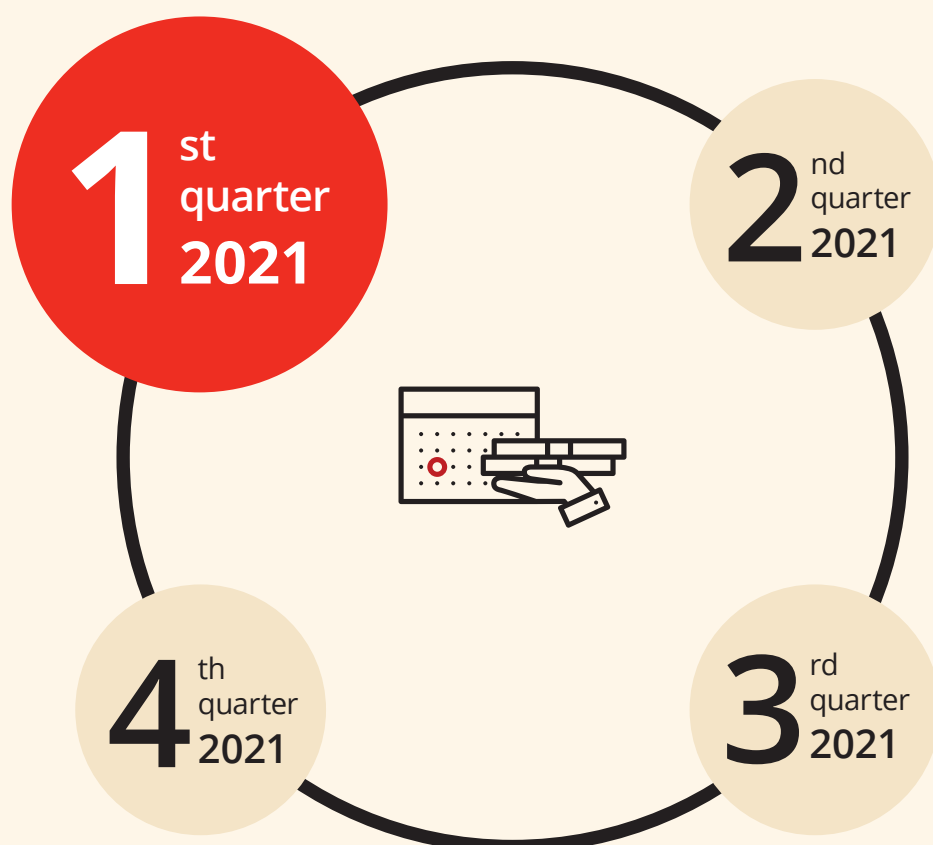


Interim report 2021

Storebrand Livsforsikring AS (unaudited)



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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 1st quarter result please refer to the Storebrand Group's interim report for the 1st quarter of 2021. Storebrand Group's ambition is to provide our customers with financial freedom and security by being the best provider of long-term savings and insurance. The Group offers an integrated product range spanning from life insurance, P&C insurance, asset management and banking to private individuals, companies and public sector entities. The Group is divided into the segments Savings, Insurance, Guaranteed Pension and Other.

Profit Storebrand Livsforsikring Group

(NOK million)	2021		2020			1.1 - 31.03		Full year
	Q1	Q4	Q3	Q2	Q1	2021	2020	2020
Fee and administration income	959	895	864	867	851	959	851	3,476
Insurance result	125	215	195	175	-131	125	-131	454
Operational expenses	-584	-620	-594	-586	-627	-584	-627	-2,427
Operating profit	500	490	464	456	93	500	93	1,503
Financial items and risk result life & pension	178	270	282	123	-471	178	-471	204
Profit before amortisation	678	760	747	578	-378	678	-378	1,707
Amortisation	-92	-95	-93	-94	-89	-92	-89	-372
Profit before tax	586	665	653	484	-467	586	-467	1,336

The profit before amortisation was NOK 678m (NOK -378m) in the 1st quarter. The figures in brackets are from the corresponding period last year which was adversely affected by the outbreak of the Covid-19 pandemic. Strong underlying growth within Savings and Insurance, combined with disciplined cost control, contribute to growth in profits despite a lower than targeted insurance result. Financial market returns in the Swedish guaranteed business contributed to a strong financial result while the overall buffer capital level remained intact at more than 11% of guaranteed customer reserves, despite rising interest rates.

Total fee and administration income amounted to NOK 959m (NOK 851m) in the quarter, corresponding to an increase of 13% (11% adjusted for currency). Strong growth in assets under management and stable fee income margins within the Savings segment contribute to the income growth. New mandates in public pension contributed to modest growth in the Guaranteed segment.

The Insurance result was NOK 125m (NOK -131m) and the total combined ratio for the Insurance segment was 97% (134%) in the 1st quarter – higher than the target of 90-92%. Generally weak disability results, as well as accrual effects in pension related disability insurance in Sweden weakened the result in the quarter.

The operating expense in the quarter were NOK 584m (NOK 627m). The Group maintains strong underlying cost control, and digital investments are made to further reduce cost over time. Storebrand continues its

focus on strong cost discipline as it has been demonstrated over the past years.

Overall, the operating profit amounted to NOK 500m (NOK 93m) in the quarter.

The 'financial items and risk result' amounted to NOK 178m (NOK -471m) in the quarter. Good investment returns in Swedish SPP have led to a lower need for Deferred Capital Contribution (DCC). The weak result in the 1st quarter 2020 was primarily due to a weak risk result related to disability coverages and unrealised losses on investments during the market turmoil following the outbreak of the Covid-19 pandemic.

Storebrand Livsforsikring Group booked a tax expense of NOK 265m (tax income NOK 732m) in the quarter. The high effective tax rate in the quarter is a consequence of taxable unrealised gains on currency hedges related to the Swedish business and corresponding non-deductible unrealised loss on currency on the shares in the subsidiaries, as the Swedish krona depreciated 6% against the Norwegian krone. The tax income in the 1st quarter of 2020 was in part attributed to the opposite effect as the Norwegian krona depreciated sharply in that quarter. The estimated normal tax rate is 19-22%, depending on each legal entity's contribution to the Group result. Different tax rates in different countries of operations and currency fluctuations impact the quarterly tax rate. Tax related issues are described more under the Outlook section and in note 7.

Profit Storebrand Livsforsikring Group - by business area

(NOK million)	2021		2020			1.1 - 31.03		Full year
	Q1	Q4	Q3	Q2	Q1	2021	2020	2020
Savings	304	211	217	207	148	304	148	782
Insurance	56	140	112	90	-253	56	-253	89
Guaranteed pensions	322	396	308	27	74	322	74	805
Other	-4	14	110	254	-347	-4	-347	32
Profit before amortisation	678	760	747	578	-378	678	-378	1,707

The Group reports the results by business segment. For a more detailed description of the results, see the sections by segment below. Savings reported a profit before amortisation of NOK 304m (NOK 148m) in the quarter, driven by growth in assets under management and strong cost control. Profit before amortisation in Insurance was NOK 56m (NOK -253m), it was NOK 322m (NOK 74m) in Guaranteed pension, and in the Other segment it amounted to NOK -4m (NOK -347m) in the quarter.

Capital situation

Rising long term interest rates improved the solvency ratio in the quarter. Given the current interest rate level, Storebrand does not benefit from transitional capital anymore. The solvency ratio was 176% at the end of the 1st quarter, an increase of 10 percentage points from the underlying solvency ratio reported last quarter. This is within the targeted range of 150-180%. Market returns, group profit after tax net of dividends set aside for 2021, issuance of new subordinated debt, and a higher volatility adjustment contributed positively to the solvency ratio. Regulatory changes, including increased equity stress and a lower ultimate forward rate, contributed negatively to the solvency ratio.

Market and sales performance

Unit Linked reserves grew by 33% compared to the 1st quarter in 2020. The growth in Unit linked savings is driven by premiums from existing contracts, new sales, investment returns, and increased savings rates. In Norway, Storebrand is the market leader in Unit Linked occupational pension with a 29% market share of gross premiums written (at the end of the 4th quarter 2020). SPP is the second largest provider and has an 18% market share of gross premiums written and transfers in the Swedish market for non-unionised occupational pensions ("Övrig Tjänstepension").

Within Insurance, the annual portfolio premiums fell by 2% compared to the 1st quarter last year. The reason for the drop is that a large group life contract was terminated representing annual portfolio premiums of NOK 275m, with effect from 1 January 2021.

Savings

- 60% growth in operating profit in the 1st quarter 2021 compared to 2020, driven by 18% growth in fee and administration income combined with lower nominal costs
- 33% growth in asset under management in the Unit Linked business y/y

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

Savings

(NOK million)	2021		2020			1.1 - 31.03		Full year 2020
	Q1	Q4	Q3	Q2	Q1	2021	2020	
Fee and administration income	576	503	484	487	488	576	488	1,961
Operational expenses	-282	-296	-272	-265	-305	-282	-305	-1,138
Operating profit	294	207	212	222	183	294	183	824
Financial items and risk result life & pension	10	4	5	-15	-36	10	-36	-41
Profit before amortisation	304	211	217	207	148	304	148	782

Profit

The Savings segment reported a profit before amortisation and tax of NOK 304m (NOK 148m) in the 1st quarter.

Compared to the 1st quarter 2020, fee- and administration income in the Savings segment increased by 18%, or 9% adjusted for currency effects. The income growth within Norwegian Unit Linked was 6.5%. The income within Swedish Unit Linked includes transaction fees, amounting to NOK 37m. Adjusted for this gain the growth was 15% (11% currency adjusted).

Fee income margins remained stable in the quarter. Unit Linked Norway reported a margin of 0.80%, in line with the previous quarter when adjusting for accrual effects in the 4th quarter 2020. Unit Linked Sweden reported a margin of 0.78%, which is in line with the previous quarter when adjusting for transaction fees. Continued gradual margin decline is expected within Unit Linked, particularly in Norway where Individual Pensions Accounts are being introduced this year.

Operational cost remained stable but lower in the 1st quarter, despite underlying growth in the business. This is mainly explained by strong cost control.

The financial result was NOK 10m (NOK -36m) in the quarter. In the 1st quarter 2020, the loss stemmed primarily from the COVID-19 and the resulting financial market turmoil (weak stock market returns and credit spreads widening).

Key Figures

(NOK million)	2021		2020		
	Q1	Q4	Q3	Q2	Q1
Unit Linked Reserves	278,702	268,331	251,578	234,644	210,061
Unit Linked Premiums	5,478	5,163	4,856	5,121	5,046

Balance sheet and market trends

Unit Linked premiums amounted to NOK 5.5bn (NOK 5.0bn) in the 1st quarter, growing 9% compared to the same quarter last year. Total assets under management in Unit Linked increased by NOK 10bn (4%) during the 1st quarter to NOK 279bn. Compared to the same quarter last year, the growth is NOK 69bn (33%). Total transfers in the quarter amounted to NOK -1.9bn net outflow. Individual Pension Account holders in Norway have since 1 February been able to transfer their account from the employer's collective scheme to a provider of own choice. This resulted in a larger than usual transfer activity in the market during the initial days of the new regime, but the transfer activity fell significantly in the following weeks.

In the Norwegian Unit Linked business, assets under management increased by NOK 7.2bn (7%) to NOK 144bn in the quarter, and by NOK 39.1bn (37%) compared to the same quarter last year. The underlying growth is driven by growth in premium payments, especially within retail savings, as well as good market returns and new sales.

In the Swedish market, SPP is the second largest provider of non-unionised occupational pensions with a market share of 17% measured by gross premiums written including transfers within Unit Linked (as at the end of 2020). Unit Linked assets under management increased by SEK 11.6bn (9%) to SEK 138bn in the quarter, and by SEK 38.6bn (39%) compared to the same quarter last year. The growth is driven by strong growth in sales (APE) and market return.

Insurance

- 10% growth y/y Individual life portfolio premiums
- Accrual effects in pension related disability insurance Sweden weaken the result in the quarter

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

Insurance

(NOK million)	2021		2020			1.1 - 31.03		Full year 2020
	Q1	Q4	Q3	Q2	Q1	2021	2020	
Insurance result	125	215	195	175	-131	125	-131	454
- Insurance premiums f.o.a.	742	750	746	736	706	742	706	2,938
- Claims f.o.a.	-617	-535	-551	-561	-837	-617	-837	-2,484
Operational expenses	-99	-99	-97	-95	-107	-99	-107	-399
Operating profit	26	116	97	80	-238	26	-238	56
Financial items and risk result life & pension	30	23	15	10	-15	30	-15	33
Profit before amortisation	56	140	112	90	-253	56	-253	89

Profit

Insurance delivered a result before amortisation of NOK 56m (NOK -253m) in the 1st quarter leading to a combined ratio of 97% (134%). The 1st quarter result is weaker than the target combined ratio of 90-92%. The higher combined ratio in the quarter is driven by a weak disability result and accrual effects within pension related disability claims in Sweden. Results in the 1st quarter 2020, shown for comparison, were negatively affected by a reserve strengthenings due to the Covid-19 pandemic.

For Individual life, the profit before amortisation was NOK 65m (NOK 13m) in 1st quarter, which represents a strong and stable result in the quarter. Satisfactory growth continued with premiums f.o.a. growing 9% compared to the 1st quarter 2020.

For Group life, the result was NOK 8m (NOK -251m) in the. Although the claims ratio improved in the quarter, lower premium income driven by the termination of a large group life contract at the end of 2020 resulted in a higher cost ratio and a combined ratio of 101% (205%).

The result for 'Pension related disability insurance Nordic' was NOK -17m (NOK -6m) in the 1st quarter. The contribution from the Norwegian business was marginally negative due to an increase in disability claims in the quarter. The weak disability results are caused by a slow labour market following the pandemic, which leads to less reactivation of employees returning to the workforce from sick leave. In the Swedish business, the quarterly result was negatively affected by NOK -28m in accruals that had led to a better than normal result in the previous quarter.

Cost control has continued to be satisfactory. The cost ratio was 13% (15%) in the 1st quarter, in line with the last quarter and lower compared to the corresponding quarter last year.

Insurance's investment portfolio in Norway amounted to NOK 7.0bn¹ as of the end of the 1st quarter. It is primarily invested in fixed income securities with short to medium duration and achieved a financial return of 1.0% in the quarter.

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. Overall development in annual portfolio premiums amounted to decrease 2% compared to the 1st quarter last year. The reason for the drop is that a large group life contract was terminated representing annual portfolio premiums of NOK 275m, with effect from 1 January 2021.

Growth in Individual life portfolio premiums amounted to 10%, while Group life decreased by 15% and Pension related disability insurance grew by 2% in the 1st quarter compared to the same period last year.

Profitability in the retail and corporate markets is satisfactory in general. However, 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.

¹ NOK 2.9bn of the investment portfolio is linked to disability coverages where the investment result goes to the customer reserves and not as a result element in the P&L.

Portfolio Premium (annual) (NOK million)	2021		2020		
	1Q	4Q	3Q	2Q	1Q
Individual life *	747	721	680	695	680
Group life **	827	1,005	975	990	975
Pension related disability insurance ***	1,293	1,336	1,269	1,315	1,269
Portfolio premium	2,867	3,062	2,923	3,000	2,923

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

Key Figures (NOK million)	2021		2020		
	1Q	4Q	3Q	2Q	1Q
Claims ratio	83 %	71 %	74 %	76 %	119 %
Cost ratio	13 %	13 %	13 %	13 %	15 %
Combined ratio	97 %	85 %	87 %	89 %	134 %

Guaranteed pension

- Stable result development for all products
- Growth in public sector occupational pensions
- Strong net profit sharing contribution from Swedish SPP due to strong returns and reduced need for deferred capital contribution

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

Guaranteed pension

(NOK million)	2021		2020			1.1 - 31.03		Full year 2020
	Q1	Q4	Q3	Q2	Q1	2021	2020	
Fee and administration income	383	389	380	379	363	383	363	1,511
Operational expenses	-197	-218	-217	-218	-207	-197	-207	-861
Operating profit	186	171	163	160	155	186	155	650
Financial items and risk result life & pension	136	224	146	-134	-81	136	-81	155
Profit before amortisation	322	396	308	27	74	322	74	805

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

Profit

Guaranteed Pension achieved a profit before amortisation of NOK 322m (NOK 74m) in the 1st quarter.

Both fee and administration income of NOK 383m (NOK 363m) and operational expenses amounting to NOK -197m (NOK -207m) in the 1st quarter were in line with that of the corresponding period last year. Operating expenses will gradually be reduced as a result of the products being in long-term run-off.

The risk result amounted to NOK 32m (NOK -27m) in the quarter. A strong disability and longevity result in Norwegian Paid-up policies and a strong longevity result in Swedish SPP contributed positively to the result. In the Norwegian Defined Benefit portfolio, higher disability claims and low reactivation levels of people in disability continued to contribute negatively to the results. Price adjustments has been implemented from 2021 to counter this, however further measures will be implemented.

Net profit sharing amounted to NOK 104m (NOK -55m) in the 1st quarter. The result is driven by the Swedish business SPP which achieved a result of NOK 102m (NOK -58m) in the quarter. Strong returns in the real estate portfolio including gains from asset sale reduced the need for Deferred Capital Contributions (DCC). In addition, indexation fees were charged in the quarter.

Balance sheet and market trends

The majority of the guaranteed products are closed for new business and are in long term run-off as pension payments are being made to policyholders. Most customers have switched from guaranteed to non-guaranteed products, in line with the Group's strategy. A new growth area for Storebrand is public sector occupational pensions, where Storebrand won its first mandates in 2020, transferred in 1st quarter 2021. This has resulted in a large net increase in Defined Benefit (fee based) reserves in the Norwegian business of NOK 6.8bn in the quarter.

As of the 1st quarter, customer reserves of guaranteed pensions amounted to NOK 286bn. This is a decrease of NOK 1.2bn in the quarter, but adjusted for currency effects, the increase was is NOK 5.1bn, driven by the public sector growth.

As a share of the total balance sheet, guaranteed reserves amounted to 50.7% (57.3%) at the end of the 1st quarter, a reduction of 6.7 percentage points since the same quarter last year. The premium income for guaranteed pensions (excluding trans-fers) was NOK 1.6bn (NOK 1.9bn) in the 1st quarter.

In addition to public sector pensions, Paid-up policies is the other 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 144bn as of the 1st quarter, an increase of NOK 2.7bn from same period last year.

Guaranteed portfolios in the Swedish business totalled NOK 94bn as of the 1st quarter, a decrease of NOK 7.5bn compared to the level at the start of the year. Adjusted for currency effects, reserves decreased by NOK 1.2bn.

Storebrand's strategy is to have a solid buffer capital level in order to secure customer returns and protectshareholder's equity under turbulent market conditions. Buffer capital for Guaranteed pensions was 9.8% (8.3%) of reserves in Norway and 14.1% (8.0%) in Sweden, corresponding to an overall increase of NOK 7.2bn since same period last year. Excess value of bonds at amortised cost decreased by NOK 3.0bn to NOK 5.6bn in the 1st quarter due to an increase in interest rates. The market value adjustment reserve is also affected by increased interest rates and was reduced by NOK 1.6bn in the quarter.

Key Figures

(NOK million)	2021		2020		
	Q1	Q4	Q3	Q2	Q1
Guaranteed reserves	286 410	287 614	287 740	284 832	282 439
Guaranteed reseves in % of total reserves	50.7 %	51.7 %	53.4 %	54.8 %	57.3 %
Transfer out of guaranteed reserves	6 578	704	-4	634	93
Buffer capital in % of customer reserves Storebrand	9.8 %	11.0 %	10.5 %	9.5 %	8.3 %
Buffer capital in % of customer reserves SPP	14.1 %	11.9 %	10.4 %	9.3 %	8.0 %

Other

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

Other

(NOK million)	2021		2020			1.1 - 31.03		Full year
	Q1	Q4	Q3	Q2	Q1	2021	2020	2020
Fee and administration income	0	3	0	0	0	0	0	4
Operational expenses	-6	-7	-7	-7	-8	-6	-8	-30
Operating profit	-6	-4	-7	-7	-8	-6	-8	-26
Financial items and risk result life & pension	2	18	117	261	-339	2	-339	57
Profit before amortisation	-4	14	110	254	-347	-4	-347	32

Profit

The Other segment reported a profit before amortisation of NOK -4m (NOK -347m) in the 1st quarter. The weak result in Q1 2020 stemmed from unrealised losses on investments in the portfolios that occurred during the financial market turmoil but was later reversed through the remainder of the year.

The financial result for the Other segment includes the company portfolios of SPP and Storebrand Livsforsikring, and amounted to NOK 2m in the quarter (NOK -339m). The investments are primarily in interest-bearing securities in Norway and Sweden. The Norwegian company portfolio

reported a return of 0.52% and the Swedish company portfolio achieved a return of 0.12% in the quarter. Costs associated with buying back EUR 50m of debt in connection with issuing EUR 300m of new debt amounted to NOK -35m in the quarter.

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 1st quarter, interest expenses of approximately NOK 90m per quarter are expected going forward. The company portfolios in the Norwegian and Swedish life insurance companies amounted to NOK 27bn at end of the 1st 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.

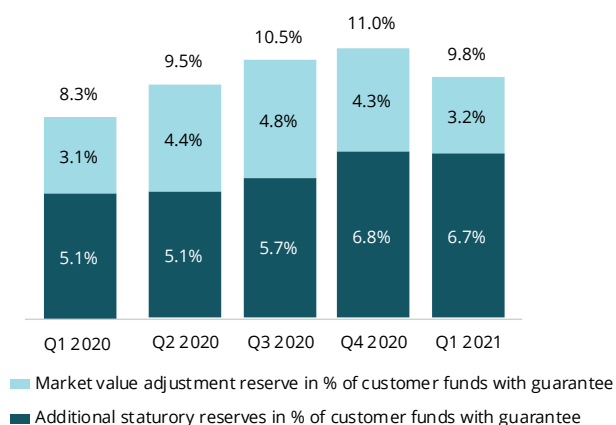
Storebrand Livsforsikring Group

The Solidity capital¹⁾ measures the amount of IFRS capital available to cover customer liabilities. The solidity capital amounted to NOK 69.4bn at the end of 1st quarter 2021, a decrease in the 1st quarter by NOK 3.4bn. The change in the quarter is primarily due to decreased customer buffers in the Norwegian operations as a result of increasing interest rates. During the quarter, issuance of a new subordinated loan and the repurchase of outstanding bonds added net NOK 2.1bn.

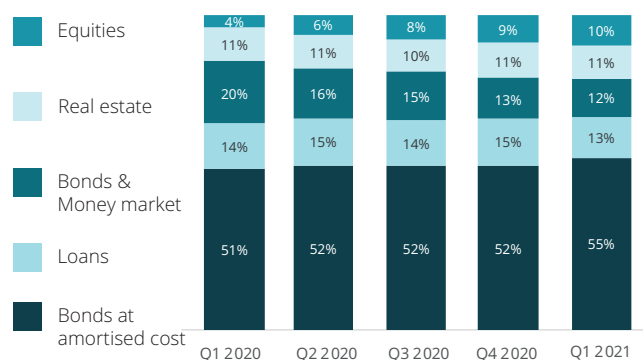
Storbrand Livsforsikring AS

The market value adjustment reserve decreased during the 1st quarter by NOK 1.6bn and amounted to NOK 5.5bn, corresponding to 3.2% of customer funds with a guarantee. The additional statutory reserves amounted to NOK 11.7bn, corresponding to 6.7% of customer funds with guarantee, at the end of the 1st quarter 2021. Investment returns in customer portfolios below the guaranteed interest rate in the quarter reduced the reserves by NOK 0.1bn while new business transferred in contributed positively with NOK 0.4bn in additional statutory reserves. Together, the customer buffers amounted to 9.8% of customer funds with guarantee. The excess value of bonds and loans valued at amortised cost decreased by NOK 3.0bn in the 1st quarter due to higher interest rates and amounted to NOK 5.6bn at the end of the 1st quarter, but is not included in the financial statements.

Customer buffers



Allocation of guaranteed customer assets



Customer assets increased by NOK 13.5bn in the 1st quarter, amounting to NOK 337bn at the end of the quarter. Customer assets within non-guaranteed savings increased NOK 7.2bn during the 1st quarter, amounting to NOK 144bn at the end of the quarter. Guaranteed customer assets increased in the 1st quarter by NOK 6.3bn, amounting to NOK 192bn at the end of the quarter.

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

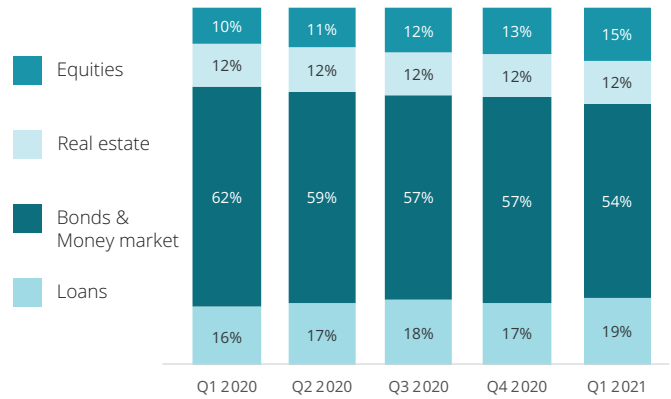
SPP



Buffer Capital

The buffer capital amounted to SEK 11.9bn (SEK 6.9bn) at the end of the 1st quarter.

Allocation of guaranteed customer assets



Total assets under management for customers in SPP were SEK 230bn (SEK 180bn) at the end of the 1st quarter. This corresponds to an increase of 28% compared to the 1st quarter last year. For customer assets in non-guaranteed savings, assets under management totalled SEK 138bn (SEK 99bn) at the end of the 1st quarter, which corresponds to an increase of 39%, compared with the 1st quarter 2020.

Outlook

Strategy

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

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

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

Financial performance

In Norway, the market for private sector occupational pensions has experienced increased competition over the last years in anticipation of the new Individual Pension Accounts (IPA) introduced this year. As individuals' contracts are gradually merged into one account through 2021, fees will be reduced. The resulting economic effect is expected to be moderate in 2021 and slightly more negative in 2022, before recovering in 2023 through strong underlying growth as well as measures to increase profitability. The market has grown structurally over the past years. High single-digit growth in premiums and double-digit growth in assets under management are expected during the next years. We aim to defend Storebrand's market leader position, while also focusing on cost leadership and improved customer experience through end-to-end digitalisation.

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

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

Overall reserves for guaranteed pensions are expected to start decreasing in the coming years. Guaranteed reserves represent a declining share of the Group's total pension reserves and were 50.7% at the end of the year, 6.5 percentage points lower than last year. Storebrand's strategy is to secure customer returns and protect shareholder's equity under turbulent market conditions by building customer buffers.

The individualisation of the market for pension and savings is expected to further increase and may be reinforced by the introduction of individual pension accounts in Norway.

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

Risk

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 rate environment 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 over 11% of customer buffers as a share of customer reserves, Storebrand effectively has NOK

29bn more in customer assets than liabilities. Customer buffers increase the expected booked returns in Norway, currently estimated to be 3.5% compared to 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. In markets with rising interest rates, the buffer capital absorbs lower mark-to-market values on bonds. The investment portfolio in Norway with 55% of the bonds booked at amortised cost, as well as an asset-duration matched portfolio in Sweden, also reduce the impact of interest rate movements.

For insurance risk, increased longevity and the development in disability are the factors that have the greatest impact on solvency and results. Covid-19 combined with plummeting oil prices led to an increase in the number of temporarily laid off workers in Norway. A prolonged situation with unemployment could lead to increased disability, which may result in increased claims. Furthermore, the long-term health effects of Covid-19 are still unknown. Consequently, Storebrand strengthened its disability reserves and general Covid-19 reserves in 2020. These reserves have remained unchanged since and are still deemed to be adequate. Should the economic situation worsen, further reserve and price increases will be implemented. The long-term effects of the pandemic on health, work life and society are unknown, and the associated risks are monitored closely.

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.

Changes have been made to the Norwegian tax legislation for the insurance industry in recent years. Storebrand and the Norwegian Tax Administration have interpreted some of the legislation changes and the associated transitional rules differently. Consequently, Storebrand has three significant uncertain tax positions with regards to recognised tax expenses. These are described in more detail in note 7. Should Storebrand's interpretation be accepted in all three cases, an estimated positive tax result of up to NOK 2.8 billion may be recognised. Should all the Norwegian Tax Administration's interpretations be the final verdict, a tax expense of NOK 1.8 billion

could be recognised. The timeline for settling the process with the Norwegian Tax Administration might take several years. If necessary, Storebrand will seek clarification from the court of law on the matter.

Individual pension account

The new legislation introducing Individual pension accounts in the Norwegian defined contribution market entered into force 1 January 2021.

Pension capital certificates issued by previous employers 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"). Employees can choose to opt out until 30 April. Transfer of approximately 1,5 million certificates and NOK 70 billion will then take place from May to November 2021. The long transfer period aims to minimize market impact of the process.

Employees could from 1 February choose to transfer pension savings from the employer's collective scheme to a provider of own choice. In the entire market, a modest ca. 34 000 employees have moved their savings to a provider of own choice. And ca. 5 000 pension capital certificate holders have chosen to opt out.

A key aim of the reform is to reduce the costs associated with the administration of pension contributions from previous employers. Regulation stipulates that individuals shall pay the same fee for former earnings from pension capital certificates transferred to the Individual Pension Account as the employer pays for the active savings plan. This will lead to significantly lower income related to former earnings for the providers.

Guaranteed pensions

The Ministry of Finance has conducted a public consultation on proposals for changes in guaranteed pension regulations.

The Ministry of Finance is expected to present a proposal to parliament regarding changes in buffer and guarantee regulation shortly. The new legislation is expected to benefit customers and the industry, and could enter into force from 1 January 2022.

Solvency II review

The European Insurance and Occupational Pension Authority (EIOPA) presented final proposal for changes in the Solvency II standard model to the Commission in December 2020. 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, but the timetable has been revised due to the impact of the Covid-19 pandemic.

We still expect final conclusions to be drawn by the Commission, the Parliament and the Council in 2022. This will be followed by work on delegated acts and guidelines. Changes are not expected to enter into force before 2025.

Changes in IFRS

A new accounting standard for insurance contracts, IFRS 17, is expected to be implemented in 2023. Storebrand will also implement IFRS 9, Financial instruments, at the same time. The new standards will lead to changes in the valuation of the insurance contracts and how the profit is accounted. Estimated effects for Storebrand will be presented closer to the implementation date.

Sustainable finance

The European Union's Action Plan on Sustainable Finance aims to contribute to realising the Paris goals of reduced carbon emissions. This is followed by new regulation to increase investments in sustainable activities and increase the resilience of the financial system when it comes to climate risk.

The Financial Supervisory Authority has conducted a public consultation on legislation introducing the EU Taxonomy on classification of sustainable activities and regulation on climate-related disclosures in Norwegian law. We expect the Ministry of Finance to present a proposal to parliament this spring.

Lysaker, 27 April 2021

Board of directors Storebrand Livsforsikring AS

Storebrand Livsforsikring Group

Statement of comprehensive income

(NOK million)	01.01 - 31.03		
	2021	2020	Year 2020
Technical account:			
Gross premiums written	8,388	8,229	27,379
Reinsurance premiums ceded	-7	-6	-11
Premium reserves transferred from other companies	8,678	5,640	15,437
Premiums for own account	17,058	13,862	42,805
Income from investments in subsidiaries, associated companies and joint ventures companies	62	99	473
Interest income and dividends etc. from financial assets	1,532	1,545	6,992
Net operating income from properties	401	257	1,018
Changes in investment value	-2,862	-2,420	3,028
Realised gains and losses on investments	837	125	2,918
Total net income from investments in the collective portfolio	-31	-394	14,429
Income from investments in subsidiaries, associated companies and joint ventures companies	19	21	96
Interest income and dividends etc. from financial assets	66	-14	919
Net operating income from properties	43	40	168
Changes in investment value	14,296	-26,592	10,396
Realised gains and losses on investments	2,506	-2,520	4,838
Total net income from investments in the investment selection portfolio	16,930	-29,065	16,418
Other insurance related income	356	329	1,426
Gross claims paid	-5,080	-5,412	-20,372
Claims paid - reinsurance	7		15
Premium reserves etc. transferred to other companies	-4,065	-2,211	-8,152
Claims for own account	-9,138	-7,623	-28,509
To/from premium reserve, gross	-4,362	-1,537	-353
To/from additional statutory reserves	-560	42	-2,460
Change in marketvalue adjustment fund	1,621	221	-1,670
Change in premium fund, deposit fund and the pension surplus fund	-1		-3
To/from technical reserves for non-life insurance business	-8	-133	-106
Change in conditional bonus	-1,777	3,000	-223
Transfer of additional statutory reserves and value adjustment fund from other insurance companies/ pension funds	445	-5	27
Changes in insurance obligations recognised in the Profit and Loss Account - contractual obligations	-4,642	1,588	-4,788
Change in pension capital	-19,172	22,178	-36,761
Changes in insurance obligations recognised in the Profit and Loss Account - investment portfolio separately	-19,172	22,178	-36,761
Profit on investment result			-508
Risk result allocated to insurance contracts			-113
Other allocation of profit			-84
Unallocated profit	-117	-204	
Funds allocated to insurance contracts	-117	-204	-705
Management expenses	-53	-48	-211
Selling expenses	-194	-234	-782

Storebrand Livsforsikring Group

Statement of comprehensive income continue

(NOK million)	01.01 - 31.03		
	2021	2020	Year 2020
Change in pre-paid direct selling expenses	8	18	68
Insurance-related administration expenses (incl. commissions for reinsurance received)	-330	-350	-1,468
Insurance-related operating expenses	-569	-615	-2,393
Other insurance related expenses	-47	-71	-279
Technical insurance profit	628	-16	1,643
Non-technical account			
Income from investments in subsidiaries, associated companies and joint ventures companies	5		19
Interest income and dividends etc. from financial assets	84	115	454
Changes in investment value	-12	-358	30
Realised gains and losses on investments	47	-72	-114
Net income from investments in company portfolio	123	-315	388
Other income	56	56	198
Management expenses	-4	-5	-19
Other expenses	-217	-187	-875
Management expenses and other costs linked to the company portfolio	-222	-192	-894
Profit or loss on non-technical account	-42	-451	-307
Profit before tax	586	-467	1,336
Tax expenses	-265	732	344
Profit before other comprehensive income	320	265	1,679
Change in actuarial assumptions	-2	-2	-88
Fair value adjustment of properties for own use	58	19	83
Other comprehensive income allocated to customers	-58	-19	-83
Tax on other profit elements not to be reclassified to profit/loss			10
Other comprehensive income not to be reclassified to profit/loss	-2	-2	-78
Profit/loss cash flow hedging	-17	34	-32
Translation differences foreign exchange	-136	380	282
Other profit comprehensive income that may be reclassified to profit /loss	-153	414	250
Other comprehensive income	-155	413	172
Total comprehensive income	165	678	1,851
Profit is attributable to:			
Share of profit for the period - shareholders	319	265	1,672
Share of profit for the peride - non-controlling interests	1	0	7
Comprehensive income is attributable to:			
Share of profit for the period - shareholders	165	672	1,844
Share of profit for the peride - non-controlling interests	0	6	8

Storebrand Livsforsikring Group

Statement of financial position

(NOK million)	31.03.2021	31.03.2020	31.12.2020
Assets			
Assets in company portfolio			
Goodwill	780	845	831
Other intangible assets	2,975	3,396	3,195
Total intangible assets	3,755	4,241	4,026
Properties at fair value	50	49	50
Equities and units in subsidiaries, associated companies and joint ventures	137	114	133
Loans at amortised cost	1	2	2
Bonds at amortised cost	6,985	6,819	7,361
Deposits at amortised cost	2,977	795	434
Equities and fund units at fair value	91	14	102
Bonds and other fixed-income securities at fair value	17,202	17,012	17,350
Derivatives at fair value	1,112	1,788	1,316
Total investments	28,556	26,594	26,747
Receivables in connection with direct business transactions	578	583	263
Receivables in connection with reinsurance transactions	1	11	1
Receivables with group company	73	67	106
Other receivables	4,154	10,940	4,953
Total receivables	4,806	11,602	5,323
Tangible fixed assets	651	361	700
Cash, bank	1,714	2,645	1,785
Tax assets	1,511	2,300	1,723
Other assets designated according to type	67	67	67
Total other assets	3,944	5,373	4,275
Pre-paid direct selling expenses	680	678	717
Other pre-paid costs and income earned and not received	266	238	160
Total pre-paid costs and income earned and not received	946	915	877
Total assets in company portfolio	42,007	48,724	41,249

Storebrand Livsforsikring Group

Statement of financial position continue

(NOK million)	31.03.2021	31.03.2020	31.12.2020
Assets in customer portfolios			
Properties at fair value	26,446	26,828	27,652
Properties for own use	1,566	1,574	1,609
Equities and units in subsidiaries, associated companies and joint ventures	4,805	4,706	5,044
Bonds held to maturity	10,992	13,396	13,026
Bonds at amortised cost	102,062	86,842	92,846
Loans at amortised cost	21,993	23,586	23,733
Deposits at amortised cost	9,872	13,356	9,390
Equities and fund units at fair value	24,839	15,306	21,839
Bonds and other fixed-income securities at fair value	89,485	92,252	97,223
Loans at fair value	7,330	7,786	7,523
Derivatives at fair value	3,605	7,017	6,535
Total investments in collective portfolio	302,995	292,649	306,419
Reinsurance share of insurance obligations	11	28	24
Properties at fair value	4,735	3,919	4,415
Equities and units in subsidiaries, associated companies and joint ventures	1,098	1,049	1,123
Loans	960	43	36
Deposits at amortised cost	1,010	1,572	900
Equities and fund units at fair value	219,679	158,806	208,607
Bonds and other fixed-income securities at fair value	50,386	48,073	50,939
Loans at fair value	134	385	142
Derivatives at fair value	625	540	2,052
Total investments in investment selection portfolio	278,628	214,387	268,215
Total assets in customer portfolio	581,635	507,064	574,657
Total assets	623,642	555,789	615,906
Equity and liabilities			
Share capital	3,540	3,540	3,540
Share premium	9,711	9,711	9,711
Other paid in equity	599	88	599
Total paid in equity	13,850	13,339	13,850
Risk equalisation fund	430	442	438
Security reserves	5	5	5
Other earned equity	9,276	12,324	11,323
Non-controlling interests	70	119	69
Total earned equity	9,781	12,890	11,835

Storebrand Livsforsikring Group

Statement of financial position continue

(NOK million)	31.03.2021	31.03.2020	31.12.2020
Perpetual subordinated loans	1,100	1,100	1,100
Dated subordinated loans	9,807	7,697	7,734
Total subordinated loans and hybrid tier 1 capital	10,908	8,797	8,834
Premium reserves	262,594	265,683	263,383
Additional statutory reserves	11,718	8,699	11,380
Market value adjustment reserve	5,549	5,279	7,170
Premium fund, deposit fund and the pension surplus fund	2,308	2,145	2,266
Conditional bonus	11,590	7,361	10,769
Unallocated profit to insurance contracts	133	390	
Other technical reserve	698	723	702
Total insurance obligations in life insurance - contractual obligations	294,591	290,280	295,671
Pension capital	278,702	210,050	268,331
Total insurance obligations in life insurance - investment portfolio separately	278,702	210,050	268,331
Pension liabilities etc.	168	110	180
Deferred tax	657	601	647
Other provisions for liabilities	110	130	115
Total provisions for liabilities	935	840	942
Liabilities in connection with direct insurance	644	765	695
Liabilities in connection with reinsurance	11	11	11
Derivatives	1,449	9,691	886
Liabilities to group companies	704	21	29
Other liabilities	11,545	8,570	14,276
Total liabilities	14,352	19,057	15,897
Other accrued expenses and received, unearned income	523	536	546
Total accrued expenses and received, unearned income	523	536	546
Total equity and liabilities	623,642	555,789	615,906

Storebrand Livsforsikring Group

Statement of change in equity

(NOK million)	Majority's share of equity									Total equity
	Share capital	Share premium	Other paid in equity	Total paid in equity	Risk equalisation fund	Security reserves	Other equity	Minority interests		
Equity at 31.12.2019	3,540	9,711	88	13,339	466	5	11,628	113	25,550	
Profit for the period					-24		290		265	
Other comprehensive income							406	6	413	
Total comprehensive income for the period					-24		696	6	678	
Equity transactions with owner:										
Received dividend/group contributions										
Paid dividend/group contributions										
Other							1		1	
Equity at 31.03.2020	3,540	9,711	88	13,339	442	5	12,324	119	26,229	
Profit for the period					-27		1,699	7	1,679	
Other comprehensive income							164	8	172	
Total comprehensive income for the period					-27		1,864	15	1,851	
Equity transactions with owner:										
Received dividend/group contributions			511	511					511	
Paid dividend/group contributions							-2,220		-2,220	
Other							52	-59	-7	
Equity at 31.12.2020	3,540	9,711	599	13,850	438	5	11,323	69	25,686	
Profit for the period					-8		327	1	320	
Other comprehensive income							-155		-155	
Total comprehensive income for the period					-8		172	1	165	
Equity transactions with owner:										
Received dividend/group contributions										
Paid dividend/group contributions							-2,220		-2,220	
Other							1		1	
Equity at 31.03.2021	3,540	9,711	599	13,850	430	5	9,277	70	23,632	

Storebrand Livsforsikring AS

Statement of cash flow 1. January - 31. March

Storebrand Livsforsikring group			Storebrand Livsforsikring AS	
2020	2021	(NOK million)	2021	2020
Cash flow from operating activities				
7,956	8,066	Net received - direct insurance	5,583	5,698
-5,648	-5,127	Net claims/benefits paid - direct insurance	-3,060	-3,689
3,429	4,613	Net receipts/payments - policy transfers	5,088	2,957
-1,262	-4	Net change insurance liabilities	471	187
-615	-569	Net receipts/payments operations	-323	-367
-330	431	Net receipts/payments - other operational activities	-1,771	6,037
3,529	7,409	Net cash flow from operating activities before financial assets	5,989	10,822
-433	545	Net receipts/payments - loans to customers	969	64
6,064	-6,318	Net receipts/payments - financial assets	-6,420	-3,675
163	532	Net receipts/payments - property activities		
-7,268	-756	Net change bank deposits insurance customers	-93	-5,914
-1,474	-5,997	Net cash flow from operating activities from financial assets	-5,544	-9,525
2,055	1,412	Net cash flow from operating activities	445	1,298
Cash flow from investing activities				
-8	-6	Net receipts/payments - sale/purchase of fixed assets	-1	
-8	-6	Net cash flow from investing activities	-1	0
Cash flow from financing activities				
	3,004	Receipts - subordinated loans issued	3,004	
-872	-373	Repayment of subordinated loans	-373	-872
-13	-85	Payments - interest on subordinated loans	-85	-13
		Payments received of dividend and group contribution	1,204	
	-1,540	Payment of dividend and group contribution	-1,540	
-885	1,006	Net cash flow from financing activities	2,210	-885
1,163	2,412	Net cash flow for the period	2,653	412
2,637	8,409	of which net cash flow for the period before financial assets	8,197	9,937
1,163	2,412	Net movement in cash and cash equivalent assets	2,653	412
2,396	2,218	Cash and cash equivalents at the start of the period	1,167	1,410
-119	61	Currency translation differences		
3,440	4,691	Cash and cash equivalent assets at the end of the period	3,820	1,822

Storebrand Livsforsikring AS

Statement of comprehensive income

(NOK million)	01.01 - 31.03		
	2021	2020	Year 2020
Technical account:			
Gross premiums written	5,906	5,966	18,099
Reinsurance premiums ceded	-6	-6	-9
Premium reserves transferred from other companies	7,814	4,638	6,051
Premiums for own account	13,713	10,598	24,142
Income from investments in subsidiaries, associated companies and joint ventures companies	272	-743	1,397
of which from investment in property companies	272	106	1,397
Interest income and dividends etc. from financial assets	1,004	1,285	5,389
Changes in investment value	-1,569	1,646	1,622
Realised gains and losses on investments	303	-932	1,901
Total net income from investments in the collective portfolio	11	1,255	10,308
Income from investments in subsidiaries, associated companies and joint ventures companies	83	-762	355
of which from investment in rproperty companies	83	27	357
Interest income and dividends etc. from financial assets	66	-101	919
Changes in investment value	3,115	-9,506	5,268
Realised gains and losses on investments	2,502	-4,461	4,839
Total net income from investments in the investment selection portfolio	5,766	-14,830	11,381
Other insurance related income	188	185	815
Gross claims paid	-3,065	-3,488	-12,278
Claims paid - reinsurance	7		14
Premium reserves etc. transferred to other companies	-2,726	-1,682	-5,021
Claims for own account	-5,784	-5,170	-17,285
To/from premium reserve, gross	-7,358	-1,023	554
To/from additional statutory reserves	-434	42	-2,460
Change in marketvalue adjustment fund	1,621	221	-1,670
Change in premium fund, deposit fund and the pension surplus fund	-1		-3
To/from technical reserves for non-life insurance business	-8	-133	-106
Transfer of additional statutory reserves and value adjustment fund from other insurance companies/ pension funds	445	-5	27
Changes in insurance obligations recognised in the Profit and Loss Account - contractual obligations	-5,734	-899	-3,658
Change in pension capital	-7,261	9,354	-22,580
Changes in insurance obligations recognised in the Profit and Loss Account - investment portfolio separately	-7,261	9,354	-22,580
Profit on investment result			-508
Risk result allocated to insurance contracts			-113
Other allocation of profit			-84
Unallocated profit	-345	-389	
Funds allocated to insurance contracts	-345	-389	-705

Storebrand Livsforsikring AS

Statement of comprehensive income continue

(NOK million)	01.01 - 31.03		
	2021	2020	Year 2020
Management expenses	-53	-48	-211
Selling expenses	-65	-96	-216
Insurance-related administration expenses (incl. commissions for reinsurance received)	-204	-223	-936
Insurance-related operating expenses	-323	-367	-1,362
Other insurance related expenses after reinsurance share	-32	-65	-247
Technical insurance profit	200	-327	808
Non-technical account			
Income from investments in subsidiaries, associated companies and joint ventures companies	904	596	1,117
Interest income and dividends etc. from financial assets	81	112	418
Changes in investment value	-20	-233	35
Realised gains and losses on investments	337	-719	-581
Net income from investments in company portfolio	1,302	-245	989
Other income	1	4	4
Management expenses	-4	-5	-19
Other expenses	-96	-69	-392
Total management expenses and other costs linked to the company portfolio	-100	-74	-411
Profit or loss on non-technical account	1,203	-314	582
Profit before tax	1,403	-642	1,390
Tax expenses	-184	767	369
Profit before other comprehensive income	1,219	125	1,759
Change in actuarial assumptions			-3
Tax on other profit elements not to be reclassified to profit/loss			8
Other comprehensive income not to be reclassified to profit/loss			5
Profit/loss cash flow hedging	-17	34	-32
Other profit comprehensive income that may be reclassified to profit /loss	-17	34	-32
Other comprehensive income	-17	34	-27
Total comprehensive income	1,201	159	1,732

Storebrand Livsforsikring AS

Statement of financial position

(NOK million)	31.03.2021	31.03.2020	31.12.2020
Assets			
Assets in company portfolio			
Other intangible assets	441	351	419
Total intangible assets	441	351	419
Equities and units in subsidiaries, associated companies and joint ventures	12,580	13,827	13,225
Loans at amortised cost		1	
Bonds at amortised cost	6,985	6,819	7,361
Deposits at amortised cost	2,918	504	373
Equities and fund units at fair value	90	14	51
Bonds and other fixed-income securities at fair value	11,559	10,645	10,748
Loans at fair value			12
Derivatives at fair value	1,112	1,788	1,316
Total investments	35,244	33,599	33,085
Receivables in connection with direct business transactions	573	572	257
Receivables in connection with reinsurance transactions	1	3	1
Receivables with group company	726	728	753
Other receivables	1,098	7,794	1,474
Total receivables	2,397	9,097	2,485
Tangible fixed assets	13	18	14
Cash, bank	903	1,318	794
Tax assets	1,363	2,107	1,547
Total other assets	2,279	3,443	2,355
Other pre-paid costs and income earned and not received	53	54	27
Total pre-paid costs and income earned and not received	53	54	27
Total assets in company portfolio	40,414	46,543	38,371
Assets in customer portfolios			
Equities and units in subsidiaries, associated companies and joint ventures	20,787	29,032	21,155
of which investment in property companies	20,787	20,470	21,104
Bonds held to maturity	10,992	13,396	13,026
Bonds at amortised cost	102,062	86,842	92,846
Loans at amortised cost	21,993	23,586	23,733
Deposits at amortised cost	6,491	10,071	6,499
Equities and fund units at fair value	15,228	4,779	11,902
Bonds and other fixed-income securities at fair value	26,006	21,891	27,035
Loans at fair value			104
Derivatives at fair value	2,099	4,503	4,247
Total investments in collective portfolio	205,658	194,100	200,546

Storebrand Livsforsikring AS

Statement of financial position continue

(NOK million)	31.03.2021	31.03.2020	31.12.2020
Reinsurance share of insurance obligations	3	25	15
Equities and units in subsidiaries, associated companies and joint ventures	5,924	19,464	5,601
of which investment in property companies	5,924	5,033	5,586
Loans at amortised cost	960	43	36
Deposits at amortised cost	588	1,273	488
Equities and fund units at fair value	93,270	49,691	86,267
Bonds and other fixed-income securities at fair value	42,733	38,202	42,340
Loans at fair value	134	385	171
Derivatives at fair value	625	540	2,052
Total investments in investment selection portfolio	144,235	109,597	136,955
Total assets in customer portfolios	349,896	303,722	337,515
Total assets	390,310	350,266	375,886
Equity and liabilities			
Share capital	3,540	3,540	3,540
Share premium	9,711	9,711	9,711
Other paid in equity	1,110	599	1,110
Total paid in equity	14,361	13,850	14,361
Risk equalisation fund	430	442	438
Security reserves	5	5	5
Other earned equity	11,939	11,372	10,729
Total earned equity	12,374	11,819	11,172
Perpetual subordinated loans	1,100	1,100	1,100
Dated subordinated loans	9,807	7,697	7,734
Total subordinated loans and hybrid tier 1 capital	10,908	8,797	8,834
Premium reserves	179,675	173,179	172,089
Additional statutory reserves	11,592	8,884	11,380
Market value adjustment reserve	5,549	5,279	7,170
Premium fund, deposit fund and the pension surplus fund	2,308	2,145	2,266
Unallocated profit to insurance contracts	362	390	
Other technical reserve	698	723	702
Total insurance obligations in life insurance - contractual obligations	200,184	190,600	193,607
Pension capital	144,324	105,186	137,089
Total insurance obligations in life insurance - investment portfolio separately	144,324	105,186	137,089
Pension liabilities etc.	7	7	7
Total provisions for liabilities	7	7	7
Liabilities in connection with direct insurance	456	542	469
Liabilities in connection with reinsurance		7	
Derivatives	703	8,673	401
Liabilities to group companies	698	2,232	2,254
Other liabilities	6,132	8,394	7,553
Total liabilities	7,989	19,848	10,678
Other accrued expenses and received, unearned income	163	158	137
Total accrued expenses and received, unearned income	163	158	137
Total equity and liabilities	390,310	350,266	375,886

Storebrand Livsforsikring AS

Statement of change in equity

(NOK million)	Share capital ¹⁾	Share premium reserve	Other paid in capital	Total paid in equity	Risk equalisation fund	Security reserves	Other equity	Total equity
Equity 31.12.2019	3,540	9,711	599	13,850	466	5	11,190	25,511
Profit for the period					-24		149	125
Other comprehensive income							34	34
Total comprehensive income for the period					-24		183	159
Equity transactions with owner:								
Received dividend/group contributions								
Paid dividend/group contributions								
Other							-1	-1
Equity 31.03.2020	3,540	9,711	599	13,850	442	5	11,372	25,669
Profit for the period					-27		1,787	1,759
Other comprehensive income							-27	-27
Total comprehensive income for the period					-27		1,759	1,732
Equity transactions with owner:								
Received dividend/group contributions			511	511				511
Paid dividend/group contributions							-2,222	-2,222
Other							1	1
Equity at 31.12.2020	3,540	9,711	1,110	14,361	438	5	10,729	25,533
Profit for the period					-8		1,227	1,219
Other comprehensive income							-17	-17
Total comprehensive income for the period					-8		1,209	1,201
Equity transactions with owner:								
Received dividend/group contributions								
Paid dividend/group contributions								
Other							1	1
Equity 31.03.2021	3,540	9,711	1,110	14,361	430	5	11,939	26,736

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

Notes

Storebrand Livsforsikring Group

Note 01 | Accounting policies

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

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

Storebrand Livsforsikring AS - the company's financial statements

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

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

Note 02 | Estimates

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

Actual results may differ from these estimates.

A description of the most critical estimates and judgements that can affect recognised amounts is included in the 2020 annual report in note 2, insurance risk in note 6, valuation of financial instruments at fair value is described in note 11 and in the interim financial statements note 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 saving products which provides customers a guaranteed rate of return. The area includes defined benefit pensions in Norway and Sweden, paid-up policies and individual capital and pension insurances.

Other

The result for the company portfolios of Storebrand Livsforsikring and SPP. 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 2020 annual report in note 3 Segment reporting.

Profit by segments

(NOK million)	1.1 - 31.03		
	2021	2020	Year 2020
Savings	304	148	782
Insurance	56	-253	89
Guaranteed pension ¹⁾	322	74	775
Other	-4	-347	61
Profit before amortisation	678	-378	1,707
Amortisation intangible assets	-92	-89	-372
Profit before tax	586	-467	1,336

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

Segment information as at 31.03

(NOK million)	Savings		Insurance		Guaranteed pension	
	2021	2020	2021	2020	2021	2020
Fee and administration income	576	488			383	363
Insurance result			125	-131		
- Insurance premiums for own account			742	706		
- Claims for own account			-617	-837		
Operational cost	-282	-305	-99	-107	-197	-207
Operating profit	294	183	26	-238	186	155
Financial items and risk result life & pension	10	-36	30	-15	136	-81
Profit before amortisation	304	148	56	-253	322	74
Amortisation of intangible assets						
Profit before tax	304	148	56	-253	322	74

(NOK million)	Other		Storebrand Livsforsikring group	
	2021	2020	2021	2020
Fee and administration income	0	0	959	851
Insurance result			125	-131
- Insurance premiums for own account			742	706
- Claims for own account			-617	-837
Operational cost	-6	-8	-584	-627
Operating profit	-6	-8	500	93
Financial items and risk result life & pension	2	-339	178	-471
Profit before amortisation	-4	-347	678	-378
Amortisation of intangible assets			-92	-89
Profit before tax	-4	-347	586	-467

Financial market risk and insurance risk

Risks are described in the annual report for 2020 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.

The first quarter has been generally benign for risk assets, in particular equities. Positive drivers are higher growth expectations, the roll-out of vaccines and the economic stimulus packages in the US. But sharply higher long-term interest rates and higher inflation have caused uncertainty and short-term volatility. Inside the equity market there has been a strong rotation out of highly priced growth companies, into cyclical companies benefitting from reopening of the economy, and financials benefitting from higher interest rates. The uncertainty regarding the financial markets and the effects from Covid-19 going forward is still higher than normal market risk. Storebrand has risk management which through policies and principles handles and dampens the effect of volatile financial markets.

Global equities increased 6 percent and Norwegian equities increased 9 percent in the first quarter. The credit spreads for corporate bonds were relatively stable in the first quarter.

Long-term interest rates rose during the first quarter, led by a sharp increase in the US 10-year bond rates. During the first quarter the Norwegian 10-year swap-rate rose 0.6pp and the Swedish 10-year swap-rate rose 0.4pp. The level is now close to pre-pandemic levels. Short term interest rates are still low both in Norway and Sweden, as the Central banks have kept rates unchanged. But it's now expected that the interest rates will be lifted earlier, in Norway starting in the second half this year. 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 strengthened in the first quarter, approx. 5 percent against the Swedish Krona and 4 percent against the Euro. The exchange rate against USD has been almost unchanged. 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 has not been materially changed.

The market-based return for guaranteed customer portfolios in Norway in general was lower than the level of the guarantee in the first quarter. Most of the difference is covered by lower market value adjustment reserves. In Sweden the return for guaranteed customer portfolios was better than the change in value for the liabilities, mainly resulting in increased conditional bonuses.

The return for the unit linked portfolios was generally positive in the first quarter.

Sensitivity analyses

The tables show the fall in value for Storebrand Life Insurance and SPP's investment portfolios because of immediate changes in value related to financial market risk. The calculation is model-based, and the result is dependent on the choice of stress level for each category of asset. The stresses have been applied to the company portfolio and guaranteed customer portfolios as at 31 March 2021. 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)	-50bp	+100bp
Equity	-20%	- 12 %
Property	- 12 %	- 7 %
Credit spread (share of Solvency II)	50 %	30 %

For 2021, the interest rate down stress has been changed to -50bp from -100bp.

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 31 March 2021, the customer buffers are of such a size that the effects on the result are significantly lower.

Stresstest 1

Sensitivity	Storebrand Livsforsikring		SPP Pension & Försäkring	
	NOK Million	Share of portfolio	NOK Million	Share of portfolio
Interest rate risk	2,190	1.0%	-123	-0.1%
Equity risk	-2,944	-1.3%	-2,395	-2.6%
Property risk	-2,554	-1.1%	-1,253	-1.4%
Credit risk	-1,356	-0.6%	-850	-0.9%
Total	-4,664	-2.1%	-4,621	-5.0%

Stresstest 2

Sensitivity	Storebrand Livsforsikring		SPP Pension & Försäkring	
	NOK Million	Share of portfolio	NOK Million	Share of portfolio
Interest rate risk	-4,379	-2.0%	246	0.3%
Equity risk	-1,766	-0.8%	-1,437	-1.6%
Property risk	-1,490	-0.7%	-731	-0.8%
Credit risk	-813	-0.4%	-510	-0.6%
Total	-8,449	-3.8%	-2,431	-2.7%

Storebrand Livsforsikring

Stress test 2, which includes an increase in interest rates, makes the greatest impact for Storebrand Livsforsikring. The overall market risk is NOK 8.2 billion (NOK 7.8 billion as at 31 December 2020), which is equivalent to 3.8 (3.7) 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 4.6 billion (SEK 4.4 billion as at 31 December 2020), which is equivalent to 5.0 (4.7) 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 due to the pandemic has led to a substantial increase in unemployment. This increase is possibly temporary due to the containment of the virus. There has historically been correlations between the unemployment rate and the disability levels. The governments have put 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.

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 quarter.

Note 05 | Liquidity risk

Specification of subordinated loan capital

(NOK million)	Nominal value	Currency	Interest rate	Call date	Book value
Issuer					
Perpetual subordinated loans					
Storebrand Livsforsikring AS	1,100	NOK	Variable	2024	1,100
Dated subordinated loans					
Storebrand Livsforsikring AS	750	SEK	Variable	2021	740
Storebrand Livsforsikring AS	1,000	SEK	Variable	2022	981
Storebrand Livsforsikring AS	900	SEK	Variable	2025	882
Storebrand Livsforsikring AS	1,000	SEK	Variable	2024	981
Storebrand Livsforsikring AS	500	NOK	Variable	2025	499
Storebrand Livsforsikring AS	250	EUR	Fixed	2023	2,762
Storebrand Livsforsikring AS	300	EUR	Fixed	2031	2,963
Total subordinated loans and hybrid tier 1 capital 31.03.2021					10,908
Total subordinated loans and hybrid tier 1 capital 31.12.2020					8,834

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 2020.

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

Fair value of financial assets and liabilities at amortised cost

(NOK million)	Fair value 31.03.2021	Fair value 31.12.2020	Book value 31.03.2021	Book value 31.12.2020
Financial assets				
Loans to customers - corporate	5,832	6,211	5,799	6,220
Loans to customers - retail	17,155	17,195	17,155	17,195
Bonds held to maturity	11,951	14,876	10,992	13,394
Bonds classified as loans and receivables	113,916	107,363	109,046	99,425
Financial liabilities				
Subordinated loan capital	11,017	8,882	10,908	8,834

Valuation of financial instruments and properties at fair value

Storebrand Livsforsikring Group

(NOK million)	Level 1	Level 2	Level 3	Total 31.03.2021	Total 31.12.2020
	Quoted prices	Observable assumptions	Non-observable assumptions		
Assets					
Equities and fund units					
- Equities	35,893	92	302	36,287	32,233
- Fund units		197,183	11,140	208,323	198,314
Total equities and fund units 31.03.2021	35,893	197,275	11,442	244,610	
Total equities and fund units 31.12.2020	31,285	189,064	10,199		230,548
Total loans to customers					
- Loans to customers - corporate			7,465	7,465	7,665
Bonds and other fixed income securities					
- Government bonds	13,707	15,880		29,587	34,206
- Corporate bonds		56,833		56,833	62,043
- Collateralised securities		3,717		3,717	3,128
- Bond funds		56,890	10,046	66,936	66,136
Total bonds and other fixed income securities 31.03.2021	13,707	133,321	10,046	157,073	
Total bonds and other fixed income securities 31.12.2020	15,959	140,040	9,514		165,513
Derivatives:					
- Equity derivatives					1
- Interest derivatives		3,372		3,372	2,539
- Currency derivatives		522		522	1,780
Total derivatives 31.03.2021		3,894		3,894	
- derivatives with a positive market value		5,343		5,343	9,903
- derivatives with a negative market value		-1,449		-1,449	-886
Total derivatives 31.12.2020		9,017			9,017
Properties:					
- investment properties			31,231	31,231	32,117
- Owner-occupied properties			1,566	1,566	1,609
Total properties 31.03.2021			32,797	32,797	
Total properties 31.12.2020			33,726		33,726

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

Movement level 3

(NOK million)	Equities	Fund units	Loans to customers	Corporate bonds	Bond funds	Investment properties	Owner-occupied properties
Book value 01.01	839	9,360	7,665	318	5,793	33,121	4,076
Net profit/loss	-26	1,883	62	-281			
Supply/disposal		326	212				
Sales/overdue/settlement	-511	-299	-3				
Currency translation differences		-130	-472				
Other							
Book value 31.03.2021	302	11,140	7,464	38	5,793	33,121	4,076

As of 31.03.21, Storebrand Life Insurance had NOK 5 913 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 Quoted prices	Level 2 Observable assumptions	Level 3 Non-observable assumptions	Total 31.03.2021	Total 31.12.2020
Assets					
Equities and fund units					
- Equities	33,989	82	302	34,373	29,791
- Fund units		65,461	8,755	74,216	68,428
Total equities and fund units 31.03.2021	33,989	65,543	9,057	108,588	
Total equities and fund units 31.12.2020	29,362	61,239	7,619		98,219
Total loans to customers					
- Loans to customers - corporate			134	134	
Bonds and other fixed income securities					
- Government bonds	7,850	164		8,013	7,661
- Corporate bonds		25,937		25,937	28,313
- Collateralised securities		1,274		1,274	1,097
- Bond funds		43,797	1,276	45,073	43,052
Total bonds and other fixed income securities 31.03.2021	7,850	71,172	1,276	80,298	
Total bonds and other fixed income securities 31.12.2020	7,497	71,341	1,285		80,122
Derivatives:					
- Equity derivatives					
- Interest derivatives		2,328		2,328	4,233
- Currency derivatives		806		806	2,981
Total derivatives 31.03.2021		3,134		3,134	
- derivatives with a positive market value		3,837		3,837	7,615
- derivatives with a negative market value		-703		-703	-401
Total derivatives 31.12.2020		7,214			7,214

Movement level 3

(NOK million)	Equities	Fund units	Loans to customers	Corporate bonds	Bond funds
Book value 01.01	328	7,291	286	318	966
Net profit/loss	-26	1,427	-6	-281	-38
Supply/disposal		280			347
Sales/overdue/settlement		-243	-147	-38	
Book value 31.03.2021	302	8,755	134	0	1,276

Sensitivity assessments

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

Note 07

Tax

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

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

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

Uncertain tax positions

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

- A. In 2015, Storebrand Livsforsikring AS discontinued the Norwegian subsidiary, Storebrand Eiendom Holding AS, with a tax loss of approximately NOK 6.5 billion and a corresponding increase in the tax loss carryforward. In January 2018, Storebrand Livsforsikring AS received notice of an adjustment to the tax returns for 2015 which claimed that the calculated loss was excessive but provided no further quantification. Storebrand Livsforsikring AS disagrees with the arguments that were put forward and submitted its response to the Norwegian Tax Administration on 2 March 2018. The notice was unclear, but based on the notice, a provision was made in the 2017 annual financial statements for an uncertain tax position of approximately NOK 1.6 billion related to the former booked tax loss (appears as a reduction in the loss carryforward and, in isolation, gave an associated increased tax expense for 2017 of approximately NOK 0.4 billion). In May 2019, Storebrand Livsforsikring AS received a draft decision from the Norwegian Tax Administration claiming changes in the tax return from 2015. Storebrand disagrees with the notice from the Norwegian Tax Administration and submitted its response in October 2019. In March 2021 Storebrand received a decision from the Norwegian Tax Administration based on similar grounds as

the ones outlined in the draft decision. Storebrand continues to disagree with the view of the Norwegian Tax Administration in this case and will challenge the decision. The company considers it to be probable that Storebrand's understanding of the tax legislation will be accepted by a court of law and thus, no additional uncertain tax position has been recognised in the financial statements based on the received decision. If the Norwegian Tax Administration's position is accepted, Storebrand estimates that a tax expense for the company of approximately NOK 1.2 billion will arise. There will also be negative effects for returns on customer assets after tax. The effects are based on best estimates and following a review with external expertise.

- B. New tax rules for life insurance and pension companies were introduced for the 2018 financial year. These rules contained transitional rules for how the companies should revalue/write-down the tax values as at 31 December 2018. In December 2018, the Norwegian Directorate of Taxes published an interpretive statement that Storebrand does not consider to be in accordance with the wording of the relevant act. When presenting the national budget for 2020 in October 2019, the Ministry of Finance proposed a clarification of the wording of the transitional rules in line with the interpretive statement from the Norwegian Directorate of Taxes. The clarification was approved by the Norwegian Parliament in December 2019. Storebrand considers there to be uncertainty regarding the value such subsequent work on a legal rule has as a source of law, and which in this instance only applies for a previous financial year. In the tax return for 2018, Storebrand Livsforsikring AS applied the wording in the original transitional rule. However, in October 2019 Storebrand received a notice of adjustment of tax assessment in line with the interpretive statement from the Norwegian Directorate of Taxes and the clarification from the Ministry of Finance. Storebrand Livsforsikring AS disagrees with the Norwegian Tax Administration's interpretation but considers it uncertain as to whether the company's interpretation will be accepted if the case is decided by a court of law. The uncertain tax position has therefore been recognised in the financial statements. Based on our revised best estimate, the difference between Storebrand's interpretation and the Norwegian Tax Administration's interpretation is approximately NOK 6.4 billion in an uncertain tax position. If Storebrand's interpretation is accepted, a deferred tax expense of approximately NOK 1.6 billion will be derecognised from the financial statements.
- C. The outcome of the interpretation of tax rules for group contributions referred to above under (A) will have an impact when calculating the effect from the transitional rules for the new tax rules referred to under point (B). An equivalent interpretation to that described under (A) has been used as a basis in the financial statements when calculating tax input values on property shares owned by customer assets for 2016 and 2017. There is thus an uncertain tax position relating to the effect from the transitional rules described in (B). This effect will depend on the interpretation and outcome of (A). If Storebrand's position is accepted under (A), Storebrand will recognise 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 group		Storebrand Livsforsikring AS	
	31.03.21	31.12.20	31.03.21	31.12.20
Uncalled residual liabilities re limited partnership	13,379	8,251	11,242	7,686
Total contingent liabilities	13,379	8,251	11,242	7,686

Guarantees essentially encompass payment and contract guarantees.

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

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

Note
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)	31.03.21					31.12.20
	Total	Group 1 unlimited	Group 1 limited	Group 2	Group 3	Total
Share capital	3,540	3,540				3,540
Share premium	9,711	9,711				9,711
Reconciliation reserve	19,389	19,389				23,393
Including the effect of the transitional arrangement						4,815
Counting subordinated loans ¹⁾	10,508		1,140	9,367		8,734
Deferred tax asset						
Risk equalisation reserve	430			430		438
Expected dividend/group distributions	-707	-707				
Total solvency capital	42,871	31,933	1,140	9,798		44,107
Total solvency capital available to cover the minimum capital requirement	34,519	31,933	1,140	1,446		37,528

¹⁾ Following the increase in subordinated loans, the Tier 2 capital exceeds the limit of 50 per cent of the Solvency Capital Requirement, and the available Tier 2 capital is decreased by NOK 330 mill.

Solvency capital requirement and margin

(NOK million)	31.03.21	31.12.20
Market	20,446	21,635
Counterparty	1,031	818
Life	7,092	7,044
Health	649	644
P&C		
Operational	1,054	1,062
Diversification	-5,431	-5,318
Loss-absorbing tax effect	-5,245	-5,367
Total solvency requirement	19,595	20,518
Solvency margin	218.8 %	215.0 %
Minimum capital requirement	7,210	7,306
Minimum margin	478.8 %	513.7 %

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 2020 annual report.

Storebrand Livsforsikring has not carried out any material transactions other than normal business transactions with related parties during 2021, other than Storebrand Livsforsikring AS having acquired mortgages from the sister company Storebrand Bank ASA. The mortgages were transferred on commercial terms. The portfolio of loans that have been transferred in the 1th quarter 2021 is NOK 0,5 billion. Storebrand Livsforsikring transfers loans back to Storebrand Bank when mortgages are renegotiated or terminated. The total portfolio of loans bought as of the 1th quarter in 2021 is NOK 17.1 billion. Storebrand Livsforsikring AS pays management fees to Storebrand Bank ASA for management of the portfolios, the expence for the 1th quarter 2021 is NOK 17,3 million.

Financial calendar 2021



14 July	Results Q2 2021
27 October	Results Q3 2021
09 February 2022	Results Q4 2021

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