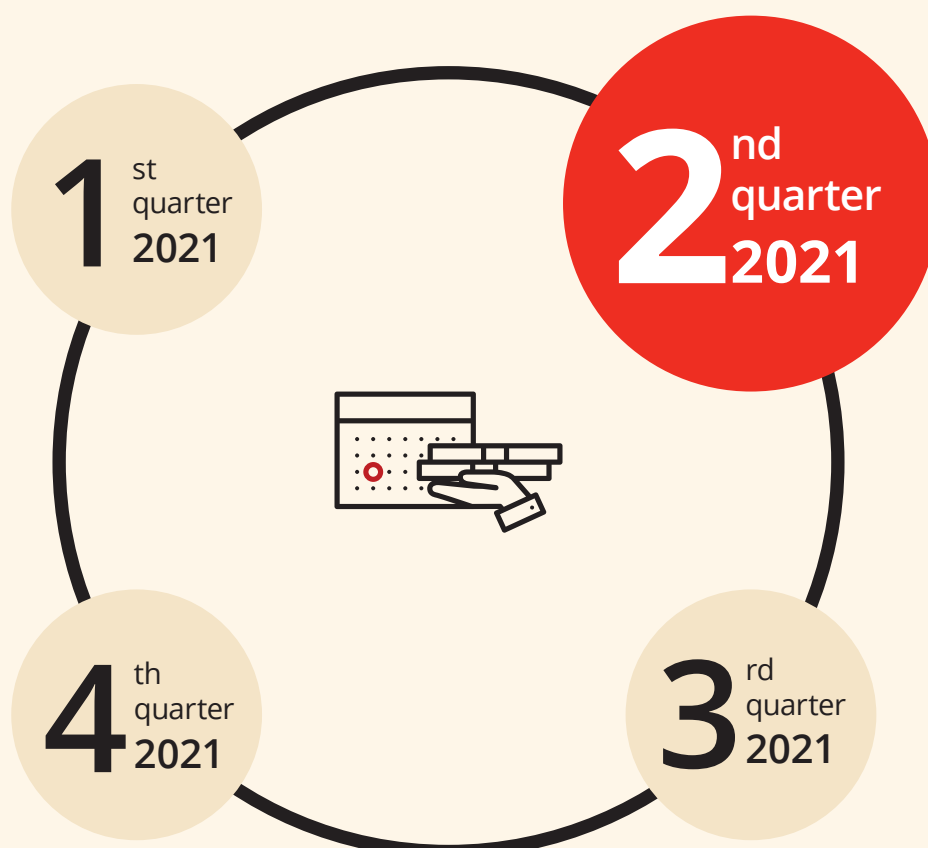


# Interim report 2021

Storebrand Livsforsikring AS (unaudited)



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# Interim report Storebrand Livsforsikring Group

## First half year 2021

Storebrand Livsforsikring AS is a wholly owned subsidiary of the listed company Storebrand ASA. For information about the Storebrand Group's 2nd quarter result please refer to the Storebrand Group's interim report for the first half year 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			01.01 - 30.06		Full year
	Q2	Q1	Q4	Q3	Q2	2021	2020	2020
Fee and administration income	938	959	895	864	867	1,897	1,717	3,476
Insurance result	168	125	215	195	175	293	44	454
Operational expenses	-614	-584	-620	-594	-586	-1,198	-1,213	-2,427
<b>Operating profit</b>	<b>492</b>	<b>500</b>	<b>490</b>	<b>464</b>	<b>456</b>	<b>992</b>	<b>549</b>	<b>1,503</b>
Financial items and risk result life & pension	543	178	270	282	123	722	-348	204
<b>Profit before amortisation</b>	<b>1,035</b>	<b>678</b>	<b>760</b>	<b>747</b>	<b>578</b>	<b>1,713</b>	<b>200</b>	<b>1,707</b>
Amortisation	-91	-92	-95	-93	-94	-183	-183	-372
<b>Profit before tax</b>	<b>944</b>	<b>586</b>	<b>665</b>	<b>653</b>	<b>484</b>	<b>1,530</b>	<b>17</b>	<b>1,336</b>

The profit before amortisation was NOK 1,035m (NOK 578m) in the 2nd quarter and NOK 1,713 (NOK 200) year to date. 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 and increased profitability in the Insurance segment, contribute to profit growth. The financial result was positively affected by a gain of NOK 409 million in the quarter due to the previously disclosed divestment of the shares in AS Værdalsbruket. Financial market returns in the guaranteed business also contributed to a strong financial result, while the overall buffer capital level strengthened to more than 12% of guaranteed customer reserves. Storebrand Livsforsikring's financial half-year results of 2021 have not been particularly impacted by the Covid-19 pandemic and the company has been fully operational during the period.

Total fee and administration income amounted to NOK 938m (NOK 175m) in the quarter corresponding to an increase of 8% (10% adjusted for currency). Year to date the increase was 10% (11% adjusted for currency). Strong growth in assets under management within the Savings segment contributes to the income growth. In the Guaranteed segment growth in public sector pensions (defined benefit) and paid-up policies drive the increase in fee income.

The Insurance result was NOK 168m (NOK 175m) and the total combined ratio for the Insurance segment was 90% (89%) in the 2nd quarter – in line with the target of 90-92%. The combined ratio in the quarter is driven by a strong result in Individual life, stable and satisfactory results

in Pension related disability insurance and a weak result in Group life. Year to date, the Insurance result was NOK 293m (NOK 44m) and the combined ratio was 93% (111%).

The operating costs for the quarter was NOK -614m (NOK -586m). Year to date, the cost was NOK -1,198m (NOK -1,213m). 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 492m (NOK 456m) in the quarter and NOK 992m (NOK 549m) year to date.

The 'financial items and risk result' improved to NOK 543m (NOK 123m) in the quarter, mainly due to the above-mentioned divestment of shares in AS Værdalsbruket and net profit sharing due to solid financial returns in the guaranteed business. Good investment returns in Swedish SPP have led to a lower need for Deferred Capital Contribution (DCC). Year to date, the 'financial items and risk result' was NOK 722m (NOK -348m).

Storebrand Livsforsikring Group booked a tax expense of NOK 23m (NOK 190m) in the quarter and NOK 289m (taxincome NOK 542m) year to date. The low effective tax rate in the quarter is mainly due to the divestment of shares in AS Værdalsbruket, which is not subject to income tax under Norwegian tax legislation. In addition, the taxable unrealised gains on currency hedges related to the Swedish business from 1st quarter reversed during the 2nd quarter, contributing to

the low effective tax rate for the quarter. The estimated normal tax rate is 19-22%, depending on each legal entity's contribution to the lifeinsurance group result. Different tax rates in different countries of operations and currency fluctuations impact the quarterly tax rate. The lifeinsurance group has uncertain tax positions. Tax related issues are described in note 7.

### Profit Storebrand Livsforsikring Group - by business area

(NOK million)	2021		2020			01.01 - 30.06		Full year
	Q2	Q1	Q4	Q3	Q2	2021	2020	2020
Savings	250	304	211	217	207	555	355	782
Insurance	86	56	140	112	90	142	-163	89
Guaranteed pensions	310	322	396	308	27	631	101	805
Other	390	-4	14	110	254	386	-92	32
<b>Profit before amortisation</b>	<b>1,035</b>	<b>678</b>	<b>760</b>	<b>747</b>	<b>578</b>	<b>1,713</b>	<b>200</b>	<b>1,707</b>

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 250m (NOK 207m) in the quarter, driven by growth in assets under management and strong cost control. Profit before amortisation in Insurance was NOK 86m (NOK 90m), it was NOK 310m (NOK 27m) in Guaranteed pension, and in the Other segment it amounted to NOK 390m (NOK 254m) in the quarter.

#### Capital situation

The solvency ratio for Storebrand Group was 172% at the end of the 2nd quarter, a decrease of 4 percentage points from the solvency ratio reported last quarter. This is within the targeted range of 150-180%. Falling long term interest rates, decreased volatility adjustment and increased equity stress contributed negatively to the solvency ratio in the quarter. Market returns, group profit after tax net of dividends set aside for 2021 and a net gain of NOK 546m on the divestment of the shares in AS Værdalsbruket contributed positively. Given the current interest rate level, Storebrand does not benefit from transitional capital.

#### Market and sales performance

Total assets under management in Unit Linked increased by NOK 16bn (6%) during the 2nd quarter to NOK 295bn and NOK 27bn (10%) year to date. Compared to the same quarter last year, the growth was NOK 61bn (26%). The growth is driven by growth in premium payments, market returns and new sales. Storebrand is the second largest provider of defined contribution pensions in Norway, with a market share of 28% of gross premiums written (at the end of the Q1 2021). SPP is the second largest provider of non-unionised occupational pensions ("Övrig Tjänstepension") in Sweden with a market share of 16% measured by gross premiums written including transfers within Unit Linked (as at the end of Q1 2021).

Within Insurance, the annual portfolio premiums fell by 3% in the 2nd quarter compared to the same period last year. The Individual Life product line grew 8%, while Group Life experienced a reduction due to a large group life contract was terminated representing annual portfolio premiums of NOK 275m, with effect from 1 January 2021.

# Savings

- Growth in operating profit in the 2nd quarter 2021 compared to 2020, driven by 9% growth in fee and administration income combined with good cost control
- 26% growth in asset under management in the Unit Linked business y/y

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

## Profit

(NOK million)	2021		2020			01.01 - 30.06		Full year 2020
	Q2	Q1	Q4	Q3	Q2	2021	2020	
Fee and administration income	530	576	503	484	487	1,106	975	1,961
Operational expenses	-283	-282	-296	-272	-265	-565	-570	-1,138
<b>Operating profit</b>	<b>247</b>	<b>294</b>	<b>207</b>	<b>212</b>	<b>222</b>	<b>541</b>	<b>405</b>	<b>824</b>
Financial items and risk result life & pension	3	10	4	5	-15	13	-51	-41
<b>Profit before amortisation</b>	<b>250</b>	<b>304</b>	<b>211</b>	<b>217</b>	<b>207</b>	<b>555</b>	<b>355</b>	<b>782</b>

## Profit

The Savings segment reported a profit before amortisation of NOK 250m (NOK 207m) in the 2nd quarter and NOK 555m (NOK 355m) year to date.

Compared to the 2nd quarter 2020, fee- and administration income in the Savings segment increased by 9%, or 13% adjusted for currency effects. Year to date the growth is 14% adjusted for currency effects. The income growth within Norwegian Unit Linked was 5% compared to the same quarter last year and 6% year to date. The income growth within the Swedish Unit Linked was 13% compared to the same quarter last year and 23% year to date (in NOK). The Swedish Unit Linked income in the 1st quarter included non-recurring transaction fees amounting to SEK 37m, adjusted for this the growth was 14% year to date.

Unit Linked Norway reported a margin of 0.73%, down from 0.80% in the previous quarter. A gradual margin decline is expected within Unit Linked in Norway, where Individual Pensions Accounts were introduced this year. Unit Linked Sweden reported a margin of 0.74%, which is in line with the previous quarter when adjusting for transaction fees.

Operational cost remained relatively stable in the 2nd quarter, despite underlying growth in the business. This is mainly explained by strong cost control.

The financial result was NOK 3m (NOK -15m) in the quarter and NOK 13m (NOK -51m) year to date. Year to date 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	
	Q2	Q1	Q4	Q3	Q2
Unit Linked Reserves	295,195	278,702	268,331	251,578	234,644
Unit Linked Premiums	5,316	5,346	5,163	4,856	5,121

## Balance sheet and market trends

Unit Linked premiums amounted to NOK 5.3bn (NOK 5.1bn) in the 2nd quarter. Total assets under management in Unit Linked increased by NOK 16bn (6%) during the 2nd quarter to NOK 295bn and NOK 27bn (10%) year to date. Compared to the same quarter last year, the growth was NOK 61bn (26%). 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. In addition, pension capital certificate funds are moved automatically between companies into Individual Pension Account. Altogether this has resulted in a negative transfer balance in 2021, amounting to NOK 3,343m for the quarter and NOK 5,250m year to date.

In the Norwegian Unit Linked business, assets under management increased by NOK 6.4bn (4%) to NOK 151bn in the quarter, and by NOK 33.4bn (28%) compared to the same quarter last year. The underlying growth is driven by growth in occupational pension premium payments as well as good market returns and new sales. Storebrand is the second largest provider of defined contribution pensions in Norway, with a market share of 28% of gross premiums written (at the end of the Q1 2021).

In the Swedish market, SPP is the second largest provider of non-unionised occupational pensions with a market share of 16% measured by gross premiums written including transfers within Unit Linked (as at the end of Q1-2021). Unit Linked assets under management increased by SEK 6.0bn (4%) to SEK 144bn in the quarter, and SEK 17.7 (14%) year to date. Compared to the same quarter last year the growth is SEK 30.3bn (27%). The growth is driven by strong growth in sales (APE) and market return.

# Insurance

- Stable result development, combined ratio of 90% for the quarter
- 8% growth in portfolio premiums y/y for Individual life
- Solid claims development, but Group life still weak

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			01.01 - 30.06		Full year 2020
	Q2	Q1	Q4	Q3	Q2	2021	2020	
Insurance result	168	125	215	195	175	293	44	454
- Insurance premiums f.o.a.	742	742	750	746	736	1,484	1,442	2,938
- Claims f.o.a.	-574	-617	-535	-551	-561	-1,191	-1,398	-2,484
Operational expenses	-96	-99	-99	-97	-95	-195	-202	-399
<b>Operating profit</b>	<b>72</b>	<b>26</b>	<b>116</b>	<b>97</b>	<b>80</b>	<b>98</b>	<b>-158</b>	<b>56</b>
Financial items and risk result life & pension	14	30	23	15	10	43	-5	33
Profit before amortisation	86	56	140	112	90	142	-163	89

## Profit

Insurance delivered a profit before amortisation of NOK 86m (NOK 90m) in the 2nd quarter and NOK 142m (NOK -163m) year to date, driven by a combined ratio of 90% (89%) in the quarter and 93% (111%) year to date. The 2nd quarter result is in line with the target combined ratio of 90-92%. The combined ratio in the quarter is driven by a strong result in Individual life, stable and satisfactory results in Pension related disability insurance and a weak result in Group life.

For Individual life, the profit before amortisation was NOK 60m (NOK 38m) in 2nd quarter and NOK 125m (NOK 51m) year to date, which represents a strong and stable result in the quarter. Mortality result was strong, as well as improving disability results. Satisfactory growth continued with premiums f.o.a. growing 8% compared to the 2nd quarter 2020.

Group life reported a profit before amortisation of NOK -17m (NOK 17m) in the 2nd quarter and NOK -9m (NOK -243) year to date. The Group life claims ratio was negatively affected by higher mortality and disability. Measures, including pricing, have been taken to improve robustness and profitability for the Group life business.

The result for 'Pension related disability insurance Nordic' was NOK 42m (NOK 35m) in the 2nd quarter and NOK 26m (NOK 29m) year to date. Disability development is followed closely due to the slow labour market as consequence of the Covid-19 pandemic.

Cost control has continued to be satisfactory. The cost ratio was 13% (13%) in the 2nd quarter and 13% (14%) year to date.

Insurance's investment portfolio in Norway amounted to NOK 7,4 bn <sup>1)</sup> as of the end of the 2nd 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 and 2.0% year to date.

## Balance sheet and market trends

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

Annual portfolio premiums fell by 3% in the 2nd quarter compared to the same period last year. The Individual Life product line grew 8%, while Group Life experienced a reduction due to a large group life contract was terminated representing annual portfolio premiums of NOK 275m, with effect from 1 January 2021. Pension related disability insurance grew by 2% in the 2nd quarter compared to the same period last year.

<sup>1)</sup> 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	
	Q2	Q1	Q4	Q3	Q2
Individual life *	753	747	721	680	695
Group life **	814	827	1,005	975	990
Pension related disability insurance ***	1,346	1,293	1,336	1,269	1,315
<b>Portfolio premium</b>	<b>2,913</b>	<b>2,867</b>	<b>3,062</b>	<b>2,923</b>	<b>3,000</b>

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

Key Figures (NOK million)	2021			2020	
	Q2	Q1	Q4	Q3	Q2
Claims ratio	77 %	83 %	71 %	74 %	76 %
Cost ratio	13 %	13 %	13 %	13 %	13 %
<b>Combined ratio</b>	<b>90 %</b>	<b>97 %</b>	<b>85 %</b>	<b>87 %</b>	<b>89 %</b>

# Guaranteed pension

- 12% growth in operating profit y/y
- Profit sharing result mainly from Swedish business
- NOK 5.3 bn increased buffer capita

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			01.01 - 30.06		Full year 2020
	Q2	Q1	Q4	Q3	Q2	2021	2020	
Insurance result	168	125	215	195	175	293	44	454
- Insurance premiums f.o.a.	742	742	750	746	736	1,484	1,442	2,938
- Claims f.o.a.	-574	-617	-535	-551	-561	-1,191	-1,398	-2,484
Operational expenses	-96	-99	-99	-97	-95	-195	-202	-399
<b>Operating profit</b>	<b>72</b>	<b>26</b>	<b>116</b>	<b>97</b>	<b>80</b>	<b>98</b>	<b>-158</b>	<b>56</b>
Financial items and risk result life & pension	14	30	23	15	10	43	-5	33
<b>Profit before amortisation</b>	<b>86</b>	<b>56</b>	<b>140</b>	<b>112</b>	<b>90</b>	<b>142</b>	<b>-163</b>	<b>89</b>

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 310m (NOK 27m) in the 2nd quarter and NOK 631m (NOK 101m) year to date.

Fee and administration income amounted to NOK 407m (NOK 379m) in the 2nd quarter and NOK 790m (NOK 742m) year to date. The majority of the guaranteed products are closed for new business and are in long term run-off. However, growth in public sector pensions (defined benefit) and paid-up policies drives the increase in fee income.

Operational cost amounted to NOK -227m (NOK -218m) in the 2nd quarter and NOK -424m (NOK -426m) year to date. Operating costs will gradually be reduced as a result of the products being in long-term run-off.

The operating profit increased by 12% to NOK 180m (NOK 160m) in the 2nd quarter and NOK 366m (NOK 316m) year to date.

The risk result amounted to NOK 21m (NOK 53m) in the quarter and NOK 54m (NOK 27m) year to date. A positive disability risk result in Norwegian Paid-up policies and a positive longevity result in Swedish SPP contributed positively to the result. In the Norwegian Defined Benefit portfolio, higher disability and longevity claims 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 108m (NOK -187m) in the 2nd quarter and NOK 212m (NOK -242m) year to date. The result is driven by the Swedish business SPP which achieved a result of NOK 76m (NOK -193m) in the quarter. Solid returns in credit and real estate portfolio reduced the need for Deferred Capital Contributions (DCC). In addition, profit split and indexation fees contributed positively in the quarter. In the Norwegian business, the Paid-up policies and Individual life and pension, contributed with NOK 33m (NOK 6m) in the quarter, due to solid financial returns and risk result to be shared between company and policyholders.

### Balance sheet and market trends

The majority of the guaranteed products 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 been the main driver for a large net increase in Defined Benefit (fee based) reserves in the Norwegian business of NOK 8.0bn year to date.

As of the 2nd quarter, customer reserves of guaranteed pensions amounted to NOK 295bn. This is an increase of NOK 8.5bn in the quarter, but adjusted for currency effects, the increase was NOK 5.7bn, driven by the public sector and paid-up policy growth.



As a share of the total balance sheet, guaranteed reserves amounted to 50.0% (54.8%) at the end of the 2nd quarter, a reduction of 4.9 percentage points since the same quarter last year. The premium income for guaranteed pensions (excluding transfers) was NOK 1.3bn (NOK 0.8bn) in the 2nd quarter and NOK 2.9bn (NOK 2.7bn) year to date.

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 149bn as of the 2nd quarter, an increase of NOK 5.4bn from same period last year. The increase is partly caused by a NOK 3bn transfer of profitable guaranteed business.

Guaranteed portfolios in the Swedish business totalled NOK 97bn as of the 2nd quarter, a decrease of NOK 3.0bn from same period last year. Adjusted for currency effects, the reserves are at the same level as in the corresponding period last year.

Storebrand's strategy is to have a solid buffer capital level in order to secure customer returns and protect shareholder's equity under turbulent market conditions. Buffer capital for Guaranteed pensions was 11.3% (9.5%) of reserves in Norway (not including NOK 6.4 bn in additional surplus values of bonds held at amortised cost) and 15.1% (9.3%) in Sweden, corresponding to an overall increase of NOK 5.3bn since same period last year. In the 2nd quarter the increase in buffer capital was NOK 4.5bn, and all elements of the buffer capital increased.

## Key Figures

(NOK million)	2021			2020	
	Q2	Q1	Q4	Q3	Q2
Guaranteed reserves	294 909	286 410	287 614	287 740	284 832
Guaranteed reserves in % of total reserves	50.0 %	50.7 %	51.7 %	53.4 %	54.8 %
Transfer out of guaranteed reserves	- 94	6,578	704	-4	634
Buffer capital in % of customer reserves Storebrand	11.3 %	9.8 %	11.0 %	10.5 %	9.5 %
Buffer capital in % of customer reserves SPP	15.1 %	14.1 %	11.9 %	10.4 %	9.3 %

# Other

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

## Other

(NOK million)	2021		2020			01.01 - 30.06		Full year 2020
	Q2	Q4	Q3	Q2	Q2	2021	2020	
Fee and administration income			3					4
Operational expenses	-7	-6	-7	-7	-7	-14	-15	-30
<b>Operating profit</b>	<b>-7</b>	<b>-6</b>	<b>-4</b>	<b>-7</b>	<b>-7</b>	<b>-13</b>	<b>-15</b>	<b>-26</b>
Financial items and risk result life & pension	397	2	18	117	261	399	-78	57
<b>Profit before amortisation</b>	<b>390</b>	<b>-4</b>	<b>14</b>	<b>110</b>	<b>254</b>	<b>386</b>	<b>-92</b>	<b>32</b>

## Profit

The Other segment reported a profit before amortisation of NOK 390m (NOK 254m) in the 2nd quarter and NOK 386m (NOK -92m) year to date.

The financial result for the Other segment includes the company portfolios of SPP and Storebrand Life Insurance. The financial result for the other segment amounted to NOK 397m (NOK 261m) in the quarter and NOK 399m (NOK -78m) year to date. The weak result in first half year 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.

In the 2nd quarter Storebrand closed the divestment of 100% of its share holdings in AS Værdalsbruket, a wholly owned subsidiary of Storebrand, 74.9 % owned by Storebrand Livsforsikring AS and 25.1 % owned by Storebrand ASA. The sale has contributed to the lifeinsurance group accounts with a net gain of NOK 409m in the quarter and is not subject to income tax under Norwegian tax legislation. The gain is classified as Other Income in the accounts and reported under the line Financial Items in the Other segment.

The investments in the company portfolios are primarily in interest-bearing securities in Norway and Sweden. The Norwegian company portfolio reported a return of 0.42% in the quarter and 0.94% year to date. The Swedish company portfolio achieved a return of 0.13% in the quarter and 0.3% year to date.

The Storebrand Life Insurance Group is funded by a combination of equity and subordinated loans. Given the interest rate level at the end of the 2nd quarter, interest expenses of approximately NOK 95m per quarter are expected going forward. The company portfolios in the Norwegian and Swedish life insurance companies and the holding company amounted to NOK 33.4bn at end of the 2nd quarter.

## Balance sheet and capital situation

Continuous monitoring and active risk management is a core area of

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

## Storebrand Livsforsikring Group

The Solidity capital<sup>1)</sup> measures the amount of IFRS capital available to cover customer liabilities. The solidity capital amounted to NOK 75.3bn at the end of 2nd quarter 2021, an increase in the 2nd quarter by NOK 5.9bn and year to date by NOK 2.5bn. The change in the quarter is primarily due to increased customer buffers in both the Norwegian and Swedish operations as a result of decreased interest rates. During the 1st quarter, issuance of a new subordinated loan and the repurchase of outstanding bonds added net NOK 2.1bn.

## Storebrand Livsforsikring AS

The market value adjustment reserve increased during the 2nd quarter by NOK 1.3bn and a decrease by NOK 0.4bn year to date. At the end of 2nd quarter the market value adjustment reserve amounted to NOK 6.8bn, corresponding to 3.8% of customer funds with a guarantee.

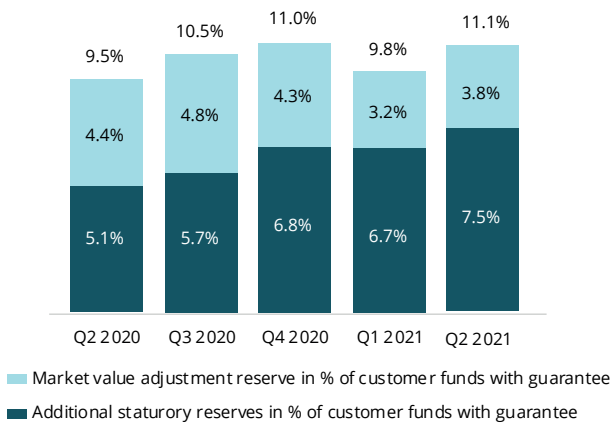
The additional statutory reserves amounted to NOK 13.3bn, corresponding to 7.5% (6.7% at the end of the 1st quarter) of customer funds with guarantee, at the end of the 2nd quarter 2021. Investment returns in customer portfolios higher than the guaranteed interest rate in the quarter and year to date increased reserves by NOK 0.9bn while new business transferred in contributed positively with NOK 1.1bn in additional statutory reserves.

Together, the customer buffers amounted to 11.3% (9.8% at the end of the 1st quarter) of customer funds with guarantee.

The excess value of bonds and loans valued at amortised cost increased by NOK 0.6bn in the 2nd quarter and a decrease by NOK 2.4bn year to date due to higher interest rates and amounted to NOK 6.4bn at the end of the 2nd quarter, but is not included in the financial statements.

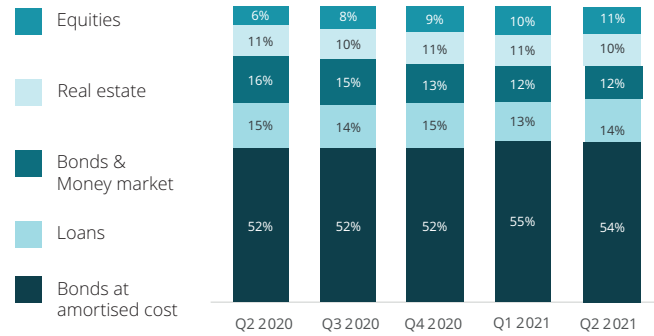
<sup>1)</sup> Consists of equity, subordinated loan capital, market value adjustments reserve, risk equalisation reserve, unrealised gains/losses on bonds and loans and loans at amortised cost, additional statutory reserves, conditional bonuses

### Customer buffers



### Allocation of guaranteed customer assets

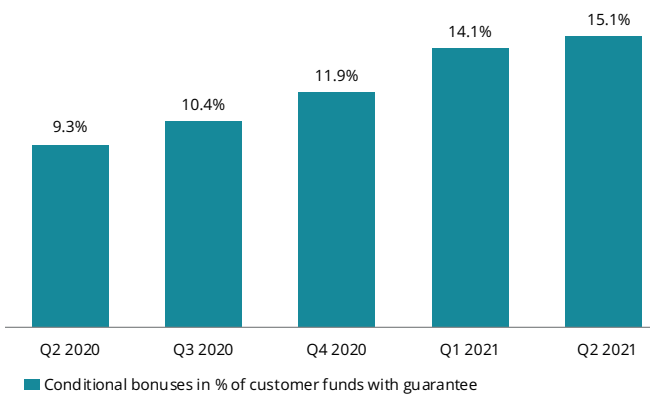
Customer assets increased by NOK 11.9bn in the 2nd quarter and NOK 37.3bn year to date, amounting to NOK 349bn at the end of the quarter. Customer assets within non-guaranteed savings increased NOK 6.4bn during the 2nd quarter and by NOK 25.8bn year to date, amounting to NOK 151bn at the end of the quarter. Guaranteed customer assets increased in the 2nd quarter by NOK 5.5bn and NOK 11.5bn year to date, amounting to NOK 198bn at the end of the quarter.



## SPP

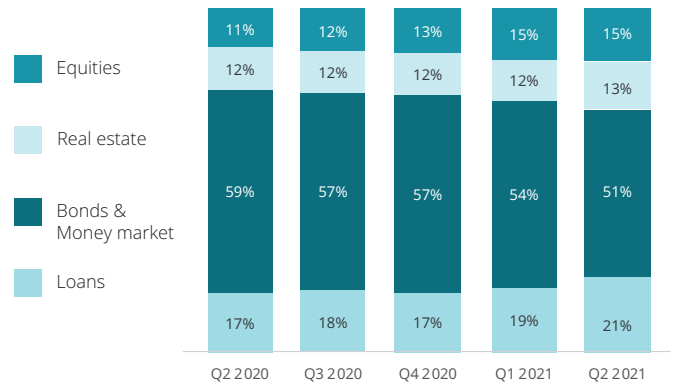
### Buffer Capital

The buffer capital (conditional bonuses) including Euroben amounted to SEK 12.6bn (SEK 7.4bn) at the end of the 2nd quarter.



### Allocation of Guaranteed Customer Assets

Total assets under management for customers in SPP were SEK 236bn (SEK 195.4bn) at the end of the 2nd quarter, including Euroben (SEK 10.6bn). This corresponds to an increase of 20.8% compared to the 2nd quarter last year. For customer assets in non-guaranteed savings, assets under management amounted to SEK 143.6bn (SEK 113.3bn) at the end of the 2nd quarter, which corresponds to an increase of 26.7% compared with the 2nd quarter last year.



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

## Financial performance

In Norway, the market for private sector occupational pensions has experienced increased competition over the last years in anticipation of the new Individual Pension Accounts (IPA) introduced this year. As a consequence of this, the Unit Linked segment in Norway reported a lower margin in the quarter. Continued gradual margin decline is expected within Unit Linked as individuals' contracts are gradually merged into one account through 2021. 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 strong position in the market, 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 5bn in annual net

inflow.

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

Overall reserves for guaranteed pensions are expected to start decreasing in the coming years. Guaranteed reserves represent a declining share of the Group's total pension reserves and were 50.0% at the end of the second quarter, 4.9 percentage points lower than for the corresponding period 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 12% of customer buffers as a share of customer reserves, Storebrand effectively has NOK 33bn more in customer assets than liabilities and NOK 6.4bn in surplus values in bonds held at amortised cost. Customer buffers increase the expected booked returns in Norway. The customer buffers can also be used to compensate for a shortfall in returns under poor market conditions, limiting the financial risk to shareholders and policyholders. In markets with rising interest rates, the buffer capital absorbs lower mark-to-market value 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.

Increased longevity and development in disability are the main insurance risk factors for the solvency position of the Group. The weakening of the Norwegian economy due to the pandemic has led to a substantial, but likely temporary, increase in unemployment. A prolonged situation with high unemployment could lead to higher disability levels, which may result in increased claims. The development of the insurance reserves is dependent on future scenarios and are currently more uncertain than normal. Storebrand strengthened its disability reserves and general Covid-19 reserves in 2020. The reserves have remained unchanged since and are still deemed to be adequate. Storebrand will continue to monitor the development of Covid-19 and effects for the economy.

Operational risk may also influence 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 2.8bn may be recognised. Should all the Norwegian Tax Administration's interpretations be the final verdict, a tax expense of NOK 1.8bn could be recognised. The timeline for settling the process with the Norwegian Tax Administration might take several years. If necessary, Storebrand will seek clarification from the court of law on the matter.

### **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 are transferred into the active scheme unless the holder made an active choice to stay with the current provider by opting out ("negative acceptance") by 30 April 2021. Transfer of approximately 1.5 million certificates with a combined value of NOK 70bn certificates is taking place from May to November 2021. The long transfer period aims to minimize market impact of the process.

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. So far, approx. 45 000 out of 1.5 million eligible employees have moved their savings to a provider of own choice.

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 savings from pension capital certificates transferred to the Individual Pension Account as the employer pays for current savings. This will lead to significantly lower income related to former pension certificates.

### **Proposed changes to pension regulations in Norway**

The Ministry of Finance has presented a bill to Parliament regarding changes to the regulations of guaranteed pension products and to the rules for saving in Defined Contribution schemes.

#### *Guaranteed pensions*

The proposed changes described in the bill to Parliament regarding the regulation of guaranteed pension products are:

- The ability for providers to build additional statutory reserves separately for individual contracts. This will allow for profit sharing and increased benefits on contracts with sufficient additional statutory reserves.
- Faster pay-outs for small paid up-policies. Pay-out periods for paid up-policies can today be reduced so that the yearly benefit equals about 0.3 G (G = NOK 106 399). The Financial Supervisory Authority proposed increasing this threshold to 0.5 G. The Ministry of Finance goes further and proposes that pay-out periods can be reduced so that the yearly benefit equals about 1 G, with the option for customers to choose even faster pay-out up to yearly benefits of 1.5 G. This will somewhat reduce longevity risk and duration risk in the paid up-pension portfolio. The magnitude of the effect is uncertain.

- The ability for providers to compensate customers who convert paid-up policies to investment choice. It will still be possible to offer conversion without compensation. If compensation is offered, it should reflect the value of the guaranteed returns the customer surrenders.

The Ministry of Finance has not proposed changes to the buffer fund model in this bill. The Ministry of Finance will at a later point consider the need for additional regulatory changes and refers to changes that can facilitate improved competition for municipal pension schemes.

The further process can be impacted by the Parliamentary election in September.

#### *Saving in Defined Contribution Schemes*

The proposed changes described in the bill to Parliament regarding the rules for saving in Defined Contribution schemes are:

- All income should give right to pension contributions under the Mandatory Occupational Pension rules, not just income above 1 G, or working more than 20 per cent of full time, as today.
- The right to pension contributions from the age of 13.

The proposals are expected to increase total annual savings in the Defined Contribution market by about NOK 3 bn annually when they enter into force in 2023.

#### **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. The Commission is now considering EIOPAS proposals.

We expect final conclusions to be drawn by the Commission, the Parliament and the Council in 2022. This will be followed by work on delegated acts and guidelines. Changes are not expected to enter into force 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, 13 July 2021

Board of directors Storebrand Livsforsikring AS

# Storebrand Livsforsikring Group

## Statement of comprehensive income

(NOK million)	Q2		01.01 - 30.06		Year 2020
	2021	2020	2021	2020	
<b>TECHNICAL ACCOUNT:</b>					
Gross premiums written	7,174	6,510	15,430	14,739	27,379
Reinsurance premiums ceded	-1	-3	-8	-9	-11
Premium reserves transferred from other companies	3,007	6,658	11,818	12,297	15,437
<b>Premiums for own account</b>	<b>10,181</b>	<b>13,165</b>	<b>27,239</b>	<b>27,027</b>	<b>42,805</b>
Income from investments in subsidiaries, associated companies and joint ventures companies	39	-15	101	83	473
Interest income and dividends etc. from financial assets	1,760	1,789	3,293	3,335	6,992
Net operating income from properties	228	272	629	530	1,018
Changes in investment value	1,891	4,256	-971	1,836	3,028
Realised gains and losses on investments	1,267	375	2,104	500	2,918
<b>Total net income from investments in the collective portfolio</b>	<b>5,187</b>	<b>6,677</b>	<b>5,155</b>	<b>6,283</b>	<b>14,429</b>
Income from investments in subsidiaries, associated companies and joint ventures companies	11	-7	30	14	96
Interest income and dividends etc. from financial assets	104	23	171	9	919
Net operating income from properties	47	31	90	71	168
Changes in investment value	9,972	15,233	24,268	-11,359	10,396
Realised gains and losses on investments	1,868	3,368	4,374	848	4,838
<b>Total net income from investments in the investment selection portfolio</b>	<b>12,003</b>	<b>18,648</b>	<b>28,933</b>	<b>-10,417</b>	<b>16,418</b>
<b>Other insurance related income</b>	<b>398</b>	<b>368</b>	<b>753</b>	<b>696</b>	<b>1,426</b>
Gross claims paid	-5,295	-5,008	-10,375	-10,420	-20,372
Claims paid - reinsurance		5	7	5	15
Premium reserves etc. transferred to other companies	-7,368	-1,920	-11,432	-4,131	-8,152
<b>Claims for own account</b>	<b>-12,662</b>	<b>-6,923</b>	<b>-21,800</b>	<b>-14,546</b>	<b>-28,509</b>
To/from premium reserve, gross	1,595	-1,391	-2,767	-2,927	-353
To/from additional statutory reserves	-1,501	19	-2,060	61	-2,460
Change in marketvalue adjustment fund	-1,271	-2,124	350	-1,903	-1,670
Change in premium fund, deposit fund and the pension surplus fund			-1		-3
To/from technical reserves for non-life insurance business	5	14	-3	-119	-106
Change in conditional bonus	-740	-875	-2,518	2,125	-223
Transfer of additional statutory reserves and value adjustment fund from other insurance companies/pension funds	781	-3	1,226	-8	27
<b>Changes in insurance obligations recognised in the Profit and Loss Account - contractual obligations</b>	<b>-1,131</b>	<b>-4,360</b>	<b>-5,772</b>	<b>-2,772</b>	<b>-4,788</b>
Change in pension capital	-12,389	-26,247	-31,561	-4,069	-36,761
<b>Changes in insurance obligations recognised in the Profit and Loss Account - investment portfolio separately</b>	<b>-12,389</b>	<b>-26,247</b>	<b>-31,561</b>	<b>-4,069</b>	<b>-36,761</b>
Profit on investment result					-508
Risk result allocated to insurance contracts					-113
Other allocation of profit					-84
Unallocated profit	-298	-348	-415	-553	
<b>Funds allocated to insurance contracts</b>	<b>-298</b>	<b>-348</b>	<b>-415</b>	<b>-553</b>	<b>-705</b>
Management expenses	-61	-44	-114	-92	-211
Selling expenses	-184	-238	-378	-473	-782
Change in pre-paid direct selling expenses	7	24	15	42	68



# Storebrand Livsforsikring Group

## Statement of comprehensive income continue

(NOK million)	Q2		01.01 - 30.06		Year 2020
	2021	2020	2021	2020	
Insurance-related administration expenses (incl. commissions for reinsurance received)	-367	-315	-697	-665	-1,468
<b>Insurance-related operating expenses</b>	<b>-604</b>	<b>-574</b>	<b>-1,173</b>	<b>-1,189</b>	<b>-2,393</b>
<b>Other insurance related expenses</b>	<b>-41</b>	<b>-105</b>	<b>-88</b>	<b>-176</b>	<b>-279</b>
<b>Technical insurance profit</b>	<b>643</b>	<b>300</b>	<b>1,271</b>	<b>284</b>	<b>1,643</b>
<b>Non-technical account</b>					
Income from investments in subsidiaries, associated companies and joint ventures companies	-4	24	1	24	19
Interest income and dividends etc. from financial assets	80	62	163	177	454
Changes in investment value	22	306	10	-52	30
Realised gains and losses on investments	-18	-32	29	-104	-114
<b>Net income from investments in company portfolio</b>	<b>80</b>	<b>360</b>	<b>203</b>	<b>45</b>	<b>388</b>
<b>Other income</b>	<b>444</b>	<b>32</b>	<b>500</b>	<b>88</b>	<b>198</b>
Management expenses	-5	-5	-9	-9	-19
Other expenses	-217	-204	-434	-391	-875
<b>Management expenses and other costs linked to the company portfolio</b>	<b>-222</b>	<b>-208</b>	<b>-444</b>	<b>-401</b>	<b>-894</b>
<b>Profit or loss on non-technical account</b>	<b>302</b>	<b>184</b>	<b>259</b>	<b>-267</b>	<b>-307</b>
<b>Profit before tax</b>	<b>944</b>	<b>484</b>	<b>1,530</b>	<b>17</b>	<b>1,336</b>
Tax expenses	-23	-190	-289	542	344
<b>Profit before other comprehensive income</b>	<b>921</b>	<b>294</b>	<b>1,241</b>	<b>559</b>	<b>1,679</b>
Change in actuarial assumptions	-4	-2	-5	-4	-88
Fair value adjustment of properties for own use	11	3	69	22	83
Other comprehensive income allocated to customers	-11	-3	-69	-22	-83
Tax on other profit elements not to be reclassified to profit/loss					10
<b>Other comprehensive income not to be reclassified to profit/loss</b>	<b>-4</b>	<b>-2</b>	<b>-6</b>	<b>-4</b>	<b>-78</b>
Profit/loss cash flow hedging	-9	-20	-27	14	-32
Translation differences foreign exchange	63	-132	-73	248	282
<b>Other profit comprehensive income that may be reclassified to profit /loss</b>	<b>54</b>	<b>-152</b>	<b>-99</b>	<b>262</b>	<b>250</b>
<b>Other comprehensive income</b>	<b>50</b>	<b>-154</b>	<b>-105</b>	<b>259</b>	<b>172</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>971</b>	<b>140</b>	<b>1,136</b>	<b>818</b>	<b>1,851</b>
<b>PROFIT IS ATTRIBUTABLE TO:</b>					
Share of profit for the period - shareholders	922	291	1,241	556	1,672
Share of profit for the periode - non-controlling interests	-1	4		3	7
<b>COMPREHENSIVE INCOME IS ATTRIBUTABLE TO:</b>					
Share of profit for the period - shareholders	971	147	1,136	818	1,844
Share of profit for the periode - non-controlling interests		-6			8

# Storebrand Livsforsikring Group

## Statement of financial position

(NOK million)	30.06.2021	30.06.2020	31.12.2020
<b>Assets</b>			
<b>Assets in company portfolio</b>			
Goodwill	803	826	831
Other intangible assets	3,001	3,290	3,195
<b>Total intangible assets</b>	<b>3,804</b>	<b>4,115</b>	<b>4,026</b>
Properties at fair value		49	50
Equities and units in subsidiaries, associated companies and joint ventures	95	121	133
Loans at amortised cost	1	2	2
Bonds at amortised cost	8,463	8,113	7,361
Deposits at amortised cost	-170	903	434
Equities and fund units at fair value	273	34	102
Bonds and other fixed-income securities at fair value	18,116	17,017	17,350
Derivatives at fair value	803	1,301	1,316
<b>Total investments</b>	<b>27,581</b>	<b>27,540</b>	<b>26,747</b>
Receivables in connection with direct business transactions	764	473	263
Receivables in connection with reinsurance transactions	1	2	1
Receivables with group company	68	74	106
Other receivables	6,599	3,471	4,953
<b>Total receivables</b>	<b>7,432</b>	<b>4,020</b>	<b>5,323</b>
Tangible fixed assets	662	352	700
Cash, bank	1,949	2,255	1,785
Tax assets	1,325	1,917	1,723
Other assets designated according to type		67	67
<b>Total other assets</b>	<b>3,936</b>	<b>4,591</b>	<b>4,275</b>
Pre-paid direct selling expenses	708	686	717
Other pre-paid costs and income earned and not received	297	227	160
<b>Total pre-paid costs and income earned and not received</b>	<b>1,005</b>	<b>913</b>	<b>877</b>
<b>Total assets in company portfolio</b>	<b>43,758</b>	<b>41,178</b>	<b>41,249</b>

# Storebrand Livsforsikring Group

## Statement of financial position continue

(NOK million)	30.06.2021	30.06.2020	31.12.2020
<b>Assets in customer portfolios</b>			
Properties at fair value	27,680	26,618	27,652
Properties for own use	1,623	1,537	1,609
Equities and units in subsidiaries, associated companies and joint ventures	5,003	4,853	5,044
Bonds held to maturity	10,033	13,394	13,026
Bonds at amortised cost	105,078	91,312	92,846
Loans at amortised cost	22,402	23,378	23,733
Deposits at amortised cost	6,638	9,893	9,390
Equities and fund units at fair value	27,111	17,328	21,839
Bonds and other fixed-income securities at fair value	90,477	98,757	97,223
Loans at fair value	8,126	7,647	7,523
Derivatives at fair value	3,642	8,420	6,535
<b>Total investments in collective portfolio</b>	<b>307,813</b>	<b>303,136</b>	<b>306,419</b>
<b>Reinsurance share of insurance obligations</b>	<b>13</b>	<b>24</b>	<b>24</b>
Properties at fair value	4,816	3,860	4,415
Equities and units in subsidiaries, associated companies and joint ventures	1,134	1,060	1,123
Loans	1,007	36	36
Deposits at amortised cost	925	718	900
Equities and fund units at fair value	237,051	179,003	208,607
Bonds and other fixed-income securities at fair value	51,108	49,223	50,939
Loans at fair value	138	141	142
Derivatives at fair value	25	757	2,052
<b>Total investments in investment selection portfolio</b>	<b>296,204</b>	<b>234,799</b>	<b>268,215</b>
<b>Total assets in customer portfolio</b>	<b>604,030</b>	<b>537,958</b>	<b>574,657</b>
<b>Total assets</b>	<b>647,787</b>	<b>579,137</b>	<b>615,906</b>
<b>Equity and liabilities</b>			
Share capital	3,540	3,540	3,540
Share premium	9,711	9,711	9,711
Other paid in equity	1,110	599	599
<b>Total paid in equity</b>	<b>14,361</b>	<b>13,850</b>	<b>13,850</b>
Risk equalisation fund	444	459	438
Security reserves	5	5	5
Other earned equity	10,234	10,279	11,323
Non-controlling interests		65	69
<b>Total earned equity</b>	<b>10,683</b>	<b>10,808</b>	<b>11,835</b>

# Storebrand Livsforsikring Group

## Statement of financial position continue

(NOK million)	30.06.2021	30.06.2020	31.12.2020
Perpetual subordinated loans	1,100	1,100	1,100
Dated subordinated loans	9,829	7,731	7,734
<b>Total subordinated loans and hybrid tier 1 capital</b>	<b>10,929</b>	<b>8,832</b>	<b>8,834</b>
Premium reserves	266,015	264,757	263,383
Additional statutory reserves	13,333	8,653	11,380
Market value adjustment reserve	6,820	7,403	7,170
Premium fund, deposit fund and the pension surplus fund	2,416	2,063	2,266
Conditional bonus	12,680	8,453	10,769
Unallocated profit to insurance contracts	444	771	
Other technical reserve	694	695	702
<b>Total insurance obligations in life insurance - contractual obligations</b>	<b>302,402</b>	<b>292,795</b>	<b>295,671</b>
Pension capital	295,190	234,632	268,331
<b>Total insurance obligations in life insurance - investment portfolio separately</b>	<b>295,190</b>	<b>234,632</b>	<b>268,331</b>
Pension liabilities etc.	171	105	180
Deferred tax	687	587	647
Other provisions for liabilities	108	115	115
<b>Total provisions for liabilities</b>	<b>966</b>	<b>807</b>	<b>942</b>
Liabilities in connection with direct insurance	1,197	850	695
Liabilities in connection with reinsurance	4	2	11
Derivatives	2,664	1,297	886
Liabilities to group companies	25	1,541	29
Other liabilities	8,938	13,263	14,276
<b>Total liabilities</b>	<b>12,829</b>	<b>16,953</b>	<b>15,897</b>
Other accrued expenses and received, unearned income	428	460	546
<b>Total accrued expenses and received, unearned income</b>	<b>428</b>	<b>460</b>	<b>546</b>
<b>Total equity and liabilities</b>	<b>647,787</b>	<b>579,137</b>	<b>615,906</b>

# Storebrand Livsforsikring Group

## Statement of change in equity

(NOK million)	Majority's share of equity									Total equity
	Share capital	Share premium	Other paid in equity	Total paid in equity	Risk equalisation fund	Security reserves	Other equity	Minority interests		
<b>Equity at 31.12.2019</b>	<b>3,540</b>	<b>9,711</b>	<b>88</b>	<b>13,339</b>	<b>466</b>	<b>5</b>	<b>11,628</b>	<b>113</b>	<b>25,550</b>	
Profit for the period					-7		563	3	559	
Other comprehensive income							259		259	
<b>Total comprehensive income for the period</b>					<b>-7</b>		<b>822</b>	<b>3</b>	<b>818</b>	
<b>Equity transactions with owner:</b>										
Received dividend/group contributions			511	511					511	
Paid dividend/group contributions							-2,219		-2,219	
Other							49	-52	-3	
<b>Equity at 30.06.2020</b>	<b>3,540</b>	<b>9,711</b>	<b>599</b>	<b>13,850</b>	<b>459</b>	<b>5</b>	<b>10,280</b>	<b>65</b>	<b>24,658</b>	
Profit for the period					-27		1,699	7	1,679	
Other comprehensive income							164	8	172	
<b>Total comprehensive income for the period</b>					<b>-27</b>		<b>1,864</b>	<b>15</b>	<b>1,851</b>	
<b>Equity transactions with owner:</b>										
Received dividend/group contributions			511	511					511	
Paid dividend/group contributions							-2,220		-2,220	
Other							52	-59	-7	
<b>Equity at 31.12.2020</b>	<b>3,540</b>	<b>9,711</b>	<b>599</b>	<b>13,850</b>	<b>438</b>	<b>5</b>	<b>11,323</b>	<b>69</b>	<b>25,686</b>	
Profit for the period					6		1,236		1,241	
Other comprehensive income							-105		-105	
<b>Total comprehensive income for the period</b>					<b>6</b>		<b>1,131</b>	<b>0</b>	<b>1,136</b>	
<b>Equity transactions with owner:</b>										
Received dividend/group contributions			511	511					511	
Paid dividend/group contributions							-2,220		-2,220	
Other								-69	-69	
<b>Equity at 30.06.2021</b>	<b>3,540</b>	<b>9,711</b>	<b>1,110</b>	<b>14,361</b>	<b>444</b>	<b>5</b>	<b>10,235</b>	<b>0</b>	<b>25,044</b>	

# Storebrand Livsforsikring AS

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

Storebrand Livsforsikring group			Storebrand Livsforsikring AS	
2020	2021	(NOK million)	2021	2020
<b>Cash flow from operating activities</b>				
14,582	14,920	Net received - direct insurance	9,942	9,848
-10,537	-9,870	Net claims/benefits paid - direct insurance	-5,644	-6,555
8,167	385	Net receipts/payments - policy transfers	1,829	2,017
-49	3,974	Net change insurance liabilities	4,004	65
-1,189	-1,173	Net receipts/payments operations	-677	-678
516	330	Net receipts/payments - other operational activities	-2,262	5,353
<b>11,490</b>	<b>8,567</b>	<b>Net cash flow from operating activities before financial assets</b>	<b>7,192</b>	<b>10,822</b>
-15	-502	Net receipts/payments - loans to customers	510	523
-7,362	-12,442	Net receipts/payments - financial assets	-13,726	-7,965
481	-142	Net receipts/payments - property activities		
-2,988	2,636	Net change bank deposits insurance customers	3,227	-2,110
<b>-9,884</b>	<b>-10,448</b>	<b>Net cash flow from operating activities from financial assets</b>	<b>-9,989</b>	<b>-9,552</b>
<b>1,605</b>	<b>-1,882</b>	<b>Net cash flow from operating activities</b>	<b>-2,798</b>	<b>499</b>
<b>Cash flow from investing activities</b>				
	613	Net payments - sale/purchase of subsidiaries	621	
-46		Net payments - purchase/capitalisation associated companies		-46
-17	-10	Net receipts/payments - sale/purchase of fixed assets	-3	-3
<b>-63</b>	<b>603</b>	<b>Net cash flow from investing activities</b>	<b>618</b>	<b>-49</b>
<b>Cash flow from financing activities</b>				
499	3,004	Receipts - subordinated loans issued	3,004	499
-872	-373	Repayment of subordinated loans	-373	-872
-313	-286	Payments - interest on subordinated loans	-286	-313
682	680	Payments received of dividend and group contribution	1,884	1,286
-682	-2,220	Payment of dividend and group contribution	-2,220	-682
<b>-686</b>	<b>805</b>	<b>Net cash flow from financing activities</b>	<b>2,009</b>	<b>-81</b>
<b>856</b>	<b>-474</b>	<b>Net cash flow for the period</b>	<b>-170</b>	<b>369</b>
10,741	9,975	of which net cash flow for the period before financial assets	9,819	9,920
856	-474	Net movement in cash and cash equivalent assets	-170	369
2,396	2,218	Cash and cash equivalents at the start of the period	1,167	1,410
-95	34	Currency translation differences		
<b>3,157</b>	<b>1,779</b>	<b>Cash and cash equivalent assets at the end of the period</b>	<b>997</b>	<b>1,779</b>

# Storebrand Livsforsikring AS

## Statement of comprehensive income

(NOK million)	Q2		01.01 - 30.06		Year 2020
	2021	2020	2021	2020	
<b>Technical account:</b>					
Gross premiums written	4,672	4,048	10,446	10,014	18,099
Reinsurance premiums ceded		-2	-6	-8	-9
Premium reserves transferred from other companies	2,045	355	9,991	4,994	6,051
<b>Premiums for own account</b>	<b>6,717</b>	<b>4,402</b>	<b>20,430</b>	<b>15,000</b>	<b>24,142</b>
Income from investments in subsidiaries, associated companies and joint ventures companies	242	269	514	-474	1,397
of which from investment in property companies	242	-137	514	-30	1,397
Interest income and dividends etc. from financial assets	1,367	1,186	2,371	2,471	5,389
Changes in investment value	1,269	1,582	-300	3,228	1,622
Realised gains and losses on investments	851	811	1,154	-122	1,901
<b>Total net income from investments in the collective portfolio</b>	<b>3,729</b>	<b>3,848</b>	<b>3,739</b>	<b>5,104</b>	<b>10,308</b>
Income from investments in subsidiaries, associated companies and joint ventures companies	76	1,347	160	585	355
of which from investment in property companies	77	-37	160	-10	357
Interest income and dividends etc. from financial assets	104	-54	171	-155	919
Changes in investment value	4,265	4,653	7,379	-4,853	5,268
Realised gains and losses on investments	1,865	4,482	4,366	21	4,839
<b>Total net income from investments in the investment selection portfolio</b>	<b>6,310</b>	<b>10,428</b>	<b>12,076</b>	<b>-4,402</b>	<b>11,381</b>
<b>Other insurance related income</b>	<b>225</b>	<b>222</b>	<b>413</b>	<b>407</b>	<b>815</b>
Gross claims paid	-3,165	-2,970	-6,230	-6,459	-12,278
Claims paid - reinsurance		4	7	4	14
Premium reserves etc. transferred to other companies	-5,436	-1,295	-8,162	-2,977	-5,021
<b>Claims for own account</b>	<b>-8,601</b>	<b>-4,262</b>	<b>-14,385</b>	<b>-9,432</b>	<b>-17,285</b>
To/from premium reserve, gross	1,070	661	-6,288	-362	554
To/from additional statutory reserves	-769	19	-1,203	61	-2,460
Change in marketvalue adjustment fund	-1,271	-2,124	350	-1,903	-1,670
Change in premium fund, deposit fund and the pension surplus fund			-1		-3
To/from technical reserves for non-life insurance business	5	14	-3	-119	-106
Transfer of additional statutory reserves and value adjustment fund from other insurance companies/pension funds	781	-3	1,226	-8	27
<b>Changes in insurance obligations recognised in the Profit and Loss Account - contractual obligations</b>	<b>-184</b>	<b>-1,433</b>	<b>-5,918</b>	<b>-2,332</b>	<b>-3,658</b>
Change in pension capital	-6,428	-12,157	-13,688	-2,803	-22,580
<b>Changes in insurance obligations recognised in the Profit and Loss Account - investment portfolio separately</b>	<b>-6,428</b>	<b>-12,157</b>	<b>-13,688</b>	<b>-2,803</b>	<b>-22,580</b>
Profit on investment result					-508
Risk result allocated to insurance contracts					-113
Other allocation of profit					-84
Unallocated profit	-954	-372	-1,300	-762	
<b>Funds allocated to insurance contracts</b>	<b>-954</b>	<b>-372</b>	<b>-1,300</b>	<b>-762</b>	<b>-705</b>

# Storebrand Livsforsikring AS

## Statement of comprehensive income continue

(NOK million)	Q2		01.01 - 30.06		Year 2020
	2021	2020	2021	2020	
Management expenses	-61	-44	-114	-92	-211
Selling expenses	-56	-87	-121	-183	-216
Insurance-related administration expenses (incl. commissions for reinsurance received)	-238	-179	-443	-402	-936
<b>Insurance-related operating expenses</b>	<b>-355</b>	<b>-310</b>	<b>-677</b>	<b>-678</b>	<b>-1,362</b>
Other insurance related expenses after reinsurance share	-36	-91	-68	-156	-247
<b>Technical insurance profit</b>	<b>422</b>	<b>274</b>	<b>622</b>	<b>-53</b>	<b>808</b>
<b>Non-technical account</b>					
Income from investments in subsidiaries, associated companies and joint ventures companies	691	382	1,596	1,018	1,117
Interest income and dividends etc. from financial assets	79	60	159	172	418
Changes in investment value	12	262	-8	29	35
Realised gains and losses on investments	-136	157	201	-562	-581
<b>Net income from investments in company portfolio</b>	<b>645</b>	<b>862</b>	<b>1,948</b>	<b>657</b>	<b>989</b>
<b>Other income</b>	<b>0</b>	<b>-3</b>	<b>1</b>	<b>1</b>	<b>4</b>
Management expenses	-5	-5	-9	-9	-19
Other expenses	-106	-82	-202	-191	-392
<b>Total management expenses and other costs linked to the company portfolio</b>	<b>-111</b>	<b>-87</b>	<b>-211</b>	<b>-200</b>	<b>-411</b>
<b>Profit or loss on non-technical account</b>	<b>534</b>	<b>773</b>	<b>1,737</b>	<b>458</b>	<b>582</b>
<b>Profit before tax</b>	<b>956</b>	<b>1,047</b>	<b>2,359</b>	<b>405</b>	<b>1,390</b>
Tax expenses	-36	-170	-220	597	369
<b>Profit before other comprehensive income</b>	<b>921</b>	<b>877</b>	<b>2,139</b>	<b>1,002</b>	<b>1,759</b>
Change in actuarial assumptions					-3
Tax on other profit elements not to be reclassified to profit/loss					8
<b>Other comprehensive income not to be reclassified to profit/loss</b>					<b>5</b>
Profit/loss cash flow hedging	-9	-20	-27	14	-32
<b>Other profit comprehensive income that may be reclassified to profit /loss</b>	<b>-9</b>	<b>-20</b>	<b>-27</b>	<b>14</b>	<b>-32</b>
Other comprehensive income	-9	-20	-27	14	-27
<b>Total comprehensive income</b>	<b>911</b>	<b>857</b>	<b>2,113</b>	<b>1,016</b>	<b>1,732</b>



# Storebrand Livsforsikring AS

## Statement of financial position

(NOK million)	30.06.2021	30.06.2020	31.12.2020
<b>Assets</b>			
<b>Assets in company portfolio</b>			
Other intangible assets	468	380	419
<b>Total intangible assets</b>	<b>468</b>	<b>380</b>	<b>419</b>
Equities and units in subsidiaries, associated companies and joint ventures	12,750	13,627	13,225
Loans at amortised cost		1	
Bonds at amortised cost	8,463	8,113	7,361
Deposits at amortised cost	-204	806	373
Equities and fund units at fair value	362	33	51
Bonds and other fixed-income securities at fair value	12,724	10,573	10,748
Loans at fair value			12
Derivatives at fair value	803	1,301	1,316
<b>Total investments</b>	<b>34,899</b>	<b>34,453</b>	<b>33,085</b>
Receivables in connection with direct business transactions	755	470	257
Receivables in connection with reinsurance transactions	1	2	1
Receivables with group company	42	59	753
Other receivables	4,522	1,156	1,474
<b>Total receivables</b>	<b>5,319</b>	<b>1,687</b>	<b>2,485</b>
Tangible fixed assets	12	17	14
Cash, bank	1,200	973	794
Tax assets	1,327	1,935	1,547
<b>Total other assets</b>	<b>2,539</b>	<b>2,924</b>	<b>2,355</b>
Other pre-paid costs and income earned and not received	47	47	27
<b>Total pre-paid costs and income earned and not received</b>	<b>47</b>	<b>47</b>	<b>27</b>
<b>Total assets in company portfolio</b>	<b>43,272</b>	<b>39,492</b>	<b>38,371</b>
<b>Assets in customer portfolios</b>			
Equities and units in subsidiaries, associated companies and joint ventures	21,024	29,255	21,155
of which investment in property companies	21,024	20,287	21,104
Bonds held to maturity	10,033	13,394	13,026
Bonds at amortised cost	105,078	91,312	92,846
Loans at amortised cost	22,402	23,378	23,733
Deposits at amortised cost	3,392	7,220	6,499
Equities and fund units at fair value	16,810	5,262	11,902
Bonds and other fixed-income securities at fair value	25,552	28,385	27,035
Loans at fair value	-1		104
Derivatives at fair value	2,132	5,824	4,247
<b>Total investments in collective portfolio</b>	<b>206,422</b>	<b>204,030</b>	<b>200,546</b>

# Storebrand Livsforsikring AS

## Statement of financial position continue

(NOK million)	30.06.2021	30.06.2020	31.12.2020
<b>Reinsurance share of insurance obligations</b>	<b>4</b>	<b>21</b>	<b>15</b>
Equities and units in subsidiaries, associated companies and joint ventures	6,030	20,774	5,601
of which investment in property companies	6,030	4,958	5,586
Loans at amortised cost	1,007	36	36
Deposits at amortised cost	368	321	488
Equities and fund units at fair value	101,141	55,425	86,267
Bonds and other fixed-income securities at fair value	43,026	40,050	42,340
Loans at fair value	138	141	171
Derivatives at fair value	25	757	2,052
<b>Total investments in investment selection portfolio</b>	<b>151,734</b>	<b>117,503</b>	<b>136,955</b>
<b>Total assets in customer portfolios</b>	<b>358,160</b>	<b>321,554</b>	<b>337,515</b>
<b>Total assets</b>	<b>401,432</b>	<b>361,046</b>	<b>375,886</b>
<b>Equity and liabilities</b>			
Share capital	3,540	3,540	3,540
Share premium	9,711	9,711	9,711
Other paid in equity	1,110	599	1,110
<b>Total paid in equity</b>	<b>14,361</b>	<b>13,850</b>	<b>14,361</b>
Risk equalisation fund	444	459	438
Security reserves	5	5	5
Other earned equity	12,836	12,212	10,729
<b>Total earned equity</b>	<b>13,285</b>	<b>12,676</b>	<b>11,172</b>
Perpetual subordinated loans	1,100	1,100	1,100
Dated subordinated loans	9,829	7,731	7,734
<b>Total subordinated loans and hybrid tier 1 capital</b>	<b>10,929</b>	<b>8,832</b>	<b>8,834</b>
Premium reserves	181,137	172,534	172,089
Additional statutory reserves	12,476	8,862	11,380
Market value adjustment reserve	6,820	7,403	7,170
Premium fund, deposit fund and the pension surplus fund	2,416	2,063	2,266
Unallocated profit to insurance contracts	1,328	771	
Other technical reserve	694	695	702
<b>Total insurance obligations in life insurance - contractual obligations</b>	<b>204,871</b>	<b>192,328</b>	<b>193,607</b>
Pension capital	150,736	117,333	137,089
<b>Total insurance obligations in life insurance - investment portfolio separately</b>	<b>150,736</b>	<b>117,333</b>	<b>137,089</b>
Pension liabilities etc.	7	7	7
<b>Total provisions for liabilities</b>	<b>7</b>	<b>7</b>	<b>7</b>
Liabilities in connection with direct insurance	1,037	612	469
Derivatives	2,207	740	401
Liabilities to group companies	20	1,553	2,254
Other liabilities	3,806	12,974	7,553
<b>Total liabilities</b>	<b>7,071</b>	<b>15,879</b>	<b>10,678</b>
Other accrued expenses and received, unearned income	171	141	137
<b>Total accrued expenses and received, unearned income</b>	<b>171</b>	<b>141</b>	<b>137</b>
<b>Total equity and liabilities</b>	<b>401,432</b>	<b>361,046</b>	<b>375,886</b>

# Storebrand Livsforsikring AS

## Statement of change in equity

(NOK million)	Share capital <sup>1)</sup>	Share premium reserve	Other paid in capital	Total paid in equity	Risk equalisation fund	Security reserves	Other equity	Total equity
<b>Equity 31.12.2019</b>	<b>3,540</b>	<b>9,711</b>	<b>599</b>	<b>13,850</b>	<b>466</b>	<b>5</b>	<b>11,190</b>	<b>25,511</b>
Profit for the period					-7		1,009	1,002
Other comprehensive income							14	14
<b>Total comprehensive income for the period</b>					<b>-7</b>		<b>-1</b>	<b>-1</b>
<b>Equity transactions with owner:</b>								
Received dividend/group contributions								
Paid dividend/group contributions								
Other							-1	-1
<b>Equity 30.06.2020</b>	<b>3,540</b>	<b>9,711</b>	<b>599</b>	<b>13,850</b>	<b>459</b>	<b>5</b>	<b>12,212</b>	<b>26,526</b>
Profit for the period					-27		1,787	1,759
Other comprehensive income							-27	-27
<b>Total comprehensive income for the period</b>					<b>-27</b>		<b>1,759</b>	<b>1,732</b>
<b>Equity transactions with owner:</b>								
Received dividend/group contributions			511	511				511
Paid dividend/group contributions							-2,222	-2,222
Other							1	1
<b>Equity at 31.12.2020</b>	<b>3,540</b>	<b>9,711</b>	<b>1,110</b>	<b>14,361</b>	<b>438</b>	<b>5</b>	<b>10,729</b>	<b>25,533</b>
Profit for the period					6		2,134	2,139
Other comprehensive income							-27	-27
<b>Total comprehensive income for the period</b>					<b>6</b>		<b>2,107</b>	<b>2,113</b>
<b>Equity transactions with owner:</b>								
Received dividend/group contributions				0				0
Paid dividend/group contributions								
Other								0
<b>Equity 30.06.2021</b>	<b>3,540</b>	<b>9,711</b>	<b>1,110</b>	<b>14,361</b>	<b>444</b>	<b>5</b>	<b>12,836</b>	<b>27,646</b>

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

# Notes

## Storebrand Livsforsikring Group

### Note 01 | Accounting policies

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

A description of the accounting policies applied in the preparation of the financial statements are provided in the 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 savings products that which give 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 Storebrand ASA is reported under Other, as well as the result for the company portfolios of Storebrand Livsforsikring and SPP. The elimination of intra-group transactions is also included in the Other segment. 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)	Q2		01.01 - 30.06		Year 2020
	2021	2020	2021	2020	
Savings	250	207	555	355	782
Insurance	86	90	142	-163	89
Guaranteed pension <sup>1)</sup>	310	27	631	101	775
Other	390	254	386	-92	61
<b>Profit before amortisation</b>	<b>1,035</b>	<b>578</b>	<b>1,713</b>	<b>200</b>	<b>1,707</b>
Amortisation intangible assets	-91	-94	-183	-183	-372
<b>Profit before tax</b>	<b>944</b>	<b>484</b>	<b>1,530</b>	<b>17</b>	<b>1,336</b>

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

## Segment information Q2

(NOK million)	Savings		Insurance		Guaranteed pension	
	2021	2020	2021	2020	2021	2020
Fee and administration income	530	487			407	379
Insurance result			168	175		
- Insurance premiums for own account			742	736		
- Claims for own account			-574	-561		
Operational cost	-283	-265	-96	-95	-227	-218
<b>Operating profit</b>	<b>247</b>	<b>222</b>	<b>72</b>	<b>80</b>	<b>180</b>	<b>160</b>
Financial items and risk result life & pension	3	-15	14	10	130	-134
<b>Profit before amortisation</b>	<b>250</b>	<b>207</b>	<b>86</b>	<b>90</b>	<b>310</b>	<b>27</b>
Amortisation of intangible assets						
<b>Profit before tax</b>	<b>250</b>	<b>207</b>	<b>86</b>	<b>90</b>	<b>310</b>	<b>27</b>

(NOK million)	Other		Storebrand Livsforsikring group	
	2021	2020	2021	2020
Fee and administration income			938	867
Insurance result			168	175
- Insurance premiums for own account			742	736
- Claims for own account			-574	-561
Operational cost	-7	-7	-614	-586
<b>Operating profit</b>	<b>-7</b>	<b>-7</b>	<b>492</b>	<b>456</b>
Financial items and risk result life & pension	397	261	543	123
<b>Profit before amortisation</b>	<b>390</b>	<b>254</b>	<b>1,035</b>	<b>578</b>
Amortisation of intangible assets			-91	-94
<b>Profit before tax</b>	<b>390</b>	<b>254</b>	<b>944</b>	<b>484</b>

## Segment information as at 30.06

(NOK million)	Savings		Insurance		Guaranteed pension	
	2021	2020	2021	2020	2021	2020
Fee and administration income	1,106	975			790	742
Insurance result			293	44		
- Insurance premiums for own account			1,484	1,442		
- Claims for own account			-1,191	-1,398		
Operational cost	-565	-570	-195	-202	-424	-426
<b>Operating profit</b>	<b>541</b>	<b>405</b>	<b>98</b>	<b>-158</b>	<b>366</b>	<b>316</b>
Financial items and risk result life & pension	13	-51	43	-5	266	-215
<b>Profit before amortisation</b>	<b>555</b>	<b>355</b>	<b>142</b>	<b>-163</b>	<b>631</b>	<b>101</b>
Amortisation of intangible assets						
<b>Profit before tax</b>	<b>555</b>	<b>355</b>	<b>142</b>	<b>-163</b>	<b>631</b>	<b>101</b>

(NOK million)	Other		Storebrand Livsforsikring group	
	2021	2020	2021	2020
Fee and administration income			1,897	1,717
Insurance result			293	44
- Insurance premiums for own account			1,484	1,442
- Claims for own account			-1,191	-1,398
Operational cost	-14	-15	-1,198	-1,213
<b>Operating profit</b>	<b>-13</b>	<b>-15</b>	<b>992</b>	<b>549</b>
Financial items and risk result life & pension	399	-78	722	-348
<b>Profit before amortisation</b>	<b>386</b>	<b>-92</b>	<b>1,713</b>	<b>200</b>
Amortisation of intangible assets			-183	-183
<b>Profit before tax</b>	<b>386</b>	<b>-92</b>	<b>1,530</b>	<b>17</b>

## Note 04 | 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 due to interest rate changes. The most significant market risks for Storebrand are interest rate risk, equity market risk, property price risk, credit risk and currency exchange rate risk.

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

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

The market risk in customer portfolios without a guarantee (unit linked) is borne by the customers, meaning Storebrand is not directly affected by changes in value. Nevertheless, changes in value do affect Storebrand's profit indirectly. Income is based mainly

on the size of the portfolios, while the costs tend to be fixed. Lower returns from the financial market than expected will therefore have a negative effect on Storebrand's income and profit.

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

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

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

Global equities rose 8 percent in the second quarter and rose 14 percent in the first half year. Norwegian equities rose 6 percent in the second quarter and rose 15 percent in the first half year. The credit spreads for corporate bonds has decreased slightly in the second quarter and the first half year.

Long-term interest rates rose during the first quarter, back to near pre-pandemic levels. During the second quarter the trend was less clear. The Norwegian 10-year swap-rate fell 0.2 pp in the second quarter but are 0.4 pp higher from the start of the year. The Swedish 10-year swap-rate are little changed in the second quarter but are 0.4 pp higher from the start of the year. 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, but some of the strengthening was reversed in the second quarter. Since the start of the year, the Krone has strengthened 4 percent against the Swedish Krone and 3 percent against the Euro. The exchange rate against the US dollar is 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.

During the first half the investment allocation has not been materially changed.

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

The return for the unit linked portfolios was generally positive, both in second quarter and in the first half.

### 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 30 June 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 30 June 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	2,181	1.0 %	-147	-0.2 %
Equity risk	-3,223	-1.4 %	-2,499	-2.7 %
Property risk	-2,605	-1.1 %	-1,268	-1.4 %
Credit risk	-1,362	-0.6 %	-850	-0.9 %
<b>Total</b>	<b>-5,009</b>	<b>-2.2 %</b>	<b>-4,763</b>	<b>-5.2 %</b>



## Stresstest 2

Sensitivity	Storebrand Livsforsikring		SPP Pension & Försäkring	
	NOK Million	Share of portfolio	NOK Million	Share of portfolio
Interest rate risk	-4,361	-1.9 %	293	0.3 %
Equity risk	-1,934	-0.8 %	-1,499	-1.6 %
Property risk	-1,520	-0.7 %	-739	-0.8 %
Credit risk	-817	-0.4 %	-510	-0.6 %
<b>Total</b>	<b>-8,632</b>	<b>-3.8 %</b>	<b>-2,456</b>	<b>-2.7 %</b>

### Storebrand Livsforsikring

Stress test 2, which includes an increase in interest rates, makes the greatest impact for Storebrand Livsforsikring. The overall market risk is NOK 8.6 billion (NOK 8.4 billion as at 31 March 2021), which is equivalent to 3.8 (3.8) per cent of the investment portfolio.

If the stress causes the return to fall below the guarantee, it will have a negative impact on the result 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 4.8 billion (SEK 4.6 billion as at 31 March 2021), which is equivalent to 5.2 (5.0) 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 half.

Note  
05

## Liquidty risk

### Specification of subordinated loan capital

(NOK million)	Nominal value	Currency	Interest rate	Call date	Book value
<b>Issuer</b>					
<b>Perpetual subordinated loans</b>					
Storebrand Livsforsikring AS	1,100	NOK	Variable	2024	1,100
<b>Dated subordinated loans</b>					
Storebrand Livsforsikring AS	750	SEK	Variable	2021	760
Storebrand Livsforsikring AS	1,000	SEK	Variable	2022	1,008
Storebrand Livsforsikring AS	900	SEK	Variable	2025	907
Storebrand Livsforsikring AS	1,000	SEK	Variable	2024	1,009
Storebrand Livsforsikring AS	500	NOK	Variable	2025	499
Storebrand Livsforsikring AS	250	EUR	Fixed	2023	2,666
Storebrand Livsforsikring AS	300	EUR	Fixed	2031	2,980
<b>Total subordinated loans and hybrid tier 1 capital 30.06.2021</b>					<b>10,929</b>
<b>Total subordinated loans and hybrid tier 1 capital 31.12.2020</b>					<b>8,834</b>

Note  
06

## Valuation of financial instruments and properties

The Group categorises financial instruments valued at fair value on three different levels. Criteria for the categorisation and processes associated with valuing are described in more detail in note 11 in the annual report for 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 30.06.2021	Fair value 31.12.2020	Book value 30.06.2021	Book value 31.12.2020
<b>Financial assets</b>				
Loans to customers - corporate	5,525	6,211	5,497	6,220
Loans to customers - retail	18,064	17,195	17,913	17,195
Bonds held to maturity	10,938	14,876	10,033	13,394
Bonds classified as loans and receivables	118,883	107,363	113,541	99,425
<b>Financial liabilities</b>				
Subordinated loan capital	11,098	8,882	10,929	8,834

## Valuation of financial instruments and properties at fair value

### Storebrand Livsforsikring Group

(NOK million)	Level 1	Level 2	Level 3	Total 30.06.2021	Total 31.12.2020
	Quoted prices	Observable assumptions	Non-observable assumptions		
<b>Assets</b>					
<b>Equities and fund units</b>					
- Equities	37,225	490	310	38,025	32,233
- Fund units		214,797	11,612	226,409	198,314
<b>Total equities and fund units 30.06.2021</b>	<b>37,225</b>	<b>215,287</b>	<b>11,922</b>	<b>264,434</b>	
<b>Total equities and fund units 31.12.2020</b>	<b>31,285</b>	<b>189,064</b>	<b>10,199</b>		<b>230,548</b>
<b>Total loans to customers</b>					
- Loans to customers - corporate			8,264	8,264	7,665
<b>Bonds and other fixed income securities</b>					
- Government bonds	15,099	15,789		30,888	34,206
- Corporate bonds		57,455		57,455	62,043
- Structured notes					
- Collateralised securities		3,543		3,543	3,128
- Bond funds		56,190	11,626	67,816	66,136
<b>Total bonds and other fixed income securities 30.06.2021</b>	<b>15,099</b>	<b>132,977</b>	<b>11,626</b>	<b>159,701</b>	
<b>Total bonds and other fixed income securities 31.12.2020</b>	<b>15,959</b>	<b>140,040</b>	<b>9,514</b>		<b>165,513</b>
<b>Derivatives:</b>					
- Equity derivatives					1
- Interest derivatives		3,835		3,835	2,539
- Currency derivatives		-2,029		-2,029	1,780
<b>Total derivatives 30.06.2021</b>		<b>1,806</b>		<b>1,806</b>	
- derivatives with a positive market value		4,470		4,470	9,903
- derivatives with a negative market value		-2,664		-2,664	-886
<b>Total derivatives 31.12.2020</b>		<b>9,017</b>			<b>9,017</b>
<b>Properties:</b>					
- investment properties			32,496	32,496	32,117
- Owner-occupied properties			1,623	1,623	1,609
<b>Total properties 30.06.2021</b>			<b>34,119</b>	<b>34,119</b>	
<b>Total properties 31.12.2020</b>			<b>33,726</b>		<b>33,726</b>

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

### Movement level 3

(NOK million)	Equities	Fund units	Loans to customers	Corporate bonds	Bond funds	Investment properties	Owner-occupied properties
Book value 01.01	839	9,360	7,665	318	9,196	32,117	1,609
Net profit/loss	-20	2,656	37	-281	43	233	63
Supply/disposal	2	604	1,007		2,768	889	42
Sales/overdue/settlement	-511	-848	-183	-38	-95	-479	-2
Currency translation differences		-72	-262		-287	-411	-93
Other						146	4
<b>Book value 30.06.2021</b>	<b>310</b>	<b>11,612</b>	<b>8,264</b>	<b>0</b>	<b>11,626</b>	<b>32,496</b>	<b>1,623</b>

As at 30 June 2021, Storebrand Livsforsikring had NOK 6 133million invested in Storebrand Eiendomsfond Norge KS and Ruseløkkveien 26 AS, 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 30.06.2021	Total 31.12.2020
<b>Assets</b>					
<b>Equities and fund units</b>					
- Equities	35,331	479	305	36,114	29,791
- Fund units		72,941	9,257	82,198	68,428
<b>Total equities and fund units 30.06.2021</b>	<b>35,331</b>	<b>73,420</b>	<b>9,562</b>	<b>118,312</b>	
<b>Total equities and fund units 31.12.2020</b>	<b>29,362</b>	<b>61,239</b>	<b>7,619</b>		<b>98,219</b>
<b>Total loans to customers</b>					
- Loans to customers - corporate			137	137	
<b>Bonds and other fixed income securities</b>					
- Government bonds	9,604	164		9,769	7,661
- Corporate bonds		26,050		26,050	28,313
- Collateralised securities		1,359		1,359	1,097
- Bond funds		42,780	1,344	44,124	43,052
<b>Total bonds and other fixed income securities 30.06.2021</b>	<b>9,604</b>	<b>70,353</b>	<b>1,344</b>	<b>81,302</b>	
<b>Total bonds and other fixed income securities 31.12.2020</b>	<b>7,497</b>	<b>71,341</b>	<b>1,285</b>		<b>80,122</b>
<b>Derivatives:</b>					
- Equity derivatives					
- Interest derivatives		2,730		2,730	4,233
- Currency derivatives		-1,977		-1,977	2,981
<b>Total derivatives 30.06.2021</b>		<b>753</b>		<b>753</b>	
- derivatives with a positive market value		2,960		2,960	7,615
- derivatives with a negative market value		-2,207		-2,207	-401
<b>Total derivatives 31.12.2020</b>		<b>7,214</b>			<b>7,214</b>

### 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	-25	2,057	-4	-281	-13
Supply/disposal	2	557			399
Sales/overdue/settlement		-649	-147	-38	-8
<b>Book value 30.06.2021</b>	<b>305</b>	<b>9,257</b>	<b>136</b>	<b>0</b>	<b>1,344</b>

### 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. A. In 2015, Storebrand Livsforsikring AS discontinued the Norwegian subsidiary, Storebrand Eiendom Holding AS, with a tax loss of approximately NOK 6.5 billion and a corresponding increase in the tax loss carryforward. In January 2018, Storebrand Livsforsikring AS received notice of an adjustment to the tax returns for 2015 which claimed that the calculated loss was excessive but provided no further quantification. Storebrand Livsforsikring AS disagrees with the arguments that were put forward and submitted its response to the Norwegian Tax Administration on 2 March 2018. The notice was unclear, but based on the notice, a provision was made in the 2017 annual financial statements for an uncertain tax position of approximately NOK 1.6 billion related to the former booked tax loss (appears as a reduction in the loss carryforward and, in isolation, gave an associated increased tax expense for 2017 of approximately NOK 0.4 billion). In May 2019, Storebrand Livsforsikring AS received a draft decision from the Norwegian Tax Administration claiming changes in the tax return from 2015. Storebrand disagrees with the notice from the Norwegian Tax Administration and submitted its response in October 2019. In March 2021 Storebrand received a decision from the Norwegian Tax Administration based on similar grounds as the ones outlined in the draft decision. Storebrand continues to disagree with the view of the Norwegian Tax Administration in this case and has in May 2021 challenged the decision to the Norwegian Tax Appeals Committee. Storebrand considers it to be probable that Storebrand's understanding of the tax legislation will be accepted by the Tax Appeals Committee or a court of law, and thus, no additional uncertain tax position has been recognised in the financial statements based on the received decision. If the Norwegian Tax Administration's position is accepted, Storebrand estimates that a tax expense for the company of approximately NOK 1.2 billion will arise. There will also be negative effects for returns on customer assets after tax. The effects are based on best estimates and following a review with external expertise.

- B. 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	
	30.06.2021	31.12.20	30.06.2021	31.12.20
Uncalled residual liabilities limited partnership	5,553	8,251	5,036	7,686
Uncalled residual liabilities in alternative investment funds	9,531		7,393	
<b>Total contingent liabilities</b>	<b>15,084</b>	<b>8,251</b>	<b>12,429</b>	<b>7,686</b>

Guarantees essentially encompass payment and contract guarantees.

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

Storebrand Group companies are engaged in extensive activities in Norway and abroad, and are subject for client complaints and may become a party in legal disputes, see also note 2 and note 42 in the 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)	30.06.21				31.12.20
	Total	Group 1 unlimited	Group 1 limited	Group 2	Group 3
Share capital	3,540	3,540			3,540
Share premium	9,711	9,711			9,711
Reconciliation reserve	21,201	21,201			23,393
Including the effect of the transitional arrangement					4,815
Counting subordinated loans <sup>1)</sup>	10,963		1,137	9,827	8,734
Deferred tax asset					
Risk equalisation reserve	444			444	438
Expected dividend/group distributions	-2,139	-2,139			
<b>Total solvency capital</b>	<b>43,720</b>	<b>32,313</b>	<b>1,137</b>	<b>10,271</b>	<b>44,107</b>
<b>Total solvency capital available to cover the minimum capital requirement</b>	<b>34,918</b>	<b>32,313</b>	<b>1,137</b>	<b>1,468</b>	<b>37,528</b>

<sup>1)</sup> 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)	30.06.2021	31.12.20
Market	21,413	21,635
Counterparty	797	818
Life	7,710	7,044
Health	642	644
P&C		
Operational	1,070	1,062
Diversification	-5,607	-5,318
Loss-absorbing tax effect	-5,484	-5,367
<b>Total solvency requirement</b>	<b>20,541</b>	<b>20,518</b>
<b>Solvency margin</b>	<b>212.8 %</b>	<b>215.0 %</b>
<b>Minimum capital requirement</b>	<b>7,341</b>	<b>7,306</b>
<b>Minimum margin</b>	<b>475.6 %</b>	<b>513.7 %</b>

## Note 10 | Information about related parties

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 half.

## Note 11 | Note 11: Divestment of subsidiaries

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

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



# Storebrand Livsforsikring AS and Storebrand Livsforsikring Group

## - Declaration by the Members of the Board and the CEO

On this date, the Board and CEO have discussed and approved the annual report and annual financial statements for Storebrand Livsforsikring AS and Storebrand Livsforsikring Group for the first six months of 2021 (Report for the first six months, 2021).

The financial statements are prepared in accordance with the "Regulation on the annual accounts etc. of insurance companies" for the parent company and the consolidated financial statements are presented using EU-approved International Financial Reporting Standards (IFRS) and the additional requirements of the Securities Trading Act.

In the best judgment of the Board and CEO the financial statements and consolidated financial statements for the first six months of 2021 have been prepared in accordance with applicable accounting standards, and the information in the financial statements provides a fair and true picture of the assets, liabilities, financial standing and results as a whole of the parent company and the group as at 30 June 2021. In the best judgment of the Board and CEO the annual report provides a fair and true overview of important events during the accounting period and their effects on the financial statements and consolidated financial statements for the first six months. In the best judgment of the Board and CEO the descriptions of the most important risk and uncertainty factors the group faces in the next accounting period, as well as the descriptions of related parties' significant transactions, also provide a fair and true view.

Lysaker, 13 July 2021

The Board of Directors of Storebrand Livsforsikring AS

Odd Arild Grefstad  
Chairman of the Board

Martin Skancke

Vibeke Hammer Madsen

Hans Henrik Klouman

Trond Thire

Mari Tårnesvik Grøtting

Jan Otto Risebrobakken

Geir Holmgren  
Chief Executive Officer

## Financial calendar 2021



**27 October**

Results Q3 2021

**09 February 2022**

Results Q4 2021

## Investor Relations contacts



**Kjetil Ramberg Krøkje** Group Head of Finance, Strategy and M&A  
**Lars Løddesøl** Group CFO  
**Daniel Sundahl** IR Officer

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