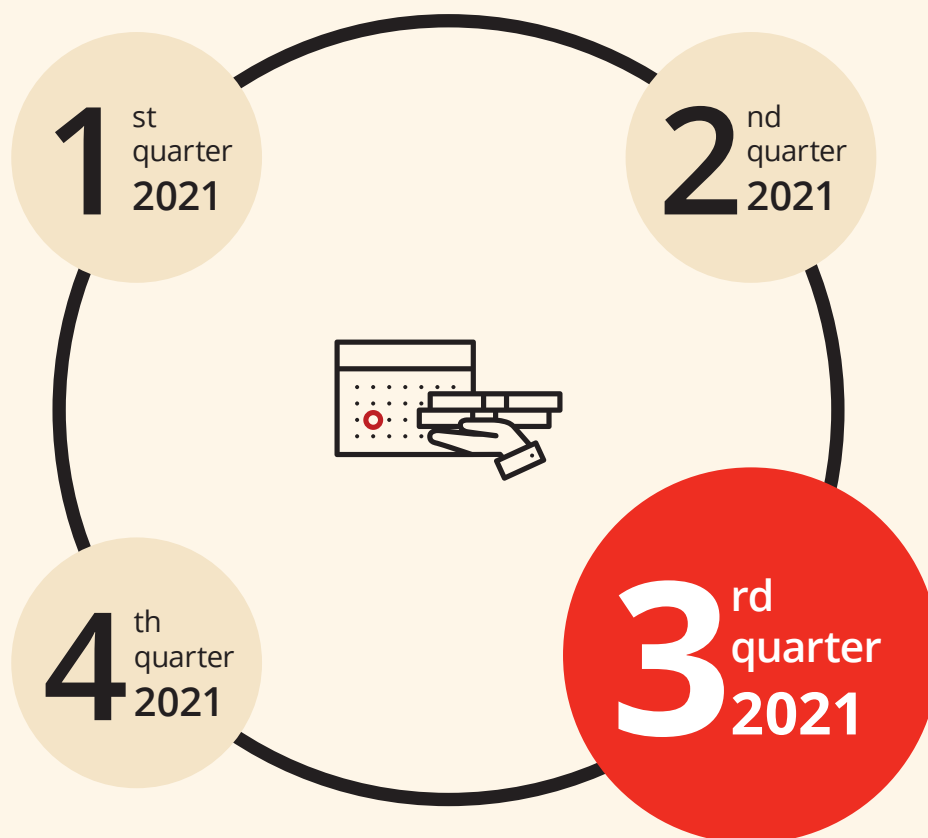


Interim report 2021

Storebrand Livsforsikring AS (unaudited)



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Interim report Storebrand Livsforsikring Group

Third quarter 2021

Storebrand Livsforsikring AS is a wholly owned subsidiary of the listed company Storebrand ASA. For information about the Storebrand Group's 3rd quarter result please refer to the Storebrand Group's interim report for the 3rd quarter of 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 - 30.09		Full year
	Q3	Q2	Q1	Q4	Q3	2021	2020	2020
Fee and administration income	959	938	959	895	864	2,856	2,581	3,476
Insurance result	148	168	125	215	195	441	239	454
Operational expenses	-602	-614	-584	-620	-594	-1,799	-1,807	-2,427
Operating profit	505	492	500	490	464	1,497	1,013	1,503
Financial items and risk result life & pension	141	543	178	270	282	862	-66	204
Profit before amortisation	646	1,035	678	760	747	2,359	947	1,707
Amortisation	-92	-91	-92	-95	-93	-276	-277	-372
Profit before tax	554	944	586	665	653	2,084	670	1,336

The profit before amortisation was NOK 646m (NOK 747m) in the 3rd quarter and NOK 2,359m (NOK 947m) 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. The quarter is characterised by a satisfactory operating profit resulting from volume and income growth, disciplined cost control and a solid insurance result. Financial markets, with rising interest rates, resulted in a stable but modest Financial result. The overall buffer capital level remained strong at 11% of guaranteed customer reserves. Storebrand's results in 2021 have not been particularly impacted by the Covid-19 pandemic.

Total fee and administration income amounted to NOK 959m (NOK 864m) in the quarter, corresponding to an increase of 11%. Growth in assets under management within the Savings segment contribute with NOK 52m to the income growth. In the Guaranteed segment, the corresponding increase was NOK 43m due to growth in public sector occupational pensions (defined benefit) and paid-up policies.

The Insurance result was NOK 148m (NOK 195m) and the total combined ratio for the Insurance segment was 93% (87%) in the 3rd quarter – above 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 but a weak result in Group life. Year to date, the Insurance result is NOK 441m (NOK 239m) and the combined ratio is 93% (103%).

The operating costs for the quarter was NOK -602m (NOK -594m). Year to date, the cost was NOK -1,799m (NOK -1,807m). 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 8 years.

Overall, the operating profit amounted to NOK 505m (NOK 464m) in the quarter and NOK 1,497m (NOK 1,013m) year to date.

The 'financial items and risk result' improved to NOK 141m (NOK 282m) in the quarter, The financial result benefitted from some profit sharing in the guaranteed products, but only modest returns from financial markets due to rising interest rates. The risk result in guaranteed products showed some improvement compared to previous quarters, where levels of reactivation people of people on disability pensions back into work have resulted in weak results during the Covid-19 pandemic. Year to date, the 'financial items and risk result' was NOK 862m (NOK -66m), affected by the divestment of shares in AS Værdalsbruket in the 2nd quarter.

Storebrand Livsforsikring Group booked a tax expense of NOK 118m (NOK 84m) in the quarter and NOK 406m (taxincome NOK 458m) year to date. 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 - 30.09		Full year
	Q3	Q2	Q1	Q4	Q3	2021	2020	2020
Savings	250	250	304	211	217	805	572	782
Insurance	64	86	56	140	112	205	-51	89
Guaranteed pensions	315	310	322	396	308	946	409	805
Other	17	390	-4	14	110	403	17	32
Profit before amortisation	646	1,035	678	760	747	2,359	947	1,707

The Group reports the results by business segment. For a more detailed description of the results, see the sections by segment below. Savings reported a profit before amortisation of NOK 250m (NOK 217m) in the quarter, driven by growth in assets under management and strong cost control. Profit before amortisation in Insurance was NOK 64m (NOK 112m), it was NOK 315m (NOK 308m) in Guaranteed pension, and in the Other segment it amounted to NOK 17m (NOK 110m) in the quarter.

Capital situation

The solvency ratio for Storebrand Group was 178% at the end of the 3rd quarter, an increase of 6 percentage points from the solvency ratio reported last quarter. This is within the targeted range of 150-180%. Rising long term interest rates, a slightly higher decreased volatility adjustment and lower equity stress, as well as changes in the investment portfolio, a strong profit (net of dividends), and 0.7 percentage points of transitional capital contributed positively to the solvency ratio in the quarter.

Savings

- 19% growth in operating profit compared to 3rd quarter last year
- 18% 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)	Q3	2021			2020		01.01 - 30.09		Full year 2020
		Q2	Q1	Q4	Q3	2021	2020		
Fee and administration income	536	530	576	503	484	1,642	1,459	1,961	
Operational expenses	-283	-283	-282	-296	-272	-848	-842	-1,138	
Operating profit	253	247	294	207	212	794	617	824	
Financial items and risk result life & pension	-3	3	10	4	5	11	-45	-41	
Profit before amortisation	250	250	304	211	217	805	572	782	

Profit

The Savings segment reported a profit before amortisation of NOK 250m (NOK 217m) in the 3rd quarter and NOK 805m (NOK 572m) year to date.

Compared to the 3rd quarter last year, fee- and administration income in the Savings segment increased by 11% in the quarter and 13% year to date. The income growth within Norwegian Unit Linked increased 6% compared to the same quarter last year as well as year to date. This is despite the gradual implementation of Individual Pension accounts taking place this year, which reduces fees for Defined Contribution pensions. The income growth within Swedish Unit Linked was 15% compared to the same quarter last year and 20% year to date. The income in the 1st quarter included non-recurring transaction fees amounting to SEK 37m. Adjusted for this gain the growth was 15% year to date.

Unit Linked Norway reported a margin of 0.70%, down from 0.73% in the previous quarter. This is in line with expectations due to the introduction of Individual Pensions Accounts. Unit Linked Sweden reported a margin of 0.75%, up from 0.74% in the previous quarter.

Operational cost amounted to NOK -283m (NOK -272m) in the 3rd quarter and NOK -848m (NOK -842m) year to date. Operational cost remained relatively stable, despite underlying growth in the business and digital investments. This is mainly explained by strong cost control.

The financial result was NOK -3m (NOK 5m) in the quarter and NOK 11m (NOK -45m) year to date. The loss in 2020 stemmed primarily from model-based loan loss provisions for future possible losses in the retail bank as the Covid-19 pandemic unfolded.

Key Figures

(NOK million)	Q3	2021			2020	
		Q2	Q1	Q4	Q3	
Unit Linked Reserves	295,790	295,195	278,702	268,331	251,578	
Unit Linked Premiums	5,201	5,316	5,346	5,163	4,856	

Balance sheet and market trends

Unit Linked premiums amounted to NOK 5.2bn (NOK 4.9bn) in the 3rd quarter, an increase of 7% compared to last year. Total assets under management in Unit Linked increased by NOK 0.6bn (0.2%) during the 3rd quarter to NOK 295bn and NOK 27bn (10%) year to date. Compared to the same quarter last year, the growth is NOK 44bn (18%).

In the Norwegian Unit Linked business, assets under management increased by NOK 0.7bn (0.4%) to NOK 151bn in the quarter, and by NOK 27bn (21%) compared to the same quarter last year. The growth has temporarily slowed in the quarter due to the ongoing process of transferring Pension Capital Certificates to Individual Pensions Accounts. Market returns have been strong year to date, but only modest in the 3rd quarter. Underlying growth is strong however, driven by growth in occupational pension premium payments and new sales as well as market returns. Storebrand is the second largest provider of defined contribution pensions in Norway, with a market share of 27% of gross premiums written (at the end of the 2nd quarter 2021).

In the Swedish market, SPP is the second largest provider of non-unionised occupational pensions with a market share of 14% measured by gross premiums written including transfers within Unit Linked (as at the end of 2nd quarter 2021). Unit Linked assets under management increased by SEK 1.1bn (1%) to SEK 145bn in the quarter, and SEK 18.8 (15%) year to date. Compared to the same quarter last year the growth is SEK 23.5bn (19%). The growth is driven by strong growth in sales (APE) and market returns.

Insurance

- Stable result development, combined ratio of 93% for the quarter
- 11% 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 - 30.09		Full year
	Q3	Q2	Q1	Q4	Q3	2021	2020	2020	
Insurance result	148	168	125	215	195	441	239	454	
- Insurance premiums f.o.a.	745	742	742	750	746	2,229	2,188	2,938	
- Claims f.o.a.	-598	-574	-617	-535	-551	-1,788	-1,949	-2,484	
Operational expenses	-94	-96	-99	-99	-97	-289	-300	-399	
Operating profit	54	72	26	116	97	152	-61	56	
Financial items and risk result life & pension	10	14	30	23	15	54	10	33	
Profit before amortisation	64	86	56	140	112	205	-51	89	

Profit

Insurance delivered a profit before amortisation of NOK 64m (NOK 112m) in the 3rd quarter and NOK 205m (NOK -51m) year to date, driven by a combined ratio of 93% (87%) in the quarter and 93% (103%) year to date. The 3rd quarter result is above 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, but a weak result in Group life.

For Individual life, the profit before amortisation was NOK 83m (NOK 52m) in 3rd quarter and NOK 208m (NOK 103m) year to date, which represents a strong and stable result in the quarter. The result is driven by strong disability development. Satisfactory growth continued with premiums f.o.a. growing 11% compared to the 3rd quarter 2020.

Group life reported a profit before amortisation of NOK -37m (NOK 20m) in the 3rd quarter and NOK -46m (NOK -223) year to date. Claims in Group life were negatively affected by persistent uncertainty in overall disability levels, partly related to the indirect consequences of the Covid-19 pandemic. Measures, including pricing, have been taken to improve the robustness and profitability for the Group life business.

The result for 'Pension related disability insurance Nordic' was NOK 18m (NOK 40m) in the 3rd quarter and NOK 44m (NOK 69m) year to date.

Cost control has continued to be satisfactory. The cost ratio was 13% (13%) in the 3rd quarter and 13% (14%) year to date. Operational cost amounted to NOK -94m (NOK -97m) in the quarter and NOK -289m (NOK -300m) year to date.

Insurance's investment portfolio in Norway amounted to NOK 7.2bn¹ as of the end of the 3rd quarter. It is primarily invested in fixed income securities with short to medium duration and achieved a financial return of 0.6% in the quarter and 2.1% year to date.

Balance sheet and market trends

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

Annual portfolio premiums 3rd quarter was in line with the same period last year. The Individual Life product line grew 11%, 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 6% in the 3rd quarter compared to the same period last year.

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

Portfolio Premium (annual) (NOK million)	2021			2020	
	Q3	Q2	Q1	Q4	Q3
Individual life *	754	753	747	721	680
Group life **	824	814	827	1,005	975
Pension related disability insurance ***	1,351	1,346	1,293	1,336	1,269
Portfolio premium	2,929	2,913	2,867	3,062	2,923

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

Key Figures (NOK million)	2021			2020	
	Q3	Q2	Q1	Q4	Q3
Claims ratio	80%	77 %	83 %	71 %	74 %
Cost ratio	13%	13 %	13 %	13 %	13 %
Combined ratio	93%	90 %	97 %	85 %	87 %

Guaranteed pension

- 19% growth in operating profit y/y
- Improved risk result
- Solid and stable buffer capital
- Guaranteed reserves now amount to <50% of total pension reserves

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 - 30.09		Full year
	Q3	Q2	Q1	Q4	Q3	2021	2020	2020
Fee and administration income	423	407	383	389	380	1,213	1,121	1,511
Operational expenses	-217	-227	-197	-218	-217	-641	-643	-861
Operating profit	206	180	186	171	163	572	479	650
Financial items and risk result life & pension	109	130	136	224	146	375	-70	155
Profit before amortisation	315	310	322	396	308	946	409	805

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

Profit

Guaranteed Pension achieved a profit before amortisation of NOK 315m (NOK 308m) in the 3rd quarter and NOK 946m (NOK 409m) year to date.

Fee and administration income amounted to NOK 423m (NOK 380m) in the 3rd quarter and NOK 1,213m (1,121m) 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 occupational pensions (reported as Defined Benefit Norway) and transfers of closed Defined Benefit plans to Paid-up policies drive the increase in fee income.

Operational cost amounted to NOK -217m (NOK -217m) in the 3rd quarter and NOK -641m (NOK -643m) year to date. Costs will gradually be reduced as a result of the products being in long-term run-off.

The operating profit increased by 27% to NOK 206m (NOK 163m) in the 3rd quarter and by 19% to NOK 572m (NOK 479m) year to date.

The risk result amounted to NOK 70m (NOK -21m) in the quarter and NOK 124m (NOK 6m) 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, the result in the quarter amounted to NOK -1m (NOK -67m), representing improvement compared to earlier quarters.

Net profit sharing amounted to NOK 38m (NOK 167m) in the 3rd quarter and NOK 251m (NOK -75m) year to date. In the Norwegian business, Paid-up policies and Individual life and pension contributed with NOK 21m (NOK 28m) in the quarter due to financial returns and risk results to be shared between company and policyholders. In SPP, net profit sharing was moderate at NOK 18m (NOK 139m) in the quarter, which is primarily attributed to indexation fees.

Balance sheet and market trends

The majority of the guaranteed products are in long term run-off as pension payments are paid out to policyholders. Most customers have switched from guaranteed to non-guaranteed products, in line with the Group's strategy. A new growth area for Storebrand is public sector occupational pensions, where Storebrand won its first mandates in 2020, transferred in 1st quarter 2021. This has been the main driver for a large net increase in Defined Benefit reserves in the Norwegian business of NOK 7.3bn year to date. An additional mandate, estimated to NOK 1.7bn of reserves was won in the 3rd quarter, but will only be transferred to Storebrand in early 2022.

As of the 3rd quarter, customer reserves of guaranteed pensions amounted to NOK 292bn. This is a decrease of NOK -2.7bn in the quarter. Adjusted for currency effects, the decrease was NOK 1.2bn.

As a share of the total balance sheet, guaranteed reserves amounted to 49.7% (53.4%) at the end of the 3rd quarter, a reduction of 3.7 percentage points since the same quarter last year. Net outflow of guaranteed reserves (excluding transfers) amounted to NOK -2.9bn in the quarter and NOK -7.5bn year to date. This is as a result of more pensions being paid out than premiums being paid in as the Guaranteed business is in run-off.

Paid-up policies is experiencing some growth over time as active Defined Benefit contracts eventually become Paid-up policies. Reserves amounted to NOK 149bn as of the 3rd quarter, an increase of NOK 4.2bn 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 95bn as of the 3rd quarter, a decrease of NOK 6.3bn from same period last year. Adjusted for currency effects, the decrease was NOK 1.7bn.

Storebrand's strategy is to have a solid buffer capital level in order to secure customer returns and shield shareholder's equity under turbulent market conditions. Buffer capital for Guaranteed pensions amounted to 10.6% (10.5%) of reserves in Norway (not including NOK 4.8bn in additional surplus values of bonds held at amortised cost) and 15.5% (10.4%) in Sweden, corresponding to an overall increase of NOK 1.7bn since same period last year. In the 3rd quarter the decrease in buffer capital was NOK 1.5bn as a result of rising interest rates.

Key Figures

(NOK million)	Q3	2021		2020	
		Q2	Q1	Q4	Q3
Guaranteed reserves	292,162	294,909	286,410	287,614	287,740
Guaranteed reserves in % of total reserves	49.7%	50.0 %	50.7 %	51.7 %	53.4 %
Transfer out of guaranteed reserves	-712	- 94	6,578	704	-4
Buffer capital in % of customer reserves Storebrand	10.6%	11.3 %	9.8 %	11.0 %	10.5 %
Buffer capital in % of customer reserves SPP	15.5%	15.1 %	14.1 %	11.9 %	10.4 %

Other

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

Other

(NOK million)		2021		2020		01.01 - 30.09		Full year
	Q3	Q2	Q1	Q4	Q3	2021	2020	2020
Fee and administration income				3			1	4
Operational expenses	-7	-7	-6	-7	-7	-21	-22	-30
Operating profit	-7	-7	-6	-4	-7	-21	-22	-26
Financial items and risk result life & pension	24	397	2	18	117	424	39	57
Profit before amortisation	17	390	-4	14	110	403	17	32

Profit

The Other segment reported a profit before amortisation of NOK 17m (NOK 110m) in the 3rd quarter and NOK 403m (NOK 17m) year to date.

The strong result year to date in 2021 is attributed to the sale of AS Værdalsbruket in the 2nd quarter with a net gain of NOK 409m, while the weak result in 2020 stemmed from unrealised losses on investments in the company portfolios that occurred during the financial market turmoil during the first half of the year. The unrealised losses were largely regained in the 3rd quarter, resulting in the strong 3rd quarter result last year.

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 24m in the quarter (NOK 117m).

The investments in the company portfolios are primarily in interest-bearing securities in Norway and Sweden. The Norwegian company portfolio reported a return of 0.4% in the quarter and 1.4% year to date. The Swedish company portfolio achieved a return of 0.2% in the quarter and 0.5% 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 3rd quarter, interest expenses of approximately NOK 100m per quarter are expected going forward. The company portfolios in the Norwegian and Swedish life insurance companies and the holding company amounted to NOK 33.9bn at end of the 3rd quarter.

Balance sheet and capital situation

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

Storebrand Livsforsikring Group

The Solidity capital¹⁾ measures the amount of IFRS capital available to cover customer liabilities. The solidity capital amounted to NOK 73.8bn at the end of 3rd quarter 2021, a decrease in the 3rd quarter by NOK 1.5bn, but an increase year to date by NOK 1.0bn. The change in the quarter is primarily due to increased interest rates in Norway. During the 1st quarter, issuance of a new subordinated loan and the repurchase of outstanding bonds added net NOK 2.1bn. In the 3rd quarter, a subordinated loan of SEK 900m has been issued. In October a subordinated loan of SEK 750m will be repurchased.

Storebrand Livsforsikring AS

The market value adjustment reserve decreased during the 3rd quarter by NOK 1.5bn and an increase by NOK 1.0bn year to date. At the end of 3rd quarter the market value adjustment reserve amounted to NOK 5.7bn, corresponding to 3.2% (3.8% at the end of 2nd quarter) of customer funds with a guarantee.

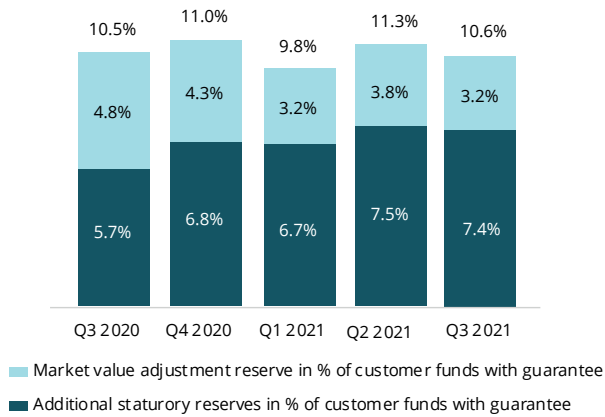
The additional statutory reserves amounted to NOK 13.2bn, corresponding to 7.4% (7.5% at the end of the 2nd quarter) of customer funds with guarantee, at the end of the 3rd quarter 2021. Investment returns in customer portfolios higher than the guaranteed interest rate in the quarter and year to date increased reserves by NOK 1.2bn while new business transferred in contributed positively with NOK 0.6bn in additional statutory reserves year to date.

Together, the customer buffers amounted to 10.6% (11.3% at the end of the 2nd quarter) of customer funds with guarantee.

The excess value of bonds and loans valued at amortised cost decreased by NOK 1.6bn in the 3rd quarter and by NOK 4.0bn year to date due to higher interest rates and amounted to NOK 4.8bn at the end of the 3rd quarter, but is not included in the financial statements.

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

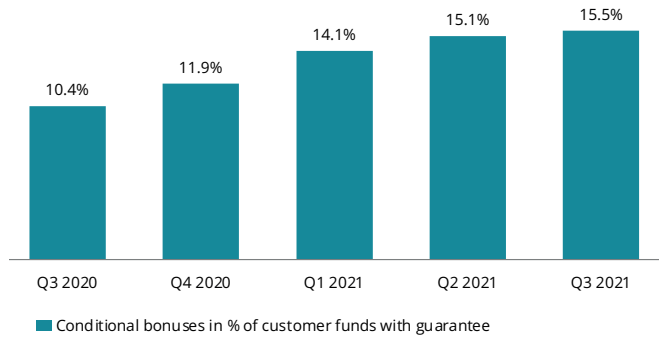
Customer buffers



SPP

Customer buffers

The buffer capital (conditional bonuses) including Euroben amounted to SEK 12.8bn (SEK 8.1bn) at the end of the 3rd quarter.

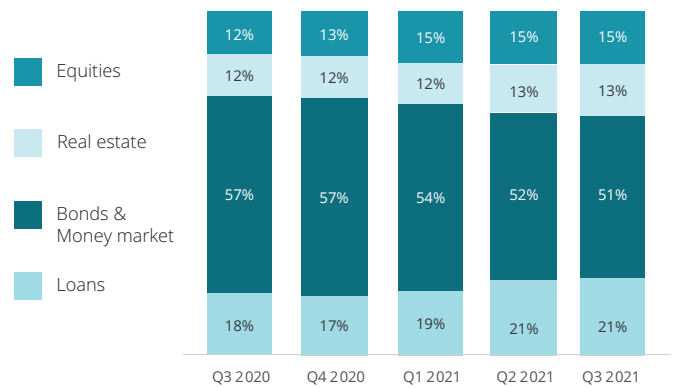
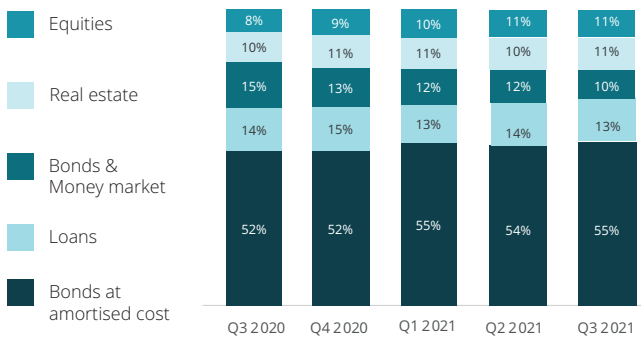


Allocation of guaranteed customer assets

Customer assets are unchanged in the 3rd quarter and increased by NOK 25.4bn year to date, amounting to NOK 349bn at the end of the quarter. Customer assets within non-guaranteed savings increased by NOK 0.7bn during the 3rd quarter and by NOK 14.3bn year to date, amounting to NOK 151bn at the end of the quarter. Guaranteed customer assets decreased in the 3rd quarter by NOK 0.7bn and NOK 11.1bn year to date, amounting to NOK 198bn at the end of the quarter.

Allocation of guaranteed customer assets

Total assets under management for customers in SPP were SEK 236bn (SEK 203bn) at the end of the 3rd quarter, including Euroben (SEK 10.5bn). This corresponds to an increase of 16% compared to the 3rd quarter last year. For customer assets in non-guaranteed savings, assets under management amounted to SEK 144.7bn (SEK 121.2bn) at the end of the 3rd quarter, which corresponds to an increase of 19% compared with the 3rd quarter last year.



Outlook

Strategy

Storebrand 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. Consequently, the Unit Linked segment in Norway has been reporting a gradually lower fee income margin. Continued margin decline is registered as expected within Unit Linked as individuals' contracts are gradually merged into one account in 2021. As of the 3rd quarter, approximately 65% of the contracts have been transferred into Individual Pensions Accounts in the market. The product's profit is expected to decline in 2022, before recovering in 2023 through strong underlying growth as well as measures to increase profitability. The market has grown structurally over the past years. High single-digit growth in Defined Contribution premiums and double-digit growth in assets under management are expected during the next years. We aim to defend Storebrand's strong position in the market, while also focusing on cost leadership and improved customer experience through end-to-end digitalisation.

As a leading occupational pension provider in the private sector, Storebrand also has a competitive offering to the public sector market. Premiums in the public sector pension market are growing and it is larger in reserves than the private sector. This represents a potential additional source of revenue generation for Storebrand.

The ambition is to gain 1% market share annually, or approximately NOK 5bn in annual net inflow.

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

Overall reserves for guaranteed pensions are expected to start decreasing in the coming years. Guaranteed reserves represent a declining share of the Group's total pension reserves and amounted to 49.7% of the pension reserves at the end of the 3rd quarter, 3.7 percentage points lower than for the corresponding period last year. Storebrand has a strategy to secure customer returns and shield shareholder's equity under turbulent market conditions by building customer buffers.

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

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

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

Risk

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

In the long term, continued low interest rates represent a risk for products with guaranteed high interest rates. The level of the average annual interest rate guarantee is gradually reduced as older policies with higher guarantees are phased out. Storebrand has also adapted to the low interest rate environment by increasing the asset duration, building a robust portfolio of bonds at amortised cost to achieve sufficient returns, and building up buffer capital. The investment portfolio in Norway with 55% of the bonds booked at amortised cost, as well as an asset-duration matched portfolio in Sweden, reduce the impact of interest rate movements. With over 11% of customer buffers as a share of customer reserves, Storebrand effectively has NOK 32bn more in customer assets than liabilities and NOK 4.8bn 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.

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

Operational risk may also influence solvency. Several 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 in a separate section.

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

Regulatory changes

Guaranteed pensions

The Ministry of Finance has presented a bill to parliament regarding changes in the regulation of guaranteed pension products. The proposed changes are:

- The ability for providers to build additional statutory reserves separately for individual contracts. This will allow for profit sharing and increased benefits on contracts with sufficient additional statutory reserves.
- Faster pay-outs for small paid up-policies. 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 reduce longevity risk and duration risk for the affected contracts.
- The ability for providers to compensate customers who convert guaranteed paid-up policies to investment choice. It will still be possible to offer conversion without compensation. If compensation is offered, it should reflect the value of the guaranteed returns the customer surrenders.

We expect the bill to be passed by parliament before the end of 2021.

The Ministry of Finance has not proposed changes to the buffer fund model in this bill. The Ministry of Finance will consider the need for additional regulatory changes later and refers to changes that can facilitate improved competition for public occupational pensions. This could lead to more flexible rules for buffer fund use for public occupational pensions, allowing for additional statutory reserves to cover negative returns.

Savings in Norwegian Defined Contribution pensions

The aforementioned bill to Parliament also proposes changes to the rules for savings in Defined Contribution pensions:

- All of workers' income should be the basis for pension contributions under the Mandatory Occupational Pension rules, not just income above 1 G, or working more than 20 per cent of full time, which is the case 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 roughly NOK 3bn annually when they enter into force, probably in 2023.

Solvency II review

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

The Commission emphasises the insurance sector's important role when it comes to financing the green transition and helping society to adapt to climate changes. The Commission considers the review an opportunity to ensure that the regulatory framework is conducive to long-term investment and increased capacity to invest in businesses.

In the review, changes to the interest rate risk module could increase the solvency capital requirement for Norwegian and Swedish insurers. The Commission's proposals appear more representative for Norwegian interest rates than earlier proposals from EIOPA. The Commission also proposes changes that could have offsetting effects to increased capital requirements, such as a reduced risk margin.

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

Changes in IFRS

A new accounting standard for insurance contracts, IFRS 17, is 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 this law to be passed before the end of 2021.

Lysaker, 26 October 2021

Board of directors Storebrand Livsforsikring AS

Storebrand Livsforsikring Group

Statement of comprehensive income

(NOK million)	Q3		01.01 - 30.09		
	2021	2020	2021	2020	Year 2020
TECHNICAL ACCOUNT:					
Gross premiums written	6,865	6,213	22,294	20,952	27,379
Reinsurance premiums ceded	-1	-2	-10	-11	-11
Premium reserves transferred from other companies	4,541	1,237	16,359	13,535	15,437
Premiums for own account	11,405	7,449	38,644	34,476	42,805
Income from investments in subsidiaries, associated companies and joint ventures companies	107	82	208	166	473
Interest income and dividends etc. from financial assets	1,713	1,747	5,006	5,081	6,992
Net operating income from properties	236	237	865	767	1,018
Changes in investment value	-1,787	1,185	-2,758	3,020	3,028
Realised gains and losses on investments	633	893	2,737	1,393	2,918
Total net income from investments in the collective portfolio	902	4,144	6,057	10,427	14,429
Income from investments in subsidiaries, associated companies and joint ventures companies	9	25	40	39	96
Interest income and dividends etc. from financial assets	91	26	262	35	919
Net operating income from properties	42	77	132	149	168
Changes in investment value	263	11,617	24,531	258	10,396
Realised gains and losses on investments	1,698	1,032	6,071	1,879	4,838
Total net income from investments in the investment selection portfolio	2,104	12,777	31,037	2,360	16,418
Other insurance related income	424	339	1,178	1,036	1,426
Gross claims paid	-5,371	-4,883	-15,746	-15,303	-20,372
Claims paid - reinsurance	0	1	8	5	15
Premium reserves etc. transferred to other companies	-8,750	-2,051	-20,183	-6,181	-8,152
Claims for own account	-14,121	-6,933	-35,921	-21,479	-28,509
To/from premium reserve, gross	2,121	1,252	-646	-1,676	-353
To/from additional statutory reserves	176	-832	-1,884	-771	-2,460
Change in marketvalue adjustment fund	1,128	-689	1,478	-2,592	-1,670
Change in premium fund, deposit fund and the pension surplus fund	-2		-3		-3
To/from technical reserves for non-life insurance business	11	1	8	-118	-106
Change in conditional bonus	-192	-907	-2,710	1,218	-223
Transfer of additional statutory reserves and value adjustment fund from other insurance companies/pension funds	-545	1	682	-7	27
Changes in insurance obligations recognised in the Profit and Loss Account - contractual obligations	2,697	-1,174	-3,076	-3,946	-4,788
Change in pension capital	-1,889	-15,591	-33,450	-19,660	-36,761
Changes in insurance obligations recognised in the Profit and Loss Account - investment portfolio separately	-1,889	-15,591	-33,450	-19,660	-36,761
Profit on investment result					-508
Risk result allocated to insurance contracts					-113
Other allocation of profit					-84
Unallocated profit	-264	235	-679	-318	
Funds allocated to insurance contracts	-264	235	-679	-318	-705
Management expenses	-61	-57	-176	-149	-211
Selling expenses	-186	-230	-564	-703	-782
Change in pre-paid direct selling expenses	7	16	22	58	68

Storebrand Livsforsikring Group

Statement of comprehensive income continue

(NOK million)	Q3		01.01 - 30.09		Year 2020
	2021	2020	2021	2020	
Insurance-related administration expenses (incl. commissions for reinsurance received)	-356	-318	-1,053	-983	-1,468
Insurance-related operating expenses	-597	-589	-1,770	-1,777	-2,393
Other insurance related expenses	-39	-28	-127	-204	-279
Technical insurance profit	621	631	1,892	915	1,643
Non-technical account					
Income from investments in subsidiaries, associated companies and joint ventures companies	1	9	2	33	19
Interest income and dividends etc. from financial assets	102	110	266	287	454
Changes in investment value	13	44	23	-8	30
Realised gains and losses on investments	21	25	50	-79	-114
Net income from investments in company portfolio	137	188	341	233	388
Other income	28	44	528	132	198
Management expenses	-5	-5	-15	-14	-19
Other expenses	-228	-205	-662	-596	-875
Management expenses and other costs linked to the company portfolio	-233	-210	-677	-610	-894
Profit or loss on non-technical account	-68	23	192	-245	-307
Profit before tax	554	653	2,084	670	1,336
Tax expenses	-118	-84	-406	458	344
Profit before other comprehensive income	436	569	1,677	1,128	1,679
Change in actuarial assumptions	-2	-2	-8	-6	-88
Fair value adjustment of properties for own use	4	2	73	24	83
Other comprehensive income allocated to customers	-4	-2	-73	-24	-83
Tax on other profit elements not to be reclassified to profit/loss					10
Other comprehensive income not to be reclassified to profit/loss	-2	-2	-8	-6	-78
Profit/loss cash flow hedging	-8	-14	-35		-32
Translation differences foreign exchange	-14	34	-87	283	282
Other profit comprehensive income that may be reclassified to profit /loss	-23	20	-122	283	250
Other comprehensive income	-25	18	-130	277	172
TOTAL COMPREHENSIVE INCOME	411	587	1,548	1,405	1,851
PROFIT IS ATTRIBUTABLE TO:					
Share of profit for the period - shareholders	436	565	1,677	1,121	1,672
Share of profit for the periode - non-controlling interests		4		7	7
COMPREHENSIVE INCOME IS ATTRIBUTABLE TO:					
Share of profit for the period - shareholders	411	587	1,548	1,405	1,844
Share of profit for the periode - non-controlling interests					8

Storebrand Livsforsikring Group

Statement of financial position

(NOK million)	30.09.2021	30.09.2020	31.12.2020
Assets			
Assets in company portfolio			
Goodwill	796	833	831
Other intangible assets	2,911	3,260	3,195
Total intangible assets	3,708	4,094	4,026
Properties at fair value		50	50
Equities and units in subsidiaries, associated companies and joint ventures	168	130	133
Loans at amortised cost	1	2	2
Bonds at amortised cost	8,287	8,120	7,361
Deposits at amortised cost	1,256	421	434
Equities and fund units at fair value	246	55	102
Bonds and other fixed-income securities at fair value	18,717	17,972	17,350
Derivatives at fair value	896	1,377	1,316
Total investments	29,571	28,127	26,747
Receivables in connection with direct business transactions	655	373	263
Receivables in connection with reinsurance transactions	1	1	1
Receivables with group company	86	66	106
Other receivables	8,642	5,093	4,953
Total receivables	9,385	5,533	5,323
Tangible fixed assets	651	708	700
Cash, bank	2,537	1,827	1,785
Tax assets	1,215	1,815	1,723
Other assets designated according to type		67	67
Total other assets	4,402	4,417	4,275
Pre-paid direct selling expenses	709	709	717
Other pre-paid costs and income earned and not received	294	280	160
Total pre-paid costs and income earned and not received	1,002	989	877
Total assets in company portfolio	48,068	43,160	41,249

Storebrand Livsforsikring Group

Statement of financial position continue

(NOK million)	30.09.2021	30.09.2020	31.12.2020
Assets in customer portfolios			
Properties at fair value	27,701	26,568	27,652
Properties for own use	1,618	1,551	1,609
Equities and units in subsidiaries, associated companies and joint ventures	5,433	4,659	5,044
Bonds held to maturity	10,071	13,473	13,026
Bonds at amortised cost	106,658	91,914	92,846
Loans at amortised cost	21,601	22,330	23,733
Deposits at amortised cost	7,124	8,583	9,390
Equities and fund units at fair value	26,681	19,708	21,839
Bonds and other fixed-income securities at fair value	88,420	97,878	97,223
Loans at fair value	7,688	8,177	7,523
Derivatives at fair value	3,208	7,843	6,535
Total investments in collective portfolio	306,203	302,684	306,419
Reinsurance share of insurance obligations	13	29	24
Properties at fair value	4,684	4,111	4,415
Equities and units in subsidiaries, associated companies and joint ventures	1,175	1,051	1,123
Loans	941	36	36
Deposits at amortised cost	1,021	643	900
Equities and fund units at fair value	237,300	196,126	208,607
Bonds and other fixed-income securities at fair value	49,880	50,582	50,939
Loans at fair value	135	143	142
Derivatives at fair value	829	95	2,052
Total investments in investment selection portfolio	295,965	252,786	268,215
Total assets in customer portfolio	602,181	555,499	574,657
Total assets	650,249	598,659	615,906
Equity and liabilities			
Share capital	3,540	3,540	3,540
Share premium	9,711	9,711	9,711
Other paid in equity	1,110	599	599
Total paid in equity	14,361	13,850	13,850
Risk equalisation fund	485	436	438
Security reserves	5	5	5
Other earned equity	10,604	10,885	11,323
Non-controlling interests		69	69
Total earned equity	11,094	11,395	11,835

Storebrand Livsforsikring Group

Statement of financial position continue

(NOK million)	30.09.2021	30.09.2020	31.12.2020
Perpetual subordinated loans	1,997	1,100	1,100
Dated subordinated loans	9,761	7,860	7,734
Total subordinated loans and hybrid tier 1 capital	11,758	8,960	8,834
Premium reserves	263,229	264,468	263,383
Additional statutory reserves	13,218	9,689	11,380
Market value adjustment reserve	5,692	8,092	7,170
Premium fund, deposit fund and the pension surplus fund	2,854	1,993	2,266
Conditional bonus	12,725	9,539	10,769
Unallocated profit to insurance contracts	715	337	
Other technical reserve	683	678	702
Total insurance obligations in life insurance - contractual obligations	299,117	294,797	295,671
Pension capital	295,790	251,577	268,331
Total insurance obligations in life insurance - investment portfolio separately	295,790	251,577	268,331
Pension liabilities etc.	168	104	180
Deferred tax	700	571	647
Other provisions for liabilities	51	113	115
Total provisions for liabilities	919	788	942
Liabilities in connection with direct insurance	1,898	788	695
Liabilities in connection with reinsurance	3	3	11
Derivatives	1,702	2,884	886
Liabilities to group companies	24	1,548	29
Other liabilities	13,027	11,495	14,276
Total liabilities	16,654	16,719	15,897
Other accrued expenses and received, unearned income	554	572	546
Total accrued expenses and received, unearned income	554	572	546
Total equity and liabilities	650,249	598,659	615,906

Storebrand Livsforsikring Group

Statement of change in equity

(NOK million)	Majority's share of equity									Total equity
	Share capital	Share premium	Other paid in equity	Total paid in equity	Risk equalisation fund	Security reserves	Other equity	Non-controlling interests		
Equity at 31.12.2019	3,540	9,711	88	13,339	466	5	11,628	113		25,550
Profit for the period					-30		1,151	7		1,128
Other comprehensive income							277			277
Total comprehensive income for the period					-30		1,428	7		1,405
Equity transactions with owner:										
Received dividend/group contributions			511	511						511
Paid dividend/group contributions							-2,219			-2,219
Other							49	-52		-3
Equity at 30.09.2020	3,540	9,711	599	13,850	436	5	10,886	69		25,245
Profit for the period					-27		1,699	7		1,679
Other comprehensive income							164	8		172
Total comprehensive income for the period					-27		1,864	15		1,851
Equity transactions with owner:										
Received dividend/group contributions			511	511						511
Paid dividend/group contributions							-2,220			-2,220
Other							52	-59		-7
Equity at 31.12.2020	3,540	9,711	599	13,850	438	5	11,323	69		25,686
Profit for the period					46		1,631			1,677
Other comprehensive income							-130			-130
Total comprehensive income for the period					46		1,501			1,548
Equity transactions with owner:										
Received dividend/group contributions			511	511						511
Paid dividend/group contributions							-2,220			-2,220
Other								-69		-69
Equity at 30.09.2021	3,540	9,711	1,110	14,361	485	5	10,605	0		25,455

Storebrand Livsforsikring AS

Statement of cash flow 1. January - 30. September

Storebrand Livsforsikring group			Storebrand Livsforsikring AS	
2020	2021	(NOK million)	2021	2020
Cash flow from operating activities				
14,582	21,892	Net received - direct insurance	14,497	9,848
-10,537	-14,543	Net claims/benefits paid - direct insurance	-8,207	-6,555
8,167	-3,824	Net receipts/payments - policy transfers	-1,231	2,017
-49	3,715	Net change insurance liabilities	3,913	65
-1,189	-1,770	Net receipts/payments operations	-1,024	-678
516	436	Net receipts/payments - other operational activities	-2,330	5,353
11,490	5,907	Net cash flow from operating activities before financial assets	5,617	10,822
-15	747	Net receipts/payments - loans to customers	1,380	523
-7,362	-9,540	Net receipts/payments - financial assets	-11,078	-7,965
481	145	Net receipts/payments - property activities		
-2,988	2,032	Net change bank deposits insurance customers	2,267	-2,110
-9,884	-6,617	Net cash flow from operating activities from financial assets	-7,431	-9,552
1,605	-710	Net cash flow from operating activities	-1,813	499
Cash flow from investing activities				
	613	Net payments - sale/purchase of subsidiaries	621	
-46		Net payments - purchase/capitalisation associated companies		-46
-17	-17	Net receipts/payments - sale/purchase of fixed assets	-4	-3
-63	597	Net cash flow from investing activities	617	-49
Cash flow from financing activities				
499	3,911	Receipts - subordinated loans issued	3,911	499
-872	-373	Repayment of subordinated loans	-373	-872
-313	-352	Payments - interest on subordinated loans	-352	-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
-686	1,646	Net cash flow from financing activities	2,850	-81
856	1,533	Net cash flow for the period	1,653	369
10,741	8,149	of which net cash flow for the period before financial assets	9,084	9,920
856	1,533	Net movement in cash and cash equivalent assets	1,653	369
2,396	2,218	Cash and cash equivalents at the start of the period	1,167	1,410
-95	42	Currency translation differences		
3,157	3,793	Cash and cash equivalent assets at the end of the period	2,820	1,779

Storebrand Livsforsikring AS

Statement of comprehensive income

(NOK million)	Q3		01.01 - 30.09		Year 2020
	2021	2020	2021	2020	
Technical account:					
Gross premiums written	4,452	3,968	14,898	13,982	18,099
Reinsurance premiums ceded		-1	-6	-8	-9
Premium reserves transferred from other companies	3,619	332	13,610	5,326	6,051
Premiums for own account	8,071	4,300	28,502	19,299	24,142
Income from investments in subsidiaries, associated companies and joint ventures companies	371	667	885	193	1,397
of which from investment in property companies	371	223	884	193	1,397
Interest income and dividends etc. from financial assets	1,339	1,509	3,710	3,980	5,389
Changes in investment value	-1,135	-748	-1,435	2,480	1,622
Realised gains and losses on investments	351	1,226	1,505	1,105	1,901
Total net income from investments in the collective portfolio	925	2,654	4,665	7,758	10,308
Income from investments in subsidiaries, associated companies and joint ventures companies	90	-544	250	41	355
of which from investment in property companies	89	51	249	41	357
Interest income and dividends etc. from financial assets	91	189	262	34	919
Changes in investment value	-903	4,462	6,476	-391	5,268
Realised gains and losses on investments	1,698	1,858	6,064	1,879	4,839
Total net income from investments in the investment selection portfolio	976	5,965	13,052	1,563	11,381
Other insurance related income	239	187	652	594	815
Gross claims paid	-3,270	-2,895	-9,500	-9,354	-12,278
Claims paid - reinsurance			7	4	14
Premium reserves etc. transferred to other companies	-6,679	-1,251	-14,841	-4,228	-5,021
Claims for own account	-9,949	-4,146	-24,334	-13,578	-17,285
To/from premium reserve, gross	664	563	-5,624	201	554
To/from additional statutory reserves	563	17	-641	78	-2,460
Change in marketvalue adjustment fund	1,128	-689	1,478	-2,592	-1,670
Change in premium fund, deposit fund and the pension surplus fund	-2		-3		-3
To/from technical reserves for non-life insurance business	11	1	8	-118	-106
Transfer of additional statutory reserves and value adjustment fund from other insurance companies/pension funds	-545	1	682	-7	27
Changes in insurance obligations recognised in the Profit and Loss Account - contractual obligations	1,818	-108	-4,100	-2,440	-3,658
Change in pension capital	-685	-7,573	-14,374	-10,376	-22,580
Changes in insurance obligations recognised in the Profit and Loss Account - investment portfolio separately	-685	-7,573	-14,374	-10,376	-22,580
Profit on investment result					-508
Risk result allocated to insurance contracts					-113
Other allocation of profit					-84
Unallocated profit	-645	-546	-1,945	-1,308	
Funds allocated to insurance contracts	-645	-546	-1,945	-1,308	-705

Storebrand Livsforsikring AS

Statement of comprehensive income continue

(NOK million)	Q3		01.01 - 30.09		Year 2020
	2021	2020	2021	2020	
Management expenses	-61	-57	-176	-149	-211
Selling expenses	-58	-96	-179	-278	-216
Insurance-related administration expenses (incl. commissions for reinsurance received)	-227	-192	-670	-595	-936
Insurance-related operating expenses	-347	-344	-1,024	-1,022	-1,362
Other insurance related expenses after reinsurance share	-34	-22	-102	-178	-247
Technical insurance profit	369	367	991	314	808
Non-technical account					
Income from investments in subsidiaries, associated companies and joint ventures companies	-30	21	1,565	1,039	1,117
Interest income and dividends etc. from financial assets	86	80	245	252	418
Changes in investment value	-4	17	-11	46	35
Realised gains and losses on investments	75	2	276	-560	-581
Net income from investments in company portfolio	127	120	2,074	777	989
Other income	1	1	2	2	4
Management expenses	-5	-5	-15	-14	-19
Other expenses	-117	-85	-319	-276	-392
Total management expenses and other costs linked to the company portfolio	-123	-90	-334	-290	-411
Profit or loss on non-technical account	5	31	1,742	489	582
Profit before tax	374	398	2,733	803	1,390
Tax expenses	-111	-90	-331	507	369
Profit before other comprehensive income	263	308	2,402	1,310	1,759
Change in actuarial assumptions					-3
Tax on other profit elements not to be reclassified to profit/loss					8
Other comprehensive income not to be reclassified to profit/loss					5
Profit/loss cash flow hedging	-8	-14	-35		-32
Other profit comprehensive income that may be reclassified to profit /loss	-8	-14	-35	0	-32
Other comprehensive income	-8	-14	-35		-27
Total comprehensive income	254	294	2,367	1,310	1,732

Storebrand Livsforsikring AS

Statement of financial position

(NOK million)	30.09.2021	30.09.2020	31.12.2020
Assets			
Assets in company portfolio			
Other intangible assets	482	396	419
Total intangible assets	482	396	419
Equities and units in subsidiaries, associated companies and joint ventures	12,678	13,457	13,225
Loans at amortised cost		1	
Bonds at amortised cost	8,287	8,120	7,361
Deposits at amortised cost	1,220	349	373
Equities and fund units at fair value	407	55	51
Bonds and other fixed-income securities at fair value	13,653	11,364	10,748
Loans at fair value			12
Derivatives at fair value	896	1,377	1,316
Total investments	37,141	34,723	33,085
Receivables in connection with direct business transactions	652	370	257
Receivables in connection with reinsurance transactions	1	1	1
Receivables with group company	61	47	753
Other receivables	4,305	2,065	1,474
Total receivables	5,018	2,483	2,485
Tangible fixed assets	11	16	14
Cash, bank	1,600	885	794
Tax assets	1,216	1,845	1,547
Total other assets	2,826	2,746	2,355
Other pre-paid costs and income earned and not received	44	22	27
Total pre-paid costs and income earned and not received	44	22	27
Total assets in company portfolio	45,512	40,369	38,371
Assets in customer portfolios			
Equities and units in subsidiaries, associated companies and joint ventures	22,105	19,993	21,155
of which investment in property companies	22,105	19,993	21,104
Bonds held to maturity	10,071	13,473	13,026
Bonds at amortised cost	106,658	91,914	92,846
Loans at amortised cost	21,601	22,330	23,733
Deposits at amortised cost	4,254	5,981	6,499
Equities and fund units at fair value	17,012	10,650	11,902
Bonds and other fixed-income securities at fair value	23,798	27,474	27,035
Loans at fair value			104
Derivatives at fair value	1,918	5,593	4,247
Total investments in collective portfolio	207,417	197,408	200,546

Storebrand Livsforsikring AS

Statement of financial position continue

(NOK million)	30.09.2021	30.09.2020	31.12.2020
Reinsurance share of insurance obligations	4	20	15
Equities and units in subsidiaries, associated companies and joint ventures	6,014	5,204	5,601
of which investment in property companies	6,014	5,204	5,586
Loans at amortised cost	941	36	36
Deposits at amortised cost	465	321	488
Equities and fund units at fair value	101,777	78,701	86,267
Bonds and other fixed-income securities at fair value	41,402	41,594	42,340
Loans at fair value	135	143	171
Derivatives at fair value	829	95	2,052
Total investments in investment selection portfolio	151,563	126,096	136,955
Total assets in customer portfolios	358,984	323,524	337,515
Total assets	404,495	363,893	375,886
Equity and liabilities			
Share capital	3,540	3,540	3,540
Share premium	9,711	9,711	9,711
Other paid in equity	1,110	599	1,110
Total paid in equity	14,361	13,850	14,361
Risk equalisation fund	485	436	438
Security reserves	5	5	5
Other earned equity	13,050	12,530	10,729
Total earned equity	13,540	12,971	11,172
Perpetual subordinated loans	1,997	1,100	1,100
Dated subordinated loans	9,761	7,860	7,734
Total subordinated loans and hybrid tier 1 capital	11,758	8,960	8,834
Premium reserves	180,440	172,016	172,089
Additional statutory reserves	11,975	8,841	11,380
Market value adjustment reserve	5,692	8,092	7,170
Premium fund, deposit fund and the pension surplus fund	2,854	1,993	2,266
Unallocated profit to insurance contracts	1,981	1,327	
Other technical reserve	683	678	702
Total insurance obligations in life insurance - contractual obligations	203,625	192,947	193,607
Pension capital	151,404	124,900	137,089
Total insurance obligations in life insurance - investment portfolio separately	151,404	124,900	137,089
Pension liabilities etc.	7	7	7
Total provisions for liabilities	7	7	7
Liabilities in connection with direct insurance	1,744	597	469
Derivatives	1,273	2,196	401
Liabilities to group companies	19	1,555	2,254
Other liabilities	6,596	5,770	7,553
Total liabilities	9,631	10,118	10,678
Other accrued expenses and received, unearned income	169	140	137
Total accrued expenses and received, unearned income	169	140	137
Total equity and liabilities	404,495	363,893	375,886

Storebrand Livsforsikring AS

Statement of change in equity

(NOK million)	Share capital ¹⁾	Share premium reserve	Other paid in capital	Total paid in equity	Risk equalisation fund	Security reserves	Other equity	Total equity
Equity 31.12.2019	3,540	9,711	599	13,850	466	5	11,190	25,511
Profit for the period					-30		1,340	1,310
Other comprehensive income								
Total comprehensive income for the period					-30		1,340	1,310
Equity transactions with owner:								
Received dividend/group contributions								
Paid dividend/group contributions								
Other								
Equity 30.09.2020	3,540	9,711	599	13,850	436	5	12,530	26,820
Profit for the period					-27	0	1,787	1,759
Other comprehensive income							-27	-27
Total comprehensive income for the period					-27	0	1,759	1,732
Equity transactions with owner:								
Received dividend/group contributions			511	511				511
Paid dividend/group contributions							-2,222	-2,222
Other							1	1
Equity at 31.12.2020	3,540	9,711	1,110	14,361	438	5	10,729	25,533
Profit for the period					46		2,355	2,402
Other comprehensive income							-35	-35
Total comprehensive income for the period					46		2,321	2,367
Equity transactions with owner:								
Received dividend/group contributions								
Paid dividend/group contributions								
Other								
Equity 30.09.2021	3,540	9,711	1,110	14,361	485	5	13,050	27,900

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 | Profit by segments

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

Savings

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

Insurance

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

Guaranteed pension

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

Other

The result for 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.

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)	Q3		1.1 - 30.09		Full year
	2021	2020	2021	2020	2020
Savings	250	217	805	572	782
Insurance	64	112	205	-51	89
Guaranteed pension ¹⁾	315	308	946	409	775
Other	17	110	403	17	61
Profit before amortisation	646	747	2,359	947	1,707
Amortisation intangible assets	-92	-93	-276	-277	-372
Profit before tax	554	653	2,084	670	1,336

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

Segment information Q3

(NOK million)	Savings		Insurance		Guaranteed pension	
	2021	2020	2021	2020	2021	2020
Fee and administration income	536	484			423	380
Insurance result			148	195		
- Insurance premiums for own account			745	746		
- Claims for own account			-598	-551		
Operational cost	-283	-272	-94	-97	-217	-217
Operating profit	253	212	54	97	206	163
Financial items and risk result life & pension	-3	5	10	15	109	146
Profit before amortisation	250	217	64	112	315	308
Amortisation of intangible assets						
Profit before tax	250	217	64	112	315	308

(NOK million)	Other		Storebrand Livsforsikring group	
	2021	2020	2021	2020
Fee and administration income			959	864
Insurance result			148	195
- Insurance premiums for own account			745	746
- Claims for own account			-598	-551
Operational cost			-7	-7
Operating profit			-7	-7
Financial items and risk result life & pension			24	117
Profit before amortisation			17	110
Amortisation of intangible assets				
Profit before tax			17	110

Segment information as at 30.09

(NOK million)	Savings		Insurance		Guaranteed pension	
	2021	2020	2021	2020	2021	2020
Fee and administration income	1,642	1,459			1,213	1,121
Insurance result			441	239		
- Insurance premiums for own account			2,229	2,188		
- Claims for own account			-1,788	-1,949		
Operational cost	-848	-842	-289	-300	-641	-643
Operating profit	794	617	152	-61	572	479
Financial items and risk result life & pension	11	-45	54	10	375	-70
Profit before amortisation	805	572	205	-51	946	409
Amortisation of intangible assets						
Profit before tax	805	572	205	-51	946	409

(NOK million)	Other		Storebrand Livsforsikring group	
	2021	2020	2021	2020
Fee and administration income		1	2,856	2,581
Insurance result			441	239
- Insurance premiums for own account			2,229	2,188
- Claims for own account			-1,788	-1,949
Operational cost	-21	-22	-1,799	-1,807
Operating profit	-21	-22	1,497	1,013
Financial items and risk result life & pension	424	39	862	-66
Profit before amortisation	403	17	2,359	947
Amortisation of intangible assets			-276	-277
Profit before tax	403	17	2,084	670

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 three quarters of 2021 has been generally benign 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 were almost unchanged in the third quarter and rose 15 percent year to date. Norwegian equities rose 4 percent in the third quarter and rose 19 percent year to date. The credit spreads for corporate bonds have increased slightly in the third quarter and year to date.

Long-term interest rates rose during the third quarter and year to date. The Norwegian 10-year swap-rate rose 0.3 pp in the third quarter and 0.6 pp year to date. The Swedish 10-year swap-rate rose 0.25 pp in the third quarter and 0.5 pp year to date. Short term interest rates have increased in Norway, as the Bank of Norway has increased the policy rate with 0,25 pp in September and signal further increases. In Sweden, the short-term interest rates are still close to zero. Due to most of the interest rate investments in the Norwegian customer portfolios being held at amortized cost, changes in interest rates have a limited effect on booked returns in the short term. However, with the present interest rates, new bond investments provide a lower return than the average interest rate guarantee. A lower interest rate is also negative for the solvency position.

The Norwegian krone strengthened slightly against the Swedish krone and the Euro but weakened against the US dollar in the third quarter. Since the start of the year, the Norwegian krone has strengthened with 4 percent against the Swedish krone, 3 percent against the euro but has weakened with 2 percent against the US dollar. A high degree of currency hedging in the portfolio means that the exchange rate fluctuations have a modest effect on results and Storebrand's market risk.

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

During the year 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 third quarter. Year to date the market-based return is slightly lower than the guarantee, as higher interest rates have a negative effect. In Sweden the return for guaranteed customer portfolios was better than the change in value for the liabilities in the third quarter and year to date, mainly resulting in increased conditional bonuses.

The return for the unit linked portfolios was generally positive, both in third quarter and year to date.

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 September 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 September 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	2,123	0.9 %	-132	-0.1 %
Equity risk	-3,592	-1.6 %	-2,418	-2.7 %
Property risk	-2,742	-1.2 %	-1,245	-1.4 %
Credit risk	-1,296	-0.6 %	-828	-0.9 %
Total	-5,506	-2.4 %	-4,624	-5.1 %

Stresstest 2

Sensitivity	Storebrand Livsforsikring		SPP Pension & Försäkring	
	NOK Million	Share of portfolio	NOK Million	Share of portfolio
Interest rate risk	-4,247	-1.9 %	265	0.3 %
Equity risk	-2,155	-0.9 %	-1,451	-1.6 %
Property risk	-1,599	-0.7 %	-726	-0.8 %
Credit risk	-778	-0.3 %	-497	-0.5 %
Total	-8,779	-3.8 %	-2,409	-2.7 %

Storebrand Livsforsikring

Stress test 2, which includes an increase in interest rates, makes the greatest impact for Storebrand Livsforsikring. The overall market risk is NOK 8.8 billion (NOK 8.6 billion as at 30 June 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. Similarly, if the customer buffer is not adequate the result will also be negatively impacted. Other negative effects on the result are a lower return from the company portfolio and that there is no profit sharing from paid-up policies and individual contracts.

SPP Pension & Försäkring

For SPP it is stress test 1, which includes a fall in interest rates, that creates the greatest impact. The overall market risk is SEK 4.6 billion (SEK 4.8 billion as at 30 June 2021), which is equivalent to 5.1 (5.2) per cent of the investment portfolio.

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

Insurance risk

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

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

Other insurance risk was not materially changed during the first three quarters.

Note
05

Liquidty risk

Specification of subordinated loans

(NOK million)	Nominal value	Currency	Interest rate	Call date	Book value
Issuer					
Perpetual subordinated loans ¹⁾					
Storebrand Livsforsikring AS	1,100	NOK	Variable	2024	1,100
Storebrand Livsforsikring AS ³⁾	900	SEK	Variable	2026	897
Dated subordinated loans					
Storebrand Livsforsikring AS ²⁾	750	SEK	Variable	2021	754
Storebrand Livsforsikring AS ³⁾	1,000	SEK	Variable	2022	1,000
Storebrand Livsforsikring AS ³⁾	1,000	SEK	Variable	2024	1,001
Storebrand Livsforsikring AS ³⁾	900	SEK	Variable	2025	899
Storebrand Livsforsikring AS	500	NOK	Variable	2025	499
Storebrand Livsforsikring AS ³⁾	250	EUR	Fixed	2023	2,676
Storebrand Livsforsikring AS ³⁾	300	EUR	Fixed	2031	2,933
Total subordinated loans and hybrid tier 1 capital 30.09.2021					11,758
Total subordinated loans and hybrid tier 1 capital 31.12.2020					8,834

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

2) The loan was repurchased on 11.10.2021

3) The loans are subject to hedge accounting.

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 30.09.2021	Fair value 31.12.2020	Book value 30.09.2021	Book value 31.12.2020
Financial assets				
Loans to customers - corporate	5,668	6,211	5,685	6,220
Loans to customers - retail	17,004	17,195	16,857	17,195
Bonds held to maturity	10,848	14,876	10,071	13,394
Bonds classified as loans and receivables	118,854	107,363	114,945	99,425
Financial liabilities				
Subordinated loan capital	11,926	8,882	11,758	8,834

Valuation of financial instruments and properties at fair value

Storebrand Livsforsikring Group

(NOK million)	Level 1	Level 2	Level 3	Total 30.09.2021	Total 31.12.2020
	Quoted prices	Observable assumptions	Non-observable assumptions		
Assets					
Equities and fund units					
- Equities	37,593	171	306	38,069	32,233
- Fund units		212,922	13,236	226,158	198,314
Total equities and fund units 30.09.2021	37,593	213,093	13,542	264,227	
Total equities and fund units 31.12.2020	31,285	189,064	10,199		230,548
Total loans to customers					
- Loans to customers - corporate			7,823	7,823	7,665
Bonds and other fixed income securities					
- Government bonds	17,028	14,159		31,187	34,206
- Corporate bonds		54,729		54,729	62,043
- Structured notes					
- Collateralised securities		3,793		3,793	3,128
- Bond funds		55,165	12,141	67,306	66,136
Total bonds and other fixed income securities 30.09.2021	17,028	127,846	12,141	157,016	
Total bonds and other fixed income securities 31.12.2020	15,959	140,040	9,514		165,513
Derivatives:					
- Equity derivatives					
- Interest derivatives		2,957		2,957	5,664
- Currency derivatives		274		274	3,353
- Credit derivatives					
Total derivatives 30.09.2021		3,231		3,231	
- derivatives with a positive market value		4,934		4,934	9,903
- derivatives with a negative market value		-1,702		-1,702	-886
Total derivatives 31.12.2020		9,017			9,017
Properties:					
- investment properties			32,385	32,385	32,117
- Owner-occupied properties			1,618	1,618	1,609
Total properties 30.09.2021			34,003	34,003	
Total properties 31.12.2020			33,726		33,726

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

Movement level 3

(NOK million)	Equities	Fund units	Loans to customers	Corporate bonds	Bond funds	Investment properties	Owner-occupied properties
Book value 01.01	839	9,360	7,665	318	9,196	32,117	1,609
Net profit/loss	-24	4,150	-13	-281	35	258	64
Supply/disposal	3	1,499	1,039		4,792	944	51
Sales/overdue/settlement	-513	-1,524	-545	-38	-1,528	-738	
Currency translation differences		-89	-323		-353	-506	-106
Other					0	310	
Book value 30.09.2021	306	13,236	7,823	0	12,141	32,385	1,618

As of 30.09.21, Storebrand Life Insurance had NOK 6 608 million invested in Storebrand Eiendomsfond Norge KS and Ruseløkkveien 26, Oslo.

The investments are classified as "Investment in Associated Companies and joint ventures" in the Consolidated Financial Statements.

Storebrand Livsforsikring AS

(NOK million)	Level 1 Quoted prices	Level 2 Observable assumptions	Level 3 Non-observable assumptions	Total 30.09.2021	Total 31.12.2020
Assets					
Equities and fund units					
- Equities	35,824	157	306	36,286	29,791
- Fund units		72,183	10,728	82,910	68,428
Total equities and fund units 30.09.2021	35,824	72,340	11,033	119,197	
Total equities and fund units 31.12.2020	29,362	61,239	7,619		98,219
Total loans to customers					
- Loans to customers - corporate			95	95	
Bonds and other fixed income securities					
- Government bonds	10,119	164		10,284	7,661
- Corporate bonds		24,727		24,727	28,313
- Structured notes					
- Collateralised securities		1,434		1,434	1,097
- Bond funds		41,063	1,346	42,409	43,052
Total bonds and other fixed income securities 30.09.2021	10,119	67,388	1,346	78,853	
Total bonds and other fixed income securities 31.12.2020	7,497	71,341	1,285		80,122
Derivatives:					
- Equity derivatives					
- Interest derivatives		2,072		2,072	4,233
- Currency derivatives		298		298	2,981
Total derivatives 30.09.2021		2,370		2,370	
- derivatives with a positive market value		3,643		3,643	7,614
- derivatives with a negative market value		-1,273		-1,273	-401
Total derivatives 31.12.2020		7,214		0	7,214

Movement level 3

(NOK million)	Equities	Fund units	Loans to customers	Corporate bonds	Bond funds
Book value 01.01	328	7,291	287	318	966
Net profit/loss	-24	3,276	-46	-281	-12
Supply/disposal	2	1,333			1,782
Sales/overdue/settlement		-1,173	-147	-38	-1,390
Book value 30.09.2021	306	10,728	95	0	1,346

Sensitivity assessments

Equities

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

Note
07

Tax

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

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

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

Uncertain tax positions

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

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

received decision. If the Norwegian Tax Administration's position is accepted, Storebrand estimates that a tax expense for the company of approximately NOK 1.2 billion will arise. There will also be negative effects for returns on customer assets after tax. The effects are based on best estimates and following a review with external expertise.

- B. New tax rules for life insurance and pension companies were introduced for the 2018 financial year. These rules contained transitional rules for how the companies should revalue/write-down the tax values as at 31 December 2018. In December 2018, the Norwegian Directorate of Taxes published an interpretive statement that Storebrand does not consider to be in accordance with the wording of the relevant act. When presenting the national budget for 2020 in October 2019, the Ministry of Finance proposed a clarification of the wording of the transitional rules in line with the interpretive statement from the Norwegian Directorate of Taxes. The clarification was approved by the Norwegian Parliament in December 2019. Storebrand considers there to be uncertainty regarding the value such subsequent work on a legal rule has as a source of law, and which in this instance only applies for a previous financial year. In the tax return for 2018, Storebrand Livsforsikring AS applied the wording in the original transitional rule. However, in October 2019 Storebrand received a notice of adjustment of tax assessment in line with the interpretive statement from the Norwegian Directorate of Taxes and the clarification from the Ministry of Finance. Storebrand Livsforsikring AS disagrees with the Norwegian Tax Administration's interpretation but considers it uncertain as to whether the company's interpretation will be accepted if the case is decided by a court of law. The uncertain tax position has therefore been recognised in the financial statements. Based on our revised best estimate, the difference between Storebrand's interpretation and the Norwegian Tax Administration's interpretation is approximately NOK 6.4 billion in an uncertain tax position. If Storebrand's interpretation is accepted, a deferred tax expense of approximately NOK 1.6 billion will be derecognised from the financial statements
- C. The outcome of the interpretation of tax rules for group contributions referred to above under (A) will have an impact when calculating the effect from the transitional rules for the new tax rules referred to under point (B). An equivalent interpretation to that described under (A) has been used as a basis in the financial statements when calculating tax input values on property shares owned by customer assets for 2016 and 2017. There is thus an uncertain tax position relating to the effect from the transitional rules described in (B). This effect will depend on the interpretation and outcome of (A). If Storebrand's position is accepted under (A), Storebrand will recognise 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	
	30.09.2021	31.12.20	30.09.2021	31.12.20
Uncalled residual liabilities limited partnership	4,806	8,251	4,407	7,686
Uncalled residual liabilities in alternative investment funds	8,980		6,661	
Total contingent liabilities	13,786	8,251	11,068	7,686

Guarantees essentially encompass payment and contract guarantees.

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

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

Note 09 | Solvency II

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

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

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

Solvency capital

(NOK million)	30.09.21					31.12.20
	Total	Group 1 unlimited	Group 1 limited	Group 2	Group 3	Total
Share capital	3,540	3,540				3,540
Share premium	9,711	9,711				9,711
Reconciliation reserve	20,020	20,020				23,393
Including the effect of the transitional arrangement	257	257				4,815
Counting subordinated loans ¹⁾	11,081		2,036	9,045		8,734
Deferred tax asset						
Risk equalisation reserve	485			485		438
Expected dividend/group distributions	-2,400	-2,400				
Total solvency capital	42,437	30,871	2,036	9,530		44,107
Total solvency capital available to cover the minimum capital requirement	34,298	30,871	2,036	1,391		37,528

¹⁾ Excluding subordinated loan of NOK 749 million with call in October 2021.

Solvency capital requirement and margin

(NOK million)	30.09.2021	31.12.20
Market	20,228	21,635
Counterparty	751	818
Life	6,971	7,044
Health	646	644
P&C		
Operational	1,061	1,062
Diversification	-5,176	-5,318
Loss-absorbing tax effect	-5,077	-5,367
Total solvency requirement	19,404	20,518
Solvency margin	218.7 %	215.0 %
Minimum capital requirement	6,954	7,306
Minimum margin	493.2 %	513.7 %

Note 10 | Information about related parties

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

Storebrand Livsforsikring has not carried out any material transactions other than normal business transactions with related parties during 2021, other than Storebrand Livsforsikring AS having acquired mortgages from the sister company Storebrand Bank ASA. The mortgages were transferred on commercial terms. Storebrand Livsforsikring transfers loans back to Storebrand Bank when mortgages are renegotiated or terminated. The total portfolio of loans bought as of the 3rd quarter in 2021 is NOK 16.7 billion, net changes of NOK 1.2 billion in 3rd quarter. Storebrand Livsforsikring AS pays management fees to Storebrand Bank ASA for management of the portfolios, the expense year to date is NOK 53 million.

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.

Financial calendar



9 February 2022	Results Q4 2021
4 May 2022	Results Q1 2022
14 July 2022	Results Q2 2022
26 October 2022	Results Q3 2022

Investor Relations contacts



Kjetil Ramberg Krøkje	Group Head of Finance, Strategy and M&A	kjetil.r.krokje@storebrand.no	+47 934 12 155
Lars Løddesøl	Group CFO	lars.loddesol@storebrand.no	+47 934 80 151
Daniel Sundahl	Head of Investor Relations and Rating	daniel.sundahl@storebrand.no	+47 913 61 899