions                                            | -1,300        | -1,300               |                    |              |         |               |
| <b>Total solvency capital</b>                                                    | <b>44,889</b> | <b>35,551</b>        | <b>1,132</b>       | <b>8,206</b> |         | <b>40,823</b> |
| <b>Total solvency capital available to cover the minimum capital requirement</b> | <b>38,186</b> | <b>35,551</b>        | <b>1,132</b>       | <b>1,504</b> |         | <b>35,124</b> |

## SOLVENCY CAPITAL REQUIREMENT AND MARGIN

| (NOK million)                      | 30.09.20       | 31.12.19       |
|------------------------------------|----------------|----------------|
| Market                             | 21,758         | 18,583         |
| Counterparty                       | 1,092          | 702            |
| Life                               | 6,797          | 7,055          |
| Health                             | 617            | 564            |
| P&C                                |                |                |
| Operational                        | 1,100          | 1,036          |
| Diversification                    | -5,367         | -5,043         |
| Loss-absorbing tax effect          | -5,427         | -4,740         |
| <b>Total solvency requirement</b>  | <b>20,569</b>  | <b>18,156</b>  |
| <b>Solvency margin</b>             | <b>218.2 %</b> | <b>224.8 %</b> |
| <b>Minimum capital requirement</b> | <b>7,518</b>   | <b>6,512</b>   |
| <b>Minimum margin</b>              | <b>507.9 %</b> | <b>539.3 %</b> |

## Note 10 | 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 2019 annual report.

Storebrand Livsforsikring has not carried out any material transactions other than normal business transactions with related parties during 2020, other than Storebrand Livsforsikring AS having acquired mortgages from the sister company Storebrand Bank ASA. The mortgages were transferred on commercial terms. The portfolio of loans that have been transferred in the 3rd quarter 2020 is NOK 2 billion and NOK 3.4 billion year to date. Storebrand Livsforsikring transfers loans back to Storebrand Bank when mortgages are renegotiated or terminated. The total portfolio of loans bought as of the 3rd quarter in 2020 is NOK 17.5 billion. Storebrand Livsforsikring AS pays management fees to Storebrand Bank ASA for management of the portfolios, the expense for the 3rd quarter 2020 is NOK 16.9 million and NOK 52 million year to date.

# Financial calendar 2020



**February 2021**   Results 4Q 2020

## Investor Relations contacts



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