

# Storebrand Livsforsikring AS

## Solvency and Financial Condition Report

2023



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# Summary

Dear Storebrand Livsforsikring customer.

Storebrand Livsforsikring's primary products are private and public occupational pensions and individual pension accounts. For retirement savings, there are two major risks. The investment return from premiums paid are uncertain, and it is unknown how long one will live as a pensioner. The risk is reinforced because more than 50 years may pass from the premium is paid in until it is paid out as pension. For traditional, guaranteed pensions (defined benefit pensions), Storebrand Livsforsikring bears most of this risk. Storebrand Livsforsikring guarantees a minimum return, and that the pension will be paid out for life. Most companies no longer have defined benefit plans, or have closed these for new employees; however, Storebrand Livsforsikring has a large portfolio of fully paid-up pension schemes (paid-up policies). A significant amount of capital is allocated to cover the uncertainty associated with future returns and longevity from the paid-up policies. This is vital for the guarantees to have real value.

Most new premiums for occupational pensions are in defined contribution plans. For these products, you as an employee has the investment risk. The same applies to private pension savings within unit-linked insurance, such as the Fondskonto and Ekstrapensjon products. Storebrand Livsforsikring nonetheless plays an important role by offering a diverse, high-quality range of funds and in providing advice. Storebrand Livsforsikring is also responsible for managing the assets in a sustainable and prudent manner, including keeping fees within reasonable levels. The lifecycle portfolio Anbefalt Pensjon offers a simple and comprehensive solution. For defined contribution and unit-linked insurance, pensions are usually temporary, meaning that you as an employee is responsible for ensuring that your pension will be enough in a lifelong perspective. Storebrand Livsforsikring's role is to provide a good, comprehensive overview of all your pension rights, and give advice on how you can prepare for retirement.

Storebrand Livsforsikring also offers insurance in the case of unexpected events. You can receive a lump-sum compensation or annual payouts if you suffer an accident, become sick or disabled and you can take care of surviving dependents in the event of death. The risk that Storebrand Livsforsikring has assumed is quantified and the risk is covered by allocation the required capital.

Under Solvency II, all assets and liabilities are valued at market value. These data are summarized in Table 1. Numbers in brackets relate to 2022. The total value of assets amounts to NOK 505.5 billion (NOK 398.7 billion), while the total value of liabilities is NOK 470.9 billion (NOK 368.8 billion). Storebrand Livsforsikring thus has assets worth NOK 34.6 billion (29.9 billion) more than the liabilities the company is obliged to cover. Liable subordinated loans are NOK 10.7 billion (9.7 billion). Storebrand Livsforsikring has set aside NOK 3056 million in net group contribution for 2023 to Storebrand ASA. This is deducted from own funds as of 31/12/2023. Total own funds (solvency capital) is NOK 40.5 billion (37.5 billion).

The principles for valuation, and the difference between the valuations in the solvency accounts and the financial statements, are described in more detail in Chapter D. A fundamental difference from the financial statements is that the valuation of the insurance liability (technical provisions), is based on the current interest rate level.

**TABLE 1 THE SOLVENCY II BALANCE SHEET FOR STOREBRAND LIVSFORSIKRING AS**

(NOK million)					
<b>Assets</b>	<b>12/31/2023</b>	<b>12/31/2022</b>	<b>Liabilities</b>	<b>12/31/2023</b>	<b>12/31/2022</b>
Deferred tax assets	0	306	Technical provisions <sup>1</sup>	398 603	340 143
Investments (other than assets held for index-linked and unit-linked contracts)	211 491	203 829	-Life insurance	195 603	191 780
Assets held for index-linked and unit-linked contracts	208 820	151 837	-Non-life insurance	776	737
Other assets	85 228	42 723	-Index-linked and unit-linked insurance	202 224	147 626
			Subordinated liabilities	10 712	9 661
			Other liabilities	61 588	18 982
<b>Total assets</b>	<b>505 539</b>	<b>398 695</b>	<b>Total liabilities</b>	<b>470 903</b>	<b>368 785</b>
			<b>Net assets</b>	<b>34 636</b>	<b>29 909</b>

Solvency II sets requirements for own funds under normal operating conditions. This is known as the solvency capital requirement and amounts to NOK 16.2 billion (NOK 17.3 billion); see Table 2. The solvency capital requirement ensures that you as a customer get the insurance settlement or pension you are entitled to with great certainty.

**TABLE 2 SOLVENCY CAPITAL REQUIREMENT**

(NOK million)	12/31/2023	12/31/2022
Market risk	15 206	18 219
Counterparty default risk	961	997
Life underwriting risk	8 039	5 882
Non-life and health underwriting risk	795	672
Diversification	-5 525	-4 745
Operational risk	1 037	1 003
Loss-absorbing capacity of deferred taxes	-4 318	-4 725
<b>Total Solvency capital requirement</b>	<b>16 195</b>	<b>17 301</b>

There are capital requirements for all major risks borne by Storebrand Livsforsikring. 61% of the solvency capital requirement<sup>2</sup> relates to the financial markets, particularly risk from interest rates, equities, property, credit spreads and currency. 32% of the capital requirement relates to life insurance risk, such as the risk that pension customers may live longer than expected. Storebrand Livsforsikring is also subject to operational risk, non-life insurance risk and risk of losses from counterparties not fulfilling their obligations. Total capital requirement is reduced through diversification, i.e. it is unlikely all the risk will

hit simultaneously. The capital requirement is also adjusted for the effect of reduced tax.

**TABLE 3 SOLVENCY POSITION**

(NOK million)	12/31/2023	12/31/2022
Own funds	40 523	37 454
Solvency capital requirement	16 195	17 301
<b>Solvency margin</b>	<b>250,2%</b>	<b>216,5%</b>

When the own funds of NOK 40.5 billion are compared against the solvency capital requirement of NOK 16.2 billion, Storebrand Livsforsikring has a solvency margin of 250% (217%). The minimum regulatory requirement is 100% solvency margin under normal operating conditions. Storebrand has set a goal for solvency margin to exceed 150% on Group level (Storebrand ASA).

<sup>1</sup> Prior to diversification between risk modules

# A. Business and performance

## A.1 BUSINESS

2023 was marked by geopolitical unrest, international warfare, and market turmoil. At the same time, high inflation continued and there were eight interest rate hikes in Norway and four in Sweden. Even though all these factors affect Storebrand Life Insurance, the company demonstrated robustness and adaptability. Through a combination of dynamic risk management and a diversified business model, the group achieved good results and a strengthened solvency position. The underlying growth was strong, and higher interest rates positively affect the group. Overall, Storebrand Life Insurance delivered on both operational strategy and capital strategy in 2023.

On 20 December 2021, Storebrand Livsforsikring AS entered into an agreement to buy 100 percent of the shares in Danica Pensjonsforsikring Norge AS. The transaction was completed on 1 July 2022. In connection with the takeover, the company has changed its name to Storebrand Danica Pensjonsforsikring AS. A mother-daughter merger was completed on 2 January 2023. Otherwise, there has been no material changes to Storebrand Livsforsikrings business in 2023.

Storebrand Livsforsikring AS has its main business in Norway with its head office located at Lysaker in Bærum municipality. Finanstilsynet (The Financial Supervisory Authority of Norway) supervises Storebrand Livsforsikring<sup>3</sup>. PwC audits Storebrand Livsforsikring's accounts<sup>4</sup>.

FIGURE 1 Legal structure (simplified)



Storebrand Livsforsikring is the largest company in the Storebrand Group<sup>5</sup>. The company is a wholly owned subsidiary of Storebrand ASA, which is the parent company of the Storebrand group. Being the ultimate parent company, Storebrand ASA is subject to group supervision by Finanstilsynet (The Financial Supervisory Authority of Norway). Storebrand ASA prepares and publishes the Group Solvency and Financial Condition Report for the Storebrand Group.

<sup>2</sup>Finanstilsynet Revierstredet 3, 0151 Oslo, Norway; P.O. Box 1187 Sentrum, 0107 Oslo, Norway; Phone: +47 22 93 98 00

<sup>3</sup>PwC: Dronning Eufemias gate 8; 0191 Oslo; Phone: +47 952 60 578

<sup>4</sup>For a full overview of affiliated companies see page 8 of the annual report Storebrand Livsforsikring 2022.

Storebrand Livsforsikring AS owns 100 percent of Storebrand Holding AB, which in turn owns 100 percent of SPP Pension & Försäkring AB, SPP Spar AB, SPP Konsult AB and Storebrand & SPP Business Services AB. SPP is a leading Swedish provider of life insurance and occupational pensions. SPP delivers both unit linked products, traditional insurance and defined benefit pension products. Together, Storebrand and SPP will create the leading life insurance and pension provider in the Nordics. SPP has its head office in Stockholm.

Through Storebrand Pensjonstjenester AS, Storebrand offers actuarial services, system solutions and all types of services associated with the operation of pension funds. The company is a wholly owned subsidiary of Storebrand Livsforsikring AS.

Storebrand Eiendom Trygg AS, Storebrand Eiendom Vekst AS and Storebrand Eiendom Utvikling AS are holding companies for the Norwegian real-estate business. The companies are wholly owned by Storebrand Livsforsikring AS. In addition, Storebrand Livsforsikring owns 34 percent of Storebrand Eiendomsfond Norge KS, through direct ownership shares and through its wholly owned subsidiary Eiendomsfond Invest AS.

Pursuant to the Solvency II regulations, Storebrand Livsforsikring report on a solo basis. This means that subsidiaries are consolidated based on the value of own funds. These principles are described in more detail in Chapter D1. Assets. The data referred to in chapters A. Business and performance, D. Valuation for solvency purposes of assets and liabilities, and E. Capital management, are based on these principles for solo reporting. In chapters B. System of Governance and C. Risk Profile, the descriptions provided are mainly based on Storebrand Livsforsikring including subsidiaries.

Storebrand's core business is managed and reported based on the following segments: Savings, Insurance and Guaranteed Pension<sup>6</sup>.

- *Savings* consists of long-term saving for retirement without guarantees. The segment includes defined contribution pensions in Norway and Sweden.
- *Insurance* consists of personal risk products in the Norwegian and Swedish retail markets and pension-related insurance in the Norwegian and Swedish corporate markets.
- *Guaranteed Pension* comprises of long-term pension savings with a guaranteed rate of return or guaranteed benefits. The area includes defined benefit pensions in Norway and Sweden, paid-up policies and individual capital and pension insurance.

Storebrand follows a strategy that provides an attractive combination of capital-efficient growth within what we call "the future Storebrand", and capital release from the guaranteed pension business which is in run-off.

Storebrand aims to

- (A) be the leading provider of occupational pension both in Norway and Sweden
- (B) develop a Nordic powerhouse in asset management
- (C) ensure rapid and profitable growth as a challenger in the Norwegian retail market for financial services.

## A.2 UNDERWRITING PERFORMANCE

The results presented in this chapter correspond to the technical accounts in the financial reporting for Storebrand Livsforsikring, ref. Note 14 in the 2023 Annual Report; but are grouped according to the segmentation used for Solvency II reporting. Information about the risk result for Storebrand Livsforsikring can be found in Note 7 Insurance Risk and Note 15 Result Analysis in the Annual Report for 2023.

### Life insurance

Most of the premium income, payments and expenses for Storebrand Livsforsikring are associated with life insurance products. For 2023, the net premiums from life insurance products amounted to NOK 24 230 million (19 927 million). Premiums are distributed across guaranteed products with profit sharing, unit-linked and other life insurance. Net claims amounted to NOK 14 650 million. (13 376 million). The total expenses associated with life insurance products amounted to NOK 1 687 million (1 605 million).

#### TABLE 4 PREMIUMS, CLAIMS AND EXPENSES PER SEGMENT (LIFE INSURANCE)

<sup>6</sup> The overview of what is included in the various segments is here limited to Storebrand Livsforsikring AS and its subsidiaries. These segments are described in more detail in Note 3. Segments in the 2021 Annual Report for Storebrand Livsforsikring.

(NOK million)	Guaranteed products with profit sharing	Unit linked insurance	Other life insurance	Sum life insurance 2023	Sum life insurance 2022
Gross premiums	4 517	16 384	3 348	24 250	19 933
Reinsurers' share	4	0	16	20	6
<b>Net premiums</b>	<b>4 513</b>	<b>16 384</b>	<b>3 333</b>	<b>24 230</b>	<b>19 927</b>
Gross claims	9 746	2 950	1 950	14 646	13 376
Reinsurers' share	-3	0	-1	-4	
<b>Net claims</b>	<b>9 749</b>	<b>2 950</b>	<b>1 951</b>	<b>14 650</b>	<b>13 376</b>
<b>Expenses</b>	<b>697</b>	<b>594</b>	<b>397</b>	<b>1 687</b>	<b>1 605</b>

#### *Guaranteed products with profit sharing*

This segment comprises private and public collective occupational and individual pension schemes with guaranteed benefits and profit sharing. It includes insurance that pays out compensation in the event of disability or to survivors in the event of death when the insurance is linked to a guaranteed retirement pension.

For 2023, net premiums amounted to NOK 4 513 million. Net claims amounted to NOK 9 749 million. Claims are greater than premiums because most contracts are closed for new premiums and a significant portion of the portfolio is in the pay-out face. Premiums from previous years are reserved to cover these claims. Expenses associated with this segment amounted to NOK 697 million.

#### *Unit-linked insurance*

This segment comprises collective occupational pensions (defined contribution pensions, hybrid pensions and paid-up policies with investment choice) and individual pensions without guaranteed returns<sup>7</sup> or guaranteed benefits.

For 2023, the premium payments amounted to NOK 16 384 million. The insurance claims amounted to NOK 2 950 million. Premiums are significantly higher than claims because few employees have reached retirement age. Much of the premium is therefore reserved to cover pension claims in future years. Expenses associated with this segment amounted to NOK 594 million.

#### *Other life insurance*

This segment mainly consists of insurance against disability, illness, accidents, or death. Group disability insurance provides annual pay-outs if the insured becomes incapacitated for work. Group life insurance provides lump sum payments for disability caused by accident or illness, or to the survivors in the event of death.

For 2023 the net premiums amounted to NOK 3 333 million. Net claims amounted to NOK 1 951 million. Expenses associated with this segment amounted to NOK 397 million.

#### **Non-life insurance**

Storebrand Livsforsikring AS also offers certain products defined as non-life insurance. For 2023, the net premiums from non-life insurance amounted to NOK 439 million (365 million). Net claims amounted to NOK 286 million (240 million). Expenses associated with non-life insurance products amounted to NOK 114 million (37 million).

**TABLE 5 PREMIUMS, CLAIMS AND EXPENSES PER SEGMENT (NON-LIFE INSURANCE)**

(NOK million)	Income protection insurance	Workers' compensation insurance	Total for non-life insurance 2023	Total for non-life insurance 2022
Gross premiums	347	98	446	367
Reinsurers' share	5	2	7	1
<b>Net premiums</b>	<b>342</b>	<b>96</b>	<b>439</b>	<b>365</b>
Gross claims	147	145	293	270
Reinsurers' share	2	4	6	30
<b>Net claims</b>	<b>145</b>	<b>141</b>	<b>286</b>	<b>240</b>
<b>Expenses</b>	<b>95</b>	<b>19</b>	<b>114</b>	<b>37</b>

Appendix to this report includes a table with further details about the accrual of insurance claims over time for the past 10 years (S.19.01.21).

<sup>7</sup> Including paid-up policies with investment choice and hybrid occupational pensions, which may have a 0% guarantee.

### *Income protection insurance*

This segment includes insurance contracts that offer a lump-sum compensation in the event of an accident<sup>8</sup>.

For 2023, the net premiums amounted to NOK 342 million Net claims amounted to NOK 145 million. Expenses associated with this segment amounted to NOK 95 million.

### *Workers' compensation insurance*

This segment comprises of premiums that cover compensation for work related injuries.

For 2023, the net premiums amounted to NOK 96 million. Net claims amounted to NOK 141 million. Expenses associated with this segment amounted to NOK 19 million.

### **Geographical distribution of premiums, insurance claims and expenses**

Virtually all Storebrand Livsforsikring AS's premiums, claims and expenses occur in Norway. The geographical distribution of premiums, insurance claims and expenses for the Storebrand Group are described in Section A.2 in the Solvency and Financial Condition Report for Storebrand ASA.

The subsidiary SPP Pension & Försäkring has the main share of income and expenses in Sweden. See section A.2 in the Solvency and Financial Conditions Report for this company.

### **A.3 INVESTMENT PERFORMANCE**

In 2023, the average investment return for guaranteed customer portfolios was 1.8 percent (booked) and a 2.7 percent (based on market value). The investment return for portfolios with investment choice was a negative 12.2 percent. The return for the company portfolio was 4.6 percent. Further details on the return for sub-portfolios can be found in Note 47 Return on Capital in the Storebrand Livsforsikring 2023 Annual Report.

Income from investments is also described in Note 18 Net Financial Income in the Storebrand Livsforsikring 2023 Annual Report. The investment results in this report are based on the principles that apply for the solvency balance sheet. For this reason, the figures deviate somewhat from the financial statements, particularly because amortised cost are not used for the solvency balance sheet.

For 2023, Storebrand Livsforsikring's income from investments amounted to NOK 30 022 million (-14 504 million). Of this, NOK 6 354 million was interest income, NOK 1 789 million equity dividends and NOK 4 075 million net capital gains on the sale of securities. Unrealised capital was NOK 17 804 million.

Storebrand Livsforsikring's investments are divided into three main portfolio groups: the collective portfolio (guaranteed customer portfolios), the index-linked and unit-linked insurance portfolio (non-guaranteed customer portfolios) and the corporate portfolio. Market risk affects Storebrand's income and profit differently in the different sub-portfolios, as described in more detail in Chapter B.2 Market Risk.

**TABLE 6 REVENUES AND EXPENSES ASSOCIATED WITH INVESTMENTS DISTRIBUTED BY MAIN PORTFOLIOS**

(NOK million)	Dividends	Interest incomes	Net capital gains	Change in unrealized gains and losses
Collective portfolio	445	4 510	-2 625	2 762
Index-linked and unit-linked insurance portfolio	455	1 389	6 881	14 042
The corporate portfolio	889	455	-181	1 001
<b>Total</b>	<b>1 789</b>	<b>6 354</b>	<b>4 075</b>	<b>17 804</b>

Storebrand Livsforsikring has not recognised investment revenues or investment costs directly against equity. Storebrand Livsforsikring has not invested in securitisations.

### **A.4 PERFORMANCE OF OTHER ACTIVITIES**

Storebrand Livsforsikring is funded by a combination of equity and subordinated loans. Interest cost for subordinated loans is NOK 822 million (554 million) Other than this, Storebrand Livsforsikring has little income or expenses that are not

<sup>8</sup> Does not include Group life, which is included in Other life insurance.



related to insurance and investment activities. Other income is also specified in Note 20 and other expenses in Note 26 in the Storebrand Livsforsikring 2023 Annual Report.

#### **A.5 ANY OTHER INFORMATION**

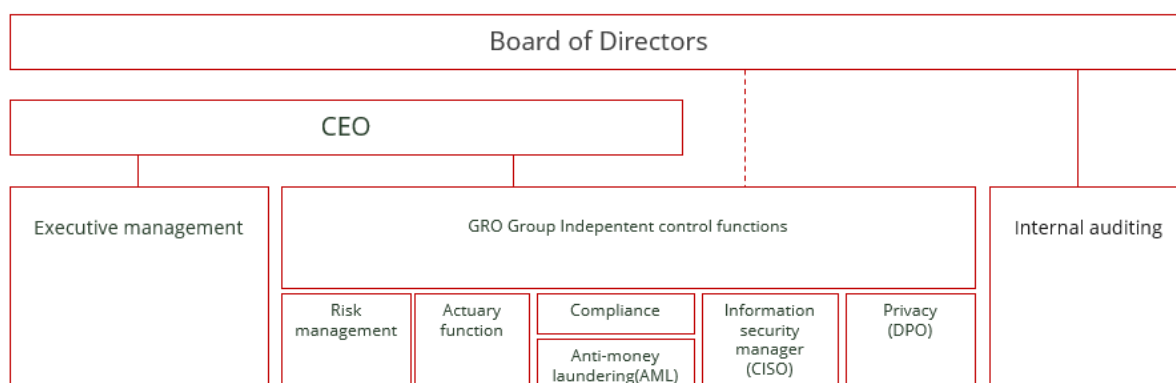
The business activities and performance in 2023 are described in detail in the Storebrand Livsforsikring 2023 Annual Report.

## B. System of governance

### B.1 GENERAL INFORMATION ON THE SYSTEM OF GOVERNANCE

There are no changes during 2023 that affects the system of governance in a material way.

The groups organization of risk management responsibilities is modelled on three lines of responsibility. The model maintains risk management responsibilities at both the company and group level.



#### The Board of Directors and its advisory subcommittees

The Board of Directors of Storebrand Livsforsikring consists of seven members, two of whom are external and two of whom are elected by the company's employees. The CEO of the Storebrand Group is Chairman of the Board.

The Board is responsible for the company being adequately organised and sets risk frameworks, strategies, plans and budgets for the business and ensures that the business, accounts and asset management are subject to adequate controls, including that the company is managed in accordance with the applicable laws. The Board shall also supervise the day-to-day management and the company's activities in general.

The Board of Directors of Storebrand ASA has established a sub-committee which acts as the Group's joint remuneration committee in accordance with Norwegian and Swedish regulations. The Compensation Committee shall advise the boards of the Group's companies in Norway and Sweden that are obliged to have remuneration committees. They will advise the boards in any matters concerning the individual companies' remuneration schemes for executive personnel, employees that influences the company's risk exposure and employees with control functions.

#### Day-to-day management

The Managing Director is responsible for the day-to-day management of Storebrand Livsforsikring's operations and activities and shall act in accordance with the guidelines and orders issued by the Board. The Managing Director reports to the Board. The duties and responsibilities of the Managing Director are outlined in instructions approved by the Board.

The Group's executive management team is the top management level for the management of the Group. Areas of responsibility include retail market in Norway, corporate market Norway, SPP and asset management as well as intragroup responsibility for digital, communication, finance & accounting and people.

### Independent key control functions

Storebrand Livsforsikring's Board of Directors has established independent key control functions in accordance with relevant legal requirements: Risk management function; Compliance function; Data Protection officer; Anti-money laundering function; Actuarial function and Internal audit. The organization of, and areas of responsibility for each of these independent control functions, are described in more detail in Chapters B.3-B.6.

### Remuneration

Storebrand Livsforsikring complies with the Group's common guidelines for remuneration. Storebrand's remuneration should help to attract, develop and retain highly qualified employees. Storebrand mainly offers fixed salaries supplemented by limited bonus payments linked to the company value creation and individual performances. Senior executives, employees that have a significant influence on the company's risk exposure and employees in independent control functions, are only eligible for fixed salaries.

The CEO of Storebrand Livsforsikring has a share of fixed salary linked to the purchase of Storebrand shares with a three-year lock-in period. The CEO has a 12-month salary guarantee after the ordinary notice period. The company has no obligations towards the chairman of the board upon termination or amendment of the position. Further details on remuneration, including the level of remuneration paid to the Board and senior executives, can be found in note 23 in the Annual Report 2023 for Storebrand Life Insurance.

The Company has an occupational pension scheme for all employees in accordance with the applicable pension agreements at any given time. All employees, including employees with a salary exceeding 12G (G=the National Insurance basic amount), has defined contribution pension schemes. For further details on pensions, see Note 22 in the Storebrand Livsforsikring 2023 Annual Report.

### Transactions with related parties

Storebrand Livsforsikring has transactions with other companies in the Storebrand Group, senior employees and shareholders in Storebrand ASA. These transactions are a part of the products and services offered by the companies in the group to their customers. The transactions are entered on commercial terms, and include occupational pensions, private pension savings, non-life insurance, leasing of premises, loans and deposits, asset management and mutual fund investments.

During 2023 Storebrand Livsforsikring AS has bought mortgages from sister company Storebrand Bank ASA. The transactions are entered into in commercial terms. The portfolio of loans that have been transferred in 2023 totalled NOK 6.5 billion. The total portfolio of loans bought as of 31/12/2023 is NOK 17 billion. Storebrand Livsforsikring AS pays management fees to Storebrand Bank ASA for management of the portfolios, the expense for 2023 is NOK 67.4 million.

See Note 45 in the Storebrand Livsforsikring 2023 Annual Report for further details.

### B.2 FIT AND PROPER REQUIREMENTS

Storebrand Livsforsikring's Board of Directors has established processes that ensure that the company's Board, CEO/actual management, and heads of independent key control functions, satisfy the fit and proper requirements. People who hold management or key functions shall have adequate experience and education, as well as behaviour and integrity that satisfy requirements for good repute and aptitude. The Board as a whole shall have a satisfactory breadth of qualifications, experience and knowledge relating to the nature of the business.

The implementation and documentation of the fit and proper assessment are carried out in connection with board appointments, annual board reviews, recruitment including background checks, annual succession planning and - processes and employee appraisals.

Management functions and other key functions provided by external service providers shall be assessed in the same way as the corresponding roles internally. Storebrand Livsforsikring has outsourced internal auditing to Ernst & Young (EY). An employee of Storebrand Livsforsikring is responsible for following up this contract. The employee must meet fit and proper requirements in terms of having the necessary skills and experience to assess the performance of and deliverables from EY.

Fit and proper requirements is assessed at least once a year or in the event of important strategic or organisational changes, in the event of replacements or other changes to management or key functions and in connection with outsourcing of management or key functions. Storebrand Livsforsikring provides The Financial Supervisory Authority of Norway with a list of persons covered by fit and proper requirements.

### **B.3 RISK MANAGEMENT SYSTEM INCLUDING THE OWN RISK AND SOLVENCY ASSESSMENT**

During 2023, there has not been changes that affect the risk management system in a material way.

#### **The risk management system**

The organisation of risk management follows a model based on three lines of responsibility. The aim is to safeguard the responsibility for risk management at both company and Group level.

The Board of Storebrand Livsforsikring AS has the primary responsibility for assessing and limiting the risks to the business. The board sets limits and guidelines for risk-taking in the business, receive reports on the actual risk levels, and perform a forward-looking assessment of the risk situation at least twice a year.

As the first line of responsibility, the executive management have responsibility for managing risk. The risk owners in the executive management team shall contribute to the CEO being able to safeguard his/her overall responsibility for all risks within Storebrand Livsforsikring. The CEO is responsible for risk management within his/her own company, including the establishment of independent control key functions, and for the risk-taking being in accordance with regulatory requirements and guidelines from the Board.

Managers at all levels of the business are responsible for the risk management within their own area of responsibility. All employees should know that awareness of risks and risk management are important elements of the company culture.

Independent control key functions (second line of responsibility) have been established for risk management (Risk Management Function/Chief Risk Officer), for compliance with regulations (Compliance Function), for actuarial tasks (Actuarial Function), for privacy issues (Data protection officer) and for compliance with the Anti-Money Laundering Act. These independent control functions report to the Managing Director of Storebrand Livsforsikring, and report directly to the Board of Directors.

The CRO (Chief Risk Officer) is to contribute to the business developing a good risk culture, including good processes for identifying, measuring, and managing risk, as well as ensuring appropriate reporting. The function is actively involved in the development of Storebrand Livsforsikring's risk appetite and risk strategy and should have a holistic view of the company's risk exposure. This includes responsibility for ensuring compliance with relevant regulations for risk management and the company's operations.

The internal audit function (third line of responsibility) report directly to the Board and shall provide confirmation concerning the appropriateness and effectiveness of the company's risk management system, including the functioning of the first and second line of responsibility.

#### **The risk management process**

The risk management process includes identifying, measuring, limiting, managing, monitoring, reporting, documenting, and communicating risk.

The risk identification process shall ensure awareness of all material risks. A group-wide risk universe, which groups risks into appropriate risk categories has been established, providing a common, comprehensive risk language based on the risk universe in Solvency II.

The total risk is measured by capital requirements according to the Solvency II standard model: ref. chapter E.2 Solvency Capital Requirements and Minimum Capital Requirements. Additional stress testing measures and scenario analyses are used to quantify risks. All risks have a designated risk owner. The risk owner is responsible for risk assessment, including the use of relevant stress testing and scenarios. This assessment shall facilitate the Board's supervision of targets and limits defined in the risk appetite and/or risk strategies.

The risk appetite is the overall risk level and risk types Storebrand Livsforsikring is willing to accept to achieve its financial, business, and operational goals. In the risk strategy, guidelines from the risk appetite are specified into goals and limits for the company's risk-taking, in total and for individual risk types. Storebrand Livsforsikring's Board of Directors discusses and determines the risk appetite and risk strategy at least once per year. The CRO is responsible for preparing proposals. The risk appetite and risk strategy for the Group provide guidelines and set limits for Storebrand Livsforsikring's risk-taking. The risk appetite and risk strategy provide guidelines and set limits for more detailed strategies related to (inter alia) market risk (investment strategies), insurance risk, credit risk and liquidity risk.

Managers at all levels are responsible for risk management within their area of responsibility. The risk management shall ensure that risk levels are consistent with the appetite for risk and always complies with internal and regulatory frameworks. If the risk exceeds the limits, the risk owner shall immediately ensure that necessary measures are taken.

Risk owners have a continuous monitoring of the risk exposure and report on the extent of, and change in, risk. On a general level, the Board of Directors receives information about risks during board meetings and in the form of monthly business reports. Procedures and systems have been established which allow all employees to report quickly and systematically to their managers if they discover discrepancies, new risks, or defunct control systems.

The business' risk reporting is supplemented by independent reporting from the CRO. The CRO prepares a monthly risk report that goes to the Board of Storebrand Livsforsikring. The CRO also prepares a risk review for the Board at least twice a year.

Risk management is an integral part of the business and shall serve as support when making business decisions. The Board and the management will consider any relevant risk information in all decision-making processes.

**Own risk and solvency assessment (ORSA)**

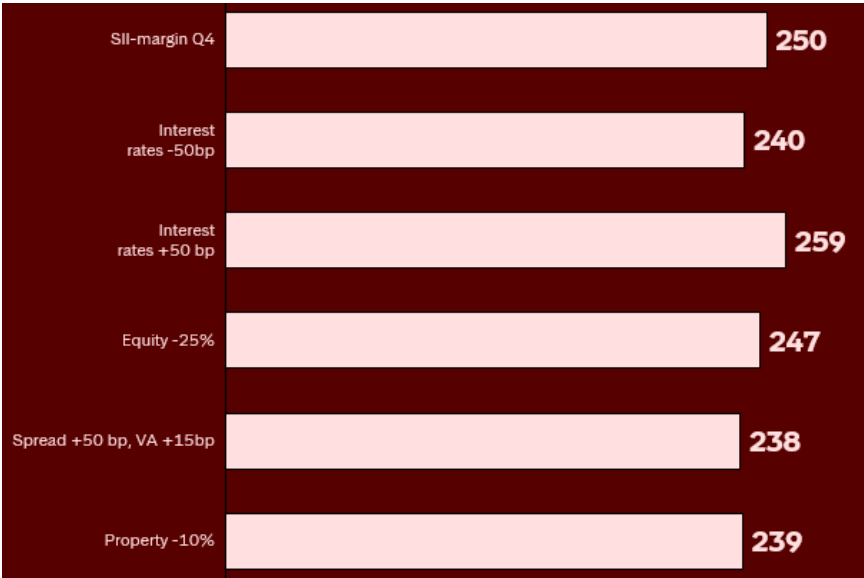
The Board conducts an Own Risk and Solvency Assessment (ORSA) at least once a year.

The ORSA process gives the Board a comprehensive picture of what risks Storebrand Livsforsikring is, or can be, exposed to. The Board evaluates whether the size and management of the risk is in guidance with established risk tolerance and supports capital plans and dividend policy. The Board must understand and evaluate whether the risk, if desired, can be reduced through measures. In addition to capturing the current situation, the report also must be forward looking.

The regular ORSA is linked to the Group's strategy and planning process and is concluded at the same time as the financial and capital plans. The Board is responsible for the ORSA process and approves an ORSA report for Storebrand Livsforsikring that summarizes the results from the risk and solvency assessment.

A non-regular ORSA shall be conducted, in full or in part, if changes occur that may have a significant impact on risks and/or capital. Such changes may be driven by internal decisions or external circumstances.

As part of the ORSA process, Storebrand Livsforsikring calculates how sensitive the solvency margin is to changes in key parameters. Results are updated and reported on a quarterly basis as part of the financial reporting. Main sensitivities as of 31/12/2023 are summarised in figure 2.



**FIGURE 2 SENSITIVITIES**

The solvency margin is most sensitive to property price falls, stock market falls, increased credit premiums and falling interest rates. Property price falls of 10% will reduce the solvency margin from 250% to 239%. A stock market fall of 25% will reduce the solvency margin to 247%, a 50bp increase in the credit spread and increase in volatility adjustment will

reduce the solvency margin to 238% and a 50bp falling interest rate (parallel shift yield curve) will reduce the solvency margin to 240%. An interest rate increase will increase the solvency margin.

#### **Targets for solvency and consistency with the capital plan**

Storebrand Livsforsikring has overall financial targets related to solvency and financial strength, profitability, and dividends. This is further described in the Storebrand Livsforsikring Annual report 2023.

There should be low risk for the solvency margins to fall below 100 percent. The level of solvency margin should be consistent with the goal of A credit-rating for Storebrand Livsforsikring AS.

The Group's capital plan is that surplus capital, above the target solvency level in subsidiaries, should be held in Storebrand ASA. This ensures flexibility and is a contingency for capital support to the Group's operating companies if needed.

The dividend policy of Storebrand Livsforsikring is that, as a main rule, the entire result can be distributed to Storebrand ASA. The board will evaluate if the solvency situation gives room to distribute dividends in addition to the annual result. The board wants a low probability that fluctuations, particularly in the financial market, shall require extraordinary measures or a call for additional capital from Storebrand ASA. For 2023, Storebrand Livsforsikring has set aside a net group contribution of NOK 3 056 million.

#### **Use of internal model for risk measurement and control**

Storebrand is developing its own model to measure risk. The model includes financial market risk and life insurance risk for Storebrand Livsforsikring and SPP. The model uses a large number of one-year scenarios that simulate outcome based on risk distribution of market and life insurance risks. The model calculates the entire probability distribution of the solvency capital in one year.

The model is used to better understand risks and as a supplement to the official capital requirement calculations based on the standard model. Example use cases include to improve investment strategies and as a foundation for investment decisions, to assess if life insurance risk is correctly priced, and to set risk appetite and capital goals. The model is used to measure risk in the ORSA process, for instance to assess if the standard model gives a correct capital requirement.

#### **Assessment of the system for risk management and internal control**

At least once a year, as part of the ORSA process, the Board assesses the system for risk management and internal control. The Board's assessment is that the organisation is appropriate in terms of the type, scope and complexity of the risks relating to Storebrand Livsforsikring's business.

### **B.4 INTERNAL CONTROL SYSTEM**

During 2023 there has not been changes that affects the internal control system in a material way.

The basis for good risk management and internal control is a good control environment represented by the attitudes, integrity, values and ethics of the Board, management, and employees, as well as the formal and operational organisation of the business. Operational risk is reduced with an effective system for internal control. Risks are followed up through management's risk review, with documentation, measures, and follow-up of incidents. As well as the internal audits functions independent control through board decided audit projects. To manage serious incidents in business-critical processes there is contingency and continuity plans.

Cyber risk is becoming an increasingly important operational risk. The threat picture for cybercrime is characterized by organized crime and increased geopolitical uncertainty. Technological developments enable the spread and increased automation of fraud, and an increasing targeting of cyber attacks. Our ability to manage cyber risk depends on good and proactive digital resilience. It involves an overall security strategy, good plans for crisis management and continuity for our critical business processes, as well as training and practice on relevant scenarios. This helps to reduce risk and increase the probability of good handling of unwanted incidents.

The insurance platform is built on purchased standardized systems that are controlled and followed up through outsourcing contracts. The life insurance platform is mostly self-developed, but parts of operations are outsourced. Administration of defined contribution pensions and unit linked, is managed in a purchased system solution.

Stable and secure technology and infrastructure are central to the business and to reliable financial reporting. Errors and service interruptions can affect the trust of both customers and shareholders. In a period of conversion to cloud-based

technology services, there is increased attention to complexity and integrations in existing solutions. Cloud-based services and infrastructure have good built-in security solutions, and reduce the risk associated with self-developed systems and, in the long term, outdated infrastructure. For those parts of the technology services that are outsourced, risk-based supplier follow-up has been established with the aim of managing the risks associated with the IT systems' development, management, operation and information security.

#### **The Compliance Function**

Storebrand Livsforsikring's Compliance Function reports to the Board and the Managing Director.

The responsibilities, duties and rights of the Compliance Officer are described in an instruction from the Board. The Compliance Officer shall support the management and the Board in their responsibility to ensure compliance with external and internal regulations. The Compliance Officer shall provide the Managing Director and the Board with independent reporting and a comprehensive overview of the most important activities related to advising, monitoring and securing compliance with internal and external regulations, in addition to providing an overall plan for priorities in the coming year.

The Compliance Officer will provide the Managing Director and the Board with independent monthly/quarterly reports that show the status for implemented controls, in addition to preparing an annual report with plans for activities in the coming year. Regulatory changes are reported to the Board annually or when required.

#### **B.5 INTERNAL AUDIT FUNCTION**

During 2023, there has not been changes that affects the functioning of the internal audit function in a material way.

Storebrand has entered into an agreement with Ernst & Young (EY) to provide the internal audit function for all companies in the Group. EY's responsible partner reports directly to Storebrand Livsforsikring's Board of Directors, which determines the internal audit function's instructions and annual plan.

The internal audit function assists the Board and the executive management in exercising good corporate governance by providing an independent and neutral assessment of whether the companies' most significant risks are adequately managed and controlled.

The internal audit function is direct responsible to the Board and the tasks shall be carried out independently of the areas and persons under audit. The internal audit function may conduct investigations at its own initiative, independently of the executive management.

#### **B.6 ACTUARIAL FUNCTION**

During 2023, there has not been changes that affects the actuarial function in a material way.

The Actuarial Function of Storebrand Livsforsikring reports to the Managing Director and the Board. The responsibilities, duties and rights of the actuarial function are described in instructions approved by the Board. The principal task of the actuarial function is to ensure that the calculation of the technical provisions for Solvency II are reliable and suitable. The function shall provide a statement about the guidelines for underwriting insurance and the suitability and effectiveness for the company's reinsurance programme. The function shall also contribute to the work of the risk management function, particularly in relation to the underwriting risk. The actuarial function submits a written report to the Storebrand Livsforsikring Board at least once a year, which assesses the degree of reliability and suitability of the calculation of the technical provisions.

Storebrand Livsforsikring' actuarial function shall act independently of the company's business. This entails that the function shall not decide, take responsibility for, or participate in the execution of the activities and services that are controlled in a manner that calls into question the independence or neutrality of the actuarial function. In connection with decisions that influence the company's technical provisions for Solvency II, the role of the function is to provide advice.

#### **B.7 OUTSOURCING**

Outsourcing is when Storebrand Livsforsikring use contractors to perform tasks that could alternatively have been carried out by the company's own employees. Storebrand Livsforsikring's Board has approved guidelines for outsourcing that apply both to outsourcing internally within the Storebrand group and outsourcing to external companies. Exceptions are purchase agreements and agreements for the provision of services that are of minor importance to the operational business of the company.

A fundamental principle for outsourcing is that Storebrand Livsforsikring always continues to be responsible for the activity that is outsourced. Storebrand Livsforsikring must therefore be able to carry out its obligations and verify the contractor's risk management and internal controls, including compliance with laws and rules for the outsourced activity. All outsourcing risks and due diligence are assessed in accordance with the Storebrand group's routines for compliance with The Transparency Act

Before an activity is outsourced, a risk assessment is always conducted. The outsourcing must be justified based on commercial considerations and regarding adequate operation and control, assurance of continual operation, effective supervision, and the relationship to our customers.

Storebrand Livsforsikring has outsourced services related to, among other things, business processes, IT infrastructure, operations and development, cloud services, internal audit, asset management and distribution (see Table 7 for more details). Storebrand Livsforsikring's Board receives an annual report on outsourced activities. The report provides an overview of outsourced tasks and the outsourcing is followed up. Relevant supervisory authorities are informed about outsourcing in accordance with applicable rules.

**TABLE 7 OVERVIEW OF THE COMPANY'S MAIN OUTSOURCED ACTIVITIES**

Contracting Partner	Activity	Jurisdiction
Mastercard Payment Services Norway AS	Solution for pension management	Norway
Munich Re Automation Solutions Limited	Health assessment	Ireland
Trapets AB	AML analysis	Sweden
Admincontrol AS	Archive services	Norway
Atea AS	Interaction platform	Norway
Cognizant Worldwide Ltd	Business processes, IT services & development	Great Britain
Ernst & Young AS	Internal audit	Norway
Google Ireland Limited	Cloud services	Ireland
Iron Mountain Norge AS	Generating customer documentation	Norway
J.P. Morgan Europe Limited, Oslo branch	Archive services	Norway
Microsoft Ireland Operations	Office 365	Ireland
Microsoft Ireland Operations	Analytics Platform	Ireland
Microsoft Ireland Operations	Azure Platform	Ireland
Merkle Outfox AB	Google Analytics, Optimize 360	Sweden
Tieto Sweden AB	IT services	Sweden
TietoEvry Norge AS	Pension payments	Norway
Enonic AS	Cloud services	Norway
Salesforce SFDC Ireland Limited	Cloud services	Ireland
Signicat AS	Digital identity solutions	Norway
Snowflake Computing Netherlands BV	Cloud services	Netherlands
Storebrand Asset Management AS (konsernintern)	Asset management	Norway
Storebrand Bank ASA (konsernintern)	AML services	Norway
Storebrand Forsikring AS (konsernintern)	Actuary and analytics services	Norway
Loyalty Customer Service AS	Distribution	Norway
Coop Norge SA	Distribution	Norway
Din Salgskonsulent AS	Distribution	Norway
Exito Assurance AS	Distribution	Norway
Formuesforvaltning Aktiv Forvaltning AS	Distribution	Norway
Front Forsikring AS	Distribution	Norway
Danske Bank	Distribution	Norway
Myre & Partnere AS	Distribution	Norway
Storebrand Bank ASA	Distribution	Norway
Union Forsikring AS	Distribution	Norway
Østfold Forsikring AS	Distribution	Norway
Eika Alliansen	Distribution	Norway
BBL Datakompetanse A	Distribution of collective products	Norway
Matrix Insurance AS	Distribution of collective products	Norway
Private Barnehagers Landsforbund	Distribution of collective products	Norway
RIF Forsikringservice AS	Distribution of collective products	Norway
Virke Forsikring AS	Distribution of collective products	Norway
Mastercard Payment Services Norway AS	Solution for pension management	Norway



#### **B.8 ANY OTHER INFORMATION**

The system for risk management and internal control is also described in the Storebrand Livsforsikring 2023 Annual Report, especially Note 5. Risk management and internal control.

## C. Risk profile

### C.1 UNDERWRITING RISK

Insurance risk (underwriting risk) is the risk of higher than expected claims and/or unfavourable changes in the value of an insurance liability due to the actual development differing from what was expected when premiums or provisions were calculated. The largest insurance risks for Storebrand Livsforsikring are longevity, disability, customer lapses and expense developments.

Other than the takeover of Storebrand Danica Pensjonsforsikring, there has not been material changes in the composition of the underwriting risk or in the measures to assess these risks during 2022.

Customers with traditional pension products in both Norway and Sweden can normally claim a guaranteed level of annual pension for the remainder of their lives. If the average life expectancy increases more than what has been assumed in the calculation of premiums and reserves, Storebrand Livsforsikring must cover the difference. Storebrand Livsforsikring also has some risk associated with increased longevity for surviving dependents. The most important method for controlling risk is that pricing and reserves assume that the trend towards increased longevity will continue. The actual development in longevity compared with the expected provides the basis for assessing whether pricing and reserves are adequate. Storebrand Livsforsikring also offers insurance that provides payment to surviving dependants in the event of death, whereby the risk is associated with more people dying prematurely. This risk is low in relation to the risk from increased longevity.

Storebrand Livsforsikring provides disability insurance, mainly in the form of group insurance for companies. Disability coverage can be linked to both traditional guaranteed pension products and defined contribution pensions. The risk is associated with more people than expected becoming disabled or fewer disabled people than expected returning to work. In Norway, historically there has been a connection between increased unemployment and increased disability.

Storebrand Livsforsikring also offers insurance cover relating to illness, accident or occupational injury. The risk, however, is limited due to this being a small part of the overall premiums.

For disability and other risk products, the risks are limited through obtaining health information before entering into insurance agreements with individuals or companies with few employees. For larger companies, the type of industry and statistics on illness are considered when calculating the premium. The risk is mitigated by monitoring risk results and, if necessary, adjusting the premium annually.

Storebrand Livsforsikring has entered reinsurance contracts to limit the risk associated with major damage or disasters. Reinsurance covers risks, exceeding a lower limit<sup>9</sup>, associated with major single events and disasters that cause two or more deaths or instances of disability. The company's maximum risk amount at its own expense is relatively high and the reinsured risk is therefore modest in size.

Due to future margins influencing the technical provisions, there is risk associated with profitable customers leaving the company (risk of lapse) or that expenses become higher than expected. The risk of lapse is particularly related to defined contribution pension contracts.

Provisions per 31/12/2023 is the company's best estimate and are considered to be sufficient.

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<sup>9</sup> This cover is also subject to an upper limit

### Storebrand Danica Pensjonsforsikring AS

Storebrand Livsforsikring bought Storebrand Danica Pensjonsforsikring AS in 2022. The companies merged on 2 January 2023 and through 2023 the insurance policies was transferred to Storebrand Livsforsikring's systems. The insurance risk from Storebrand Danica Pensjonsforsikring is mainly related to disability risk. Since Storebrand Danica Pensjonsforsikring has not offered lifelong old-age pensions with guarantees, the risk associated with increased life expectancy is marginal.

### C.2 MARKET RISK

Market risk is changes in the value of assets from unexpected changes in volatility or prices on the financial markets, including that the value of the technical provisions may develop differently from the assets, because of interest rate changes. The most significant market risks for Storebrand Livsforsikring are interest rate risk, equity market risk, property price risk, credit risk and exchange rate risk.

During 2023, there has not been material changes in the measures to assess the market risk. Other changes to the risk are described under the sub-paragraphs.

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

**TABLE 8 INVESTMENTS BY MAIN PORTFOLIO GROUPS**

	Guaranteed customer portfolios	Non-guaranteed customer portfolios	Company portfolios*
Real estate at fair value	11 %	3 %	2 %
Bonds at amortised cost	61 %	0 %	55 %
Money market	5 %	2 %	26 %
Bonds at fair value	1 %	23 %	0 %
Shares at fair value	6 %	68 %	1 %
Loans at amortised cost	14 %	2 %	14 %
Miscellaneous	2 %	2 %	2 %
<b>Total</b>	<b>100 %</b>	<b>100 %</b>	<b>100 %</b>

\*The current asset part of the company portfolio in Storebrand Livsforsikring and SPP

#### Guaranteed customer portfolios

For customer portfolios with a guarantee, the net risk for Storebrand Livsforsikring will be lower than the gross market risk. The extent of risk-reduction depends on several factors, the most important being the size and flexibility of the customer buffers and the level and duration of the guaranteed return. If the investment return is too low to meet the guarantee, the shortfall may be covered by using customer buffers built up from previous years' surpluses.

81% of the assets are invested in interest-bearing securities and loans. In Norway, most of the credit risk is from securities held at amortised cost, which significantly reduces the risk to the company's profit. 11% of the assets are invested in real estate and 6% in equity. As most of the assets in foreign currency are currency hedged, the currency risk is limited.

The market risk is managed by segmenting the portfolios based on risk-bearing capacity. For customers who have large customer buffers, assets are invested with higher market risk in order to improve expected returns. Equity risk is also managed dynamically with the aim of maintain good risk-bearing capacity by adjusting the financial risk to the buffer situation and the company's financial strength. By exercising this type of risk management, Storebrand Livsforsikring expects to create good returns each year and over time.

The risk is affected by changes in the interest rate level. The interest rate has risen through 2023, especially short interest rates. Rising interest rates are negative for the investment return in the short term as a result of the fall in bond prices, but it is positive in the long term because it increases the probability of getting a return higher than guarantee. In the Swedish operations, management of interest rate risk targets that the interest rate risk from the assets correspond to the interest rate risk from the insurance liabilities.

#### Non-guaranteed customer portfolios (Unit-linked insurance)

For defined contribution and unit-linked insurance, the customers can decide how to invest their funds. The most significant market risks are equity risk and currency risk.

The market risk is borne by the customer, meaning Storebrand Livsforsikring is not directly affected by changes in value. Nevertheless, changes in value do affect Storebrand Livsforsikring's profits indirectly. Income is based mainly on the size of the reserves, while the costs tend to be fixed. Lower than expected returns from the financial market will therefore have a negative effect on Storebrand Livsforsikring's future income and profit.

#### **Company portfolios**

The market risk in the company portfolios has a direct impact on the profit. Storebrand Livsforsikring aims to take low market risk for the company portfolios, and most of the assets are invested in short and medium-term fixed income securities with low credit risk. In addition, the ownership of daughter companies and other strategic investments are in the company portfolios. Storebrand Livsforsikring has hedged part of the value of its shareholding in SPP<sup>10</sup>.

#### **Prudent asset management**

The guaranteed portfolios are managed to deliver a minimum return. To ensure this, the portfolios are segmented based on, among other things, guarantee level, age of the policyholder and size of customer buffers. The risk is limited by investing in interest-bearing securities that correspond to the liability.

The exposure to market risk is dependent on the size of customer buffers. When buffers are sufficient, investment risk is increased to achieve a competitive return for customers. Dynamic equity allocation is used to adjust the investment risk to changes in risk-bearing capacity.

For unit-linked contracts, the customer makes the investment choice. Storebrand Livsforsikring's role is to offer a good and extensive range of funds, to assemble portfolios adapted to different risk preferences, and to offer systematic reduction of risk towards retirement age.

The company portfolios are a buffer for the insurance customers if there are insufficient funds in the customer portfolios to cover the pay-outs. In addition, the portfolios shall cover operating expenses and act as a liquidity buffer. The asset management should ensure sufficiently liquid portfolios with low correlation with the customer portfolios, combined with good returns relative to the risk.

#### ***Outsourcing of asset management to Storebrand Asset Management***

Storebrand Livsforsikring has outsourced the management of most of the investments to Storebrand Asset Management AS (SAM). The outsourcing is based on normal business terms, and the relationship is governed by an asset management contract. The Board of Storebrand Livsforsikring decide an investment strategy. Based on the investment strategy, SAM gets investment mandates with investment objectives (benchmarks) and degree of freedom. The investment results are continuously monitored by Storebrand Livsforsikring.

#### ***The investment strategy***

The investment strategy defines the framework for asset allocation, asset management, risk management and risk monitoring. For all portfolios, the investment strategy limits the investable types of assets. Derivatives are utilised only to reduce risk or increase efficiency in the asset management. The investment strategy has requirements for the tradability of assets and for adequate distribution of risk between e.g. different asset classes, countries, industries, and individual issuers.

#### ***Sustainability risks in the investment process***

Storebrand Livsforsikring considers sustainability risk, including climate risk, for all investments. The goal is to reduce the risk of the value of the investments being negatively affected by sustainability-related matters. The tools include the exclusion of companies, the ranking of companies based on various sustainability criteria and influencing companies through voting at the general meeting and meetings with the management.

Storebrand Livsforsikring will not invest in companies that can be linked to serious violations of human rights, serious environmental damage, corruption, or other financial crime. In addition, companies that produce or sell controversial weapons or have a significant share of sales from non-sustainable products such as tobacco, coal and oil sand are excluded. Other companies receive a sustainability score based on exposure to and management of sustainability risks that may affect the company's performance and value. The sustainability score is used to a variable extent in the investment process for various funds and portfolios, included that some funds and portfolios are overweighted companies

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<sup>10</sup> Owned through Storebrand Holding AB

which contributes to solutions of sustainability issues. The Investment strategi sets limits and goals for sustainability risks, among these requirements for minimum sustainability scores and goals for share in solution companies.

Further details on the Storebrand Group's sustainable investments can be found in the 2023 Annual report for Storebrand ASA.

#### *Assessment of credit risk irrespective of ratings*

For interest-bearing securities, the risk is managed through overall allocation to the various interest rate mandates, as well as by setting requirements for total maximum exposure per rating class and per individual issuer. The mandates given to managers also have rating requirements as part of their design. Storebrand uses external credit ratings in these contexts, as well as for several other purposes, including grouping and calculation of credit risk under the Solvency II standard model. Storebrand uses credit ratings from several rating agencies when available. Storebrand through the manager of the mandates, Storebrand Asset Management, also makes its own assessment of the credit risk of each individual investment, regardless of official rating.

#### *Management of the interest rate risk linked to the yield curve*

The yield curve that Storebrand Livsforsikring uses when valuing the technical provisions is based on extrapolation against a long-term Ultimate Forward Rate (UFR) and a spread in the form of volatility adjustment (VA). Both elements are part of the standard model for Solvency II. However, it is a requirement to assess the risk associated with these factors<sup>11</sup>.

Storebrand Livsforsikring assess this risk both as part of the ORSA process and as part of the ongoing risk management of the investment portfolio. Storebrand Livsforsikring calculates what the solvency position would have been without VA at least quarterly.

### **C.3 CREDIT RISK**

Credit risk is the risk of loss if a counterparty does not fulfil its debt obligations. This risk includes losses on lending and losses related to current accounts or failure of counterparties to perform under reinsurance agreements or financial derivatives. Credit losses related to the securities portfolio are categorised as market risk.

During 2023, there has not been material changes in the measures to assess the credit risk. Other changes to the risk are described under the sub-paragraphs.

The maximum limits for credit exposure to individual counterparties and for overall credit exposure to rating categories are set by the Board of Storebrand Livsforsikring as part of the investment strategy. Particular attention is paid to avoid concentration towards borrowers or sectors. Changes in the credit quality of debtors are monitored and followed up. Storebrand uses official credit ratings wherever possible, supplemented by our own credit assessment.

#### **Counterparty risk from derivatives**

Storebrand has entered into framework agreements with all counterparties to reduce the risk from outstanding derivative transactions. Amongst other things, these regulate how collateral is to be pledged against changes in market values which are calculated daily.

Collateral pledged in connection with futures and options is regulated daily, based on the change in margin for the individual contracts. As of 31/12/2023, Storebrand Livsforsikring AS had pledged collateral of NOK 2 833 million. and received collateral of NOK 4 305 million. The net received collateral totalled NOK 1 472 million. Collateral is received and pledged in the form of cash and securities.

Further details on collateral can be found in Note 42 Collateral and Note 10 Credit Risk in the Storebrand Livsforsikring 2023 Annual Report.

#### **Loans and mortgages**

Most of the loans given by the Storebrand Group are mortgages to retail customers. The mortgages are granted and administered by Storebrand Bank, but a significant share is transferred to Storebrand Livsforsikring on market terms and held as part of the investment portfolio. Storebrand Livsforsikring also holds loans to corporates as part of the investment portfolios.

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<sup>11</sup> The Solvency II regulation to the Financial Institutions Act, §25.

As of 31/12/2023, Storebrand Livsforsikring has provided loans and mortgages to customers, including unused credit limits, for a total of NOK 21.5 billion. (NOK 21.9 billion). NOK 17.2 billion are to retail market customers, mainly by means of low-risk home mortgages. Loans and mortgages are described in more detail in Note 10 in the Storebrand Livsforsikring 2023 Annual Report.

#### **C.4 LIQUIDITY RISK**

Liquidity risk is the risk that the company is unable to fulfil its obligations without incurring substantial additional expense in the form of reduced prices for assets that must be realised, or in the form of especially expensive financing.

During 2023, there has not been material changes in the measures to assess the liquidity risk.

For Storebrand Livsforsikring, insurance liabilities are long-term, and the cash flows are generally known long before they fall due. In addition, sufficient liquidity is required to be able to handle payments in daily business operations as well as for derivative contracts. The liquidity risk is managed by liquidity forecasts and the fact that portions of the investments are in liquid securities, such as government bonds. The liquidity risk is considered low based on these measures.

In addition, the Group's parent company, Storebrand ASA, has established a liquidity buffer. The development of the liquid holdings is monitored continuously at the Group level in relation to internal limits.

The value of profits from future premiums that are within the contract boundary is included in the solvency capital. This is further described in Chapter E.1 Own Funds. The margin from future premiums is a capital element that may have less liquidity than other capital. Liquidity planning is based on data from the financial statements. The margin from future premiums is not included in the financial statements. The size of the margin from future premiums is therefore of limited relevance in terms of liquidity risk or liquidity management strategies.

#### **C.5 OPERATIONAL RISK**

Operational risk is the risk of financial loss due to inadequate or failing internal processes or systems, human error or external events.

During 2023, there has not been material changes in the measures to assess the operational risk.

Risk is assessed as a combination of how often it may happen (probability) and consequence. In addition to direct financial loss and additional work, the consequences for customers, products/services and regulatory compliance are assessed and measured. When the risk assessment concludes that the risk exceeds acceptable levels, measures must be established to reduce the risk (probability and/or consequences).

Storebrand Livsforsikring seeks to reduce undesired operational risk through an efficient internal control system. Risks are handled through the management's risk reviews, with documentation of risks, risk-reducing measures, and the follow-up of incidents. Storebrand's control functions also include employees with responsibility for controlling operational risk. In addition, the internal audit function carries out an independent control in accordance with audit projects adopted by the Board.

Contingency and resolution plans have been prepared to deal with serious incidents in business-critical processes.

#### **C.6 OTHER MATERIAL RISKS**

##### **Concentration of risks**

Most of the risk for Storebrand Livsforsikring is linked to the guaranteed pension products, which are largely the same for Norway and Sweden. The equity, property and bond portfolios are diversified to ensure a low concentration of risks in terms of geography, industries, and individual companies. The market risk will depend significantly on global circumstances that influence the investment portfolios in all businesses. The insurance risk is more independent for the various companies, but the longevity risk can be influenced by universal trends.

Each company's investment strategy applies limits for the concentration of risks in terms of maximum exposure against individual companies and rating classes. The insurance risk strategy limits the allowed maximum exposure towards disasters (reinsurance).

### **Climate risk**

Storebrand is exposed to climate risk, both business-wise, for investments including property and for insurance obligations. Both physical climate changes and risks from the transition to low emissions can have an impact. For Storebrand, transition risk has the greatest importance, especially in the short and medium term.

The biggest risk is from the investments. Given a rapid transition to low emissions, the value of shares and bonds in companies with large climate emissions may fall. Lower returns can affect results because income depends on the value of investments. The life insurance obligation can also change if the financial markets are affected by climate risk. The risk can turn out to be a cost for the guaranteed pension obligation, especially in scenarios where the investment return is lower than the return guarantee. Storebrand has a climate strategy which means that exposure to shares and bonds in fossil fuel companies is limited. Emissions of greenhouse gases in relation to turnover for the overall investment portfolio are lower than the general market. The risk can be offset somewhat by Storebrand's investments in solution companies that will benefit from a rapid transition to low emissions. But these companies also have a risk of a fall in value, especially if the transition to low emissions is slower than expected.

Physical climate changes can also affect the value of the investments. Storebrand has a well-diversified portfolio of shares and bonds, both geographically, across industries and towards individual companies. It limits the risk from some parts of the world, some industries and some companies experiencing large falls in value as a consequence of climate change. But climate change can also lead to lower economic growth and lower investment returns for the wider market, especially in the long term.

For investments that are priced in an active market, Storebrand's valuation is based on climate risk being taken into account in the market's pricing. It has not been identified that climate risk associated with investments has had a significant impact on the annual result for 2023.

Storebrand has climate risk from real estate investments. There is a transition risk from the fact that there may be high costs for adapting buildings to achieve lower climate emissions. There is also physical risk, especially from increased incidence of extreme rainfall and flooding.

The valuation of property is based on information that is not observable, level 3, ref. note 13 in the annual report. Climate risk can affect the valuation both through calculated cash flows and yield requirements for the property. The cash flow can be affected, for example, because climate change creates a need for upgrades or because the ownership costs are affected by the building's energy efficiency. The property's environmental standard is one of the factors considered when the return requirement is set.

Business-wise, Storebrand has a risk that there may be lower demand for our products if customers are negatively affected by climate risk. A rapid transition to low emissions could affect the Norwegian economy in general and the oil sector in particular.

In Norway, there is usually a connection between unemployment and disability. Negative effects for the Norwegian economy of a rapid transition to low emissions can therefore result in more cases of disability.

### **Business risk**

We divide business risk into external risk and strategic risk. External risk arises from events or threats over which the business has no influence or control. This could be, for example, a change in framework conditions, social conditions, cyber attacks, economic fluctuations, natural disasters, etc. Strategic risk is risk that the business consciously takes with the aim of achieving profit. Examples of this are investments in organic growth and mergers and acquisitions. The company does not quantify business risk. The risk is instead described qualitatively and discussed in the board, which also adopts measures to limit the risk, if necessary.

### **Compliance risk**

The risk that the business does not comply with requirements or obligations arising from external and internal regulations. There must be a low probability of Storebrand losing its reputation, losing major customers or receiving financial sanctions as a result of operational incidents. Risk targets and frameworks for compliance risk follow the same framework as for operational risk. Risk must be measured as a combination of probability and consequence. Risk must be assessed in the dimensions of loss of licence, sanctions/fines, orders for rectification/no financial sanction, extraordinary measures or simple error correction. The compliance function assesses and reports on Storebrand life insurance's compliance risk to the CEO and the board through half-yearly compliance reports.

**Customer risk**

Customer risk is the risk that the customers' interests are not looked after in the best way in accordance with the company's ethical rules and applicable legal requirements, seen from the customer's perspective. There must be a low risk of our products and services not safeguarding our customers' interests. Customer risk is assessed in the framework for operational risk, and is included as a basis for assessing reputational risk.

**Model risk**

Risk of loss as a consequence of decisions based on the results of models that are due to errors in model development, implementation or use of models. A model can be a quantitative method, a system or approximation method that uses statistical, financial or mathematical theories, techniques and assumptions to process input data into quantitative estimates.

There must be a low probability that errors in models or the use of models will cause significant financial losses or damage Storebrand's reputation.

**Emerging risk**

Emerging risk is a new risk, or a known risk that changes character or affects in new ways, which is expected to increase. The risk from emerging risks must be within the normal limits for the risk area to which it belongs.

**C.7 ANY OTHER INFORMATION**

Information regarding the risk situation can also be found in the Storebrand Livsforsikring 2023 Annual Report, particularly the risk chapters and Notes 5–12.



## D. Valuation for solvency purposes

### D.1 ASSETS

There have not been any material changes to the recognition and valuation bases used during 2023.

#### Overview of assets in the solvency balance sheet

Total assets for Solvency II amount to NOK 505,5 billion (398.7 billion). NOK 211.5 billion hereof is investments and loans linked to guaranteed customer portfolios or the corporate portfolio. Index-linked and unit-linked insurance assets total NOK 208.8 billion, while other assets total NOK 85.2 billion.

**TABLE 9 ASSETS IN THE SOLVENCY BALANCE SHEET**

(NOK million)	12/31/2023	12/31/2022
Deferred tax assets	0	306
Investments (other than assets held for index-linked and unit-linked contracts)	211 491	203 829
<i>Holdings in related undertakings, including participations</i>	36 440	37 677
<i>Equities</i>	14 114	11 957
<i>Equities – listed</i>	42 671	35 519
<i>Equities – unlisted</i>	87 811	91 086
<i>Bonds</i>	142 603	140 335
<i>Government bonds</i>	42 671	35 519
<i>Corporate bonds</i>	87 811	91 086
<i>Structured bonds</i>	12 121	13 730
<i>Collective Investments Undertakings</i>	16 130	10 695
<i>Derivatives</i>	2 137	2 953
<i>Deposits other than cash equivalents</i>	67	211
Assets held for index-linked and unit-linked contracts	208 820	151 837
Loans and mortgages	20 212	20 298
Reinsurance recoverables	2	6
Cash	9 213	7 724
Other assets	55 802	14 694
<b>Total assets</b>	<b>505 539</b>	<b>398 695</b>

During 2023, total assets increased by NOK 106.8 billion, of which unit-linked insurance assets increased by NOK 57 billion.

#### Main principles for valuation of assets

For Solvency II, assets are appraised at fair value. The valuation principles largely coincide with the principles for fair value accounting for International Financial Reporting Standards (IFRS). The accounts for Storebrand Livsforsikring AS have been prepared in accordance with the Norwegian GAAP (NGAAP), which largely coincides with IFRS.

Storebrand Livsforsikring conducts a comprehensive process to ensure that financial instruments are valued as closely as possible to their market value. This is described in more detail in Note 1 Company information and accounting policies and Note 13 Valuation of financial instruments and real estate in the 2023 Annual Report for Storebrand Livsforsikring.

## Differences in valuation between Solvency II and the financial statements

The main differences from the financial statements are due to intangible assets, bonds, loans and mortgages, subsidiaries, as well as deferred tax assets.

**TABLE 10 DIFFERENCES BETWEEN SOLVENCY II AND THE FINANCIAL STATEMENT (NGAAP)**

(NOK million)	Solvency II	Financial statement	Difference
Intangible assets		1 392	-1 392
Deferred tax assets	-243	1 101	-1 123
Holdings in related undertakings, including participations	36 440	35 271	1 169
Added value – bonds and loans at amortised costs	-10 496		-10 496
Miscellaneous	14 530		14 530
Reinsurance	2	175	-173
<b>Total</b>	<b>40 233</b>	<b>37 940</b>	<b>2 293</b>

### *Intangible assets*

Intangible assets shall, according to the Solvency II principles, be valued at zero in the solvency balance sheet. The difference gives a NOK 1392 million lower valuation for the solvency balance sheet.

### *Deferred tax liabilities/assets*

Changes in value when transitioning from NGAAP to Solvency II also affects the company's tax situation. This applies to all changes in value except for changes in value for subsidiaries and holdings in related undertakings, including participations. As a result, Storebrand Livsforsikring goes from having a deferred tax asset under NGAAP of NOK 1 101 million to a tax liability under Solvency II of NOK 243 million.

### *Subsidiaries & holdings in related undertakings, including participations*

For Solvency II, insurance subsidiaries subject to Solvency II shall be valued at their respective solvency capital/own funds. This applies to Storebrand Holding AB (owner of SPP). For non-regulated subsidiaries, the equity value from the financial statement is used as a reference for assuming the approximate fair value (excluding goodwill and intangible assets). All subsidiaries are recognised at historic cost in the financial statement. See Table 11.

**TABLE 11 SUBSIDIARIES & HOLDINGS IN RELATED UNDERTAKINGS, INCLUDING PARTICIPATIONS**

(NOK million)	Solvency II	Financial statement	Difference
<b>Subsidiaries &amp; holdings in related undertakings, including participations</b>	Valuation principle	Value	Valuation principle
Storebrand Holding AB	Own funds	14 179	Historic cost
Non-regulated subsidiaries <sup>12</sup>	Equity method excluding any goodwill and intangible assets	22 261	Historic cost
<b>Total for subsidiaries &amp; holdings in related undertakings, including participations</b>		<b>36 440</b>	<b>35 271</b>
			<b>1 169</b>

The non-regulated subsidiaries are mainly pension-service companies. Overall, subsidiaries and holdings in related undertakings, including participations, are valued at NOK 1 169 million higher in the solvency balance sheet.

### *Bonds, loans and mortgages*

Financial assets that are valued at amortised cost in the financial statements shall be valued at fair value in the solvency balance sheet. This applies to bonds at amortised cost and bonds classified as loans. Valuation at fair value in the solvency balance sheet is NOK 10.5 billion lower than the valuation at amortised cost, ref. Note 33 in the Annual Report for 2023 for Storebrand Livsforsikring.

### *Contingent liabilities*

Other differences between the valuation of assets for Solvency II and the financial statements must be seen in relation to corresponding changes in the liabilities. The main difference is that Storebrand Livsforsikring has assumed liabilities relating to non-paid-up capital, mainly related to private equity and infrastructure funds. These are entered as a liability for

<sup>12</sup> Storebrand Pensjonstjenster AS, Norsk Pensjonskontoregister and Norsk Pensjon AS.

Solvency II, with a corresponding item on the assets side. This increases the assets side in the solvency balance sheet by NOK 14.5 billion compared to the financial statements. This is included in the "other assets" entry in Table 1.3. The own funds are not affected by this difference in assessment.

## D.2 TECHNICAL PROVISIONS

During 2023 assumptions are updated based on new history.

Under Solvency II, the insurance liabilities (technical provisions) are appraised at fair value (market value). In principle, the technical provisions are valued at what they realistically could be traded for in a free market. Since there is no active secondary market for the purchase and sale of technical provisions, and hence no observable market price, the fair value is calculated based on a model. This deviates from the valuation in the financial statements described in Note 1, Paragraph 3 of the Annual Report for 2023 for Storebrand Livsforsikring.

The valuation in the solvency balance sheet is based on a best estimate for net cash flow from the insurance company to the customer. The cash flow is discounted by risk-free market interest rates. The best estimate is split between a guaranteed provision and discretionary benefits. Due to the uncertainty, the provisions shall include a risk margin in addition to the best estimate.

See Figure 3 for details on the solvency balance composition and calculation of technical provisions.

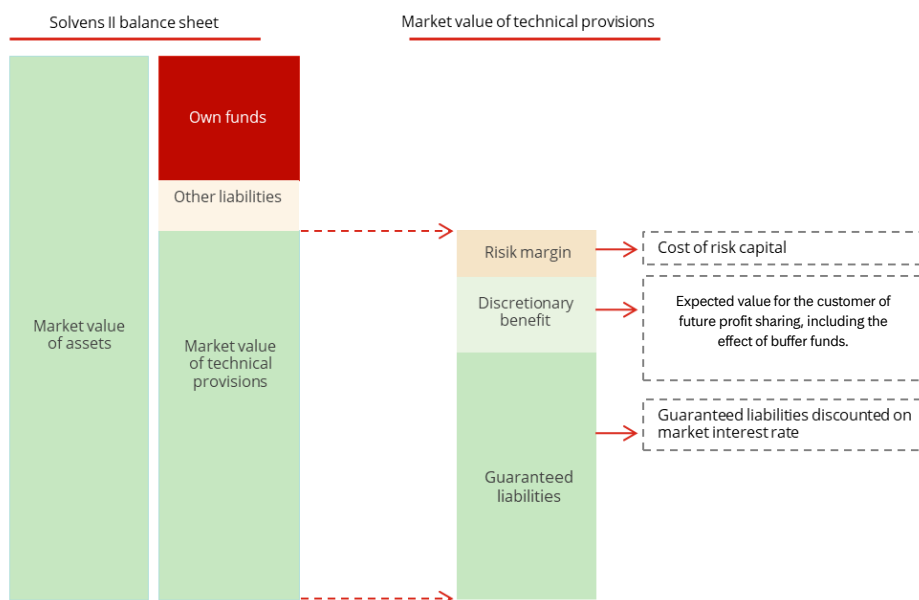


FIGURE 3 ELEMENTS IN THE SOLVENCY II BALANCE SHEET

### Method for valuation of the technical provisions / insurance liabilities

#### Best estimate

The model calculates the net cash flow from the insurance company to the customer. All ingoing and outgoing payments are estimated, including future premiums that are part of the contract, expenses, insurance events, investment returns, pensions paid, lapses and transitions to other schemes. For guaranteed portfolios with profit sharing, the uncertainty is modelled using the ESG as described below. The probability-weighted cash flow is discounted using risk-free market interest rates to find the best estimate. For the calculation as of 31/12/2023, Storebrand Livsforsikring calculated cash flows for the next 60 years, as well as a residual value for the 60th year.

The best estimate of the value of the insurance liability / technical provisions is divided into guaranteed provision and discretionary benefits. The discretionary benefit is the part of the best estimate that is the result of future profit sharing; that is, added returns to the customer beyond the guaranteed amount. For the cash flows, differences in profit sharing between the products and the various buffer elements (buffer reserves, risk equalisation reserves)

### Risk margin

Since the best estimate is associated with uncertainties, a risk margin is calculated to cover the cost of holding risk capital. The risk margin only applies for capital requirements that cannot be hedged. In practice, this means insurance risk, counterparty risk and operational risk, because it is assumed that the market risk can be hedged.

Storebrand Livsforsikring has calculated the risk margin pursuant to method 2 in the Solvency II Directive. Product-specific parameters are used to calculate the underlying capital requirement. The simulated future capital requirements are diversified, and the present value of a capital cost of 6% for these capital requirements is calculated.

Table 12 shows the value of technical provisions by the best estimate and risk margin for Storebrand Livsforsikring's product areas.

**TABLE 12 TECHNICAL PROVISIONS**

(NOK million)	Best estimate	Risk margin	Technical provisions 2023	Technical provisions 2022
Defined-benefit pension	41 347	554	41 901	37 351
Paid-up policies	133 967	1 690	135 656	137 883
Traditional individual capital and pension	8 334	138	8 471	9 414
Other life insurance*	7 501	187	7 688	5 562
<b>Sum traditional life insurance</b>	<b>191 148</b>	<b>2 568</b>	<b>193 716</b>	<b>190 210</b>
Private Unit Link	42 075	839	42 915	33 950
Defined contribution, including pension capital certificates	157 284	1 946	159 230	113 677
<b>Sum index-linked and unit-linked insurance</b>	<b>199 439</b>	<b>2 785</b>	<b>202 224</b>	<b>147 626</b>
Group life (health similar to life)	1 859	28	1 887	1 570
Non-life (health similar to non-life)**	761	14	776	737
<b>Total</b>	<b>393 208</b>	<b>5 396</b>	<b>398 603</b>	<b>340 143</b>

\*Hybrid, ITP risk and LKB saving

\*\*Worker's compensation, critical illness and disability/accident insurance

The total technical provisions for Storebrand Livsforsikring amounted to NOK 398.6 billion (NOK 340.1 billion), based on a best estimate of NOK 393.2 billion and a risk margin of NOK 5.4 billion. That is a increase of NOK 53.1 billion during 2023. Guaranteed products account for roughly 49% of the provisions, defined contribution and other unit-linked insurance for roughly 51%, and other products for less than 1%.

### Difference between Solvency II and the financial statements

Table 13 shows the value of technical provisions in the financial statements and under Solvency II.

**TABLE 13 PROVISIONS UNDER SOLVENCY II AND IN THE FINANCIAL STATEMENT**

(NOK million)	Solvens II	Finansregnskapet	Forskjell
Technical provisions	<b>398 603</b>	<b>416 444</b>	17 841
Traditional life insurance	193 716	204 333	10 617
Unit linked insurance	202 224	209 317	7 093
Group life (health similar to life)	1 887	2 005	118
Non-life (health similar to non-life)	776	788	13
Subordinated liabilities	<b>10 712</b>	<b>10 610</b>	-102
Contingent liabilities	<b>14 530</b>		-14 530
<b>Total</b>	<b>423 845</b>	<b>427 054</b>	<b>3 209</b>

Total technical provisions are valued at NOK 398.6 billion for Solvency II, which is NOK 17.8 billion lower than in the financial statements.

### ***Traditional life insurance***

The valuation in the solvency balance sheet varies from the financial statements. Reasons for this include:

- The valuation in the solvency balance sheet is based on risk-free market interest rates, whereas the valuation in the financial statements is based on the guaranteed rate.
- The valuation in the solvency balance sheet includes both guaranteed benefits and discretionary benefits (future profit sharing). The valuation in the financial statements only includes the guaranteed benefits (the premium reserve).
- The valuation in the solvency balance sheet includes the market value of the interest rate guarantee.
- The valuation in the solvency balance sheet includes the cost of holding capital in the form of a risk margin.
- Expected future margins for Storebrand Livsforsikring reduces the liability for the solvency balance sheet.

## **BASIS FOR CALCULATIONS**

### **Data sources**

The data are retrieved from the various insurance systems. To reduce computation time, similar portfolio data are grouped into model points.

### **Overview of main assumptions**

#### ***Contract boundary***

Under Solvency II, future premiums are included in the calculation of the technical provisions if these are part of an existing liability, i.e. that the insurance company is exposed to the risk associated with their future premiums. In cases where premiums are within the contract boundary, premium developments are modelled based on historical premium payment patterns.

Future premiums are not included in cases where Storebrand can unilaterally terminate the contract, or the contract can be re-priced to reflect current risk evaluations. In this perspective, the majority of Storebrand's future premiums fall beyond the contract boundary and are not included in the model. The exceptions are:

- Premiums until the first policy anniversary date for risk products.
- Premiums for traditional, individual pensions where the customer can pay future premiums, and Storebrand Livsforsikring may not re-price or terminate the contract. The annual premiums from these contracts are in rapid decline, as the portfolio is nearly closed for new sales, and many contracts are reaching the pay-out phase.
- Premiums for occupational pension contracts to cover costs on existing reserves. Companies are required by Norwegian law to cover all expenses linked to occupational pension schemes, so that the existing reserve cannot be used to cover expenses. For defined benefit pension contracts, a margin for the cost of the interest rate guarantee, risk and administration is included. For defined contribution pensions, management and administration fees are included.

#### ***Revenues***

Generally, projections of revenue are based on actual income levels that correspond to the income in the financial statements. Revenue is projected based on the price structure and expected developments for the various products, usually in terms of a share of the total reserve or G-regulated per contract (G=National Insurance basic amount).

#### ***Expenses***

The expense projection is based on actual expenses per product area based on the cost allocation model used for the financial statements. A distinction is made between portfolio expenses, acquisition expenses and non-recurring expenses. Non-recurring or one-off expenses and most of the acquisition expenses are excluded from projections, to ensure consistency between the expense projection and the contract boundary. For products with future premiums within the contract boundary, the relevant portion of the acquisition expense is included. Expenses are projected partly based on reserve developments and partly based on a unit expense for individual contracts. The unit expenses are adjusted for inflation.

#### ***Biometric assumptions***

Biometric assumptions include longevity, mortality, disability, and reactivation (disabled who become employable). The assumptions are consistent with the observed portfolio developments. The assumptions are assessed annually and updated when required.

A dynamic model is used for longevity; that is, estimated mortality at a given age decreases for people born in later years.

### *Lapses and product conversion*

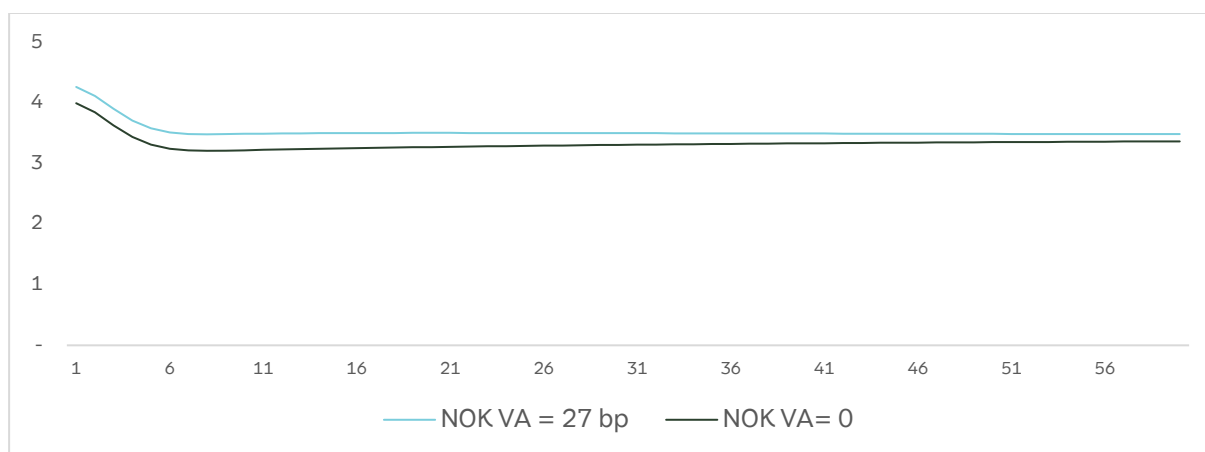
Assumptions are determined per product and updated annually. As a rule, historical observations over the past 3-5 years are used. Exceptions can be made in cases where the historical data is not considered relevant for the future, e.g. due to changing prices or new regulations. This applies to developments in the defined benefit pension market and for transition from paid-up policies to paid-up policies with investment choice.

### *Tax*

Taxes are not considered when projecting cash flows. However, changes in the valuation of technical provisions will affect the company's estimated tax situation.

### *Financial assumptions*

The risk-free yield curve is used both for discounting cash flows and for estimating future returns. The yield curve is published by EIOPA. Storebrand uses the risk-free yield curve, including the volatility adjustment (VA). The volatility adjustment was 27 bp as of 31/12/2023, compared to 5 bp as of 31/12/2022.



**FIGURE 4 SPOT RATES INCLUDING/EXCLUDING VA**

Without the volatility adjustment, the value of technical provisions before the transitional rule increases by NOK 1.8 billion. The effect on the solvency capital and solvency margin is described in Chapter E.2 Solvency Capital Requirement and Minimum Requirement.

In Norway, there is no active market for inflation-linked bonds, and the inflation assumption is set at 50 percent of the risk-free interest rate. Collective wage growth (G adjustment) is set at the rate of inflation plus 1.9 percentage points.

### *Economic Scenario Generator (ESG)*

To calculate the time value of options and guarantees, a Monte Carlo simulation based on 1000 risk-neutral stochastic scenarios generated in an economic scenario generator (ESG) has been used. Scenarios are created based on the risk-free interest rate curve and consider market pricing of the volatility of interest rates, equities, credit, and property. The asset allocation is set to match the actual allocation on the calculation date and is changed during the projection based on the way Storebrand adjust the investment portfolios to risk bearing capacity.

### *Management actions*

To provide a realistic picture, it is necessary to implement management actions in the calculations. These management actions correspond to business practises and is documented.

### **Uncertainty associated with the valuation of the technical provisions**

The degree of uncertainty in the calculations of the technical provisions is driven by uncertainty in the underlying assumptions. Uncertainty is greatest if there is no relevant historical or market data on which to base the assumptions. Storebrand Livsforsikring considers there to be uncertainty relating to, among other things, the following assumptions:

- *The yield curve* is provided by EIOPA, but is based on a number of uncertain assumptions, including the method used for extrapolation, the time for reaching the ultimate forward rate (UFR), the UFR level and the volatility adjustment (VA) level.

- *Conversions to defined benefit schemes.* A faster than expected conversion from active defined benefit schemes to paid-up policies will increase the value of the technical provisions. A slower conversion will reduce the provisions.
- *Lapse assumptions.* Higher than expected lapse will reduce the provision while lower lapse will increase the provision.
- *Revenues from unit-linked contracts.* Lower than expected revenues will increase the provision. The effect will be less for the solvency margin because the capital requirements will also be reduced.
- *Expenses, particularly the division of expenses between acquisition and operating expenses.* Lower expenses will reduce technical provisions, while increased expenses will increase technical provisions. The effect will be counteracted by changed capital requirements, particularly for unit-linked contracts.

As part of the ORSA process, sensitivity analyses are performed to estimate the value of the technical provision, solvency capital and the capital requirements for alternative levels of interest rates, customer behaviour, revenues and expenses, among other things. The purpose is to increase the understanding of the sensitivity of the calculations, among other things.

### D.3 OTHER LIABILITIES

There have not been any material changes to the recognition and valuation bases used during 2023.

Liabilities other than technical provision amount to NOK 72.3 billion under Solvency II (NOK 28.6 billion). The valuation is essentially the same for Solvency II as for the financial statements, but some discrepancies arise due to differences in accounting principles. The most important differences are explained below.

**TABLE 14 OTHER LIABILITIES**

(NOK million)	12/31/2023	12/31/2022
Contingent liabilities	14 530	10 982
Pension benefit obligations		
Deferred tax liabilities	243	
Derivatives	2 090	3 551
Insurance & intermediaries payables	44 726	4 449
Subordinated liabilities	10 712	9 661
<b>Sum other liabilities</b>	<b>72 300</b>	<b>28 643</b>

#### *Contingent liabilities*

Storebrand Livsforsikring has undertaken liabilities linked to unpaid capital, primarily related to private equity and infrastructure funds. This is a liability in the Solvency II balance sheet, with a corresponding entry on the assets side; see also section "Other" under "Differences in valuation between Solvency II and the financial statements" in Chapter D.1. This increases the liabilities in the Solvency II balance sheet by NOK 14.5 billion compared to the financial statements.

#### *Deferred tax liabilities*

The difference in deferred tax liabilities is the net tax effect of the change in value upon transitioning to Solvency II, including transitional on technical provisions, based on a tax rate of 25%. See chapter D.1 Assets.

#### *Derivatives*

The principle for valuation of derivatives is consistent with the principle applied in the financial statements; however, deviations occur since derivatives in unit-linked insurance are booked net under Solvency II, as opposed to gross under NGAAP.

#### *Insurance & intermediaries payables*

The principle for valuation of insurance and intermediaries' payables is consistent with the principle applied in the financial statements.

#### *Subordinated liabilities*

Subordinated liabilities are valued at fair value under Solvency II, but valued at amortised cost in the financial statements, which results in a NOK 102 million higher valuation in the solvency balance sheet. See also Chapter E.1 Own Funds.

#### **D.4 ALTERNATIVE METHODS FOR VALUATION**

Storebrand's valuation principles for assets that cannot be valued based on quoted prices are described in detail in Note 13 of Storebrand Livsforsikring's 2025 Annual Report.

#### **D.5 ANY OTHER INFORMATION**

The description of valuation for solvency purposes is covered by the descriptions given in the preceding sections.



## E. Capital management

Storebrand manages the levels of equity and loans in the Group to secure an optimal structure. The level is adapted to changes in the financial risk and capital requirement. The rate of growth and composition of business segments are important drivers for the need for capital. The purpose of capital management is to ensure an efficient capital structure and provide an appropriate balance between internal goals and regulatory requirements. This balance functions as the foundation that supports the company's growth strategy, while at the same time freeing capital for return to shareholders. Storebrand Livsforsikring's goal is a solvency margin above 150 percent.

Storebrand Livsforsikring's Board reviews the capital plan, financial plan and ORSA to ensure consistency between business objectives, risk exposure and capital. The financial and capital plans are prepared with at least a three-year horizon.

Storebrand Livsforsikring has provisioned for NOK 3 056 billion in group contribution to Storebrand ASA for 2023. This is deducted from own funds as of 31/12/2023, in anticipation of the actual payout in 2024.

### E.1 OWN FUNDS

Storebrand Livsforsikring's own funds (solvency capital) amount to NOK 40.5 billion, an increase of NOK 3.1 billion from 2022. The own funds are segmented into groups depending on quality and availability. Table 15 shows the composition of Storebrand Livsforsikring's own funds and their distribution in Tier 1 (restricted and unrestricted), Tier 2 and Tier 3 capital.

TABLE 15a OWN FUNDS (SOLVENCY CAPITAL) AS OF 12/31/2023

(NOK million)	Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
Ordinary share capital	3 540	3 540			
Share premium account related to ordinary share capital	9 711	9 711			
Reconciliation reserve	17 262	17 262			
Subordinated liabilities	9 847		1 912	7 935	
Deferred tax assets	0				
Risk equalisation reserve	1 067			1 067	
Tier 3 cap	-904				-904
<b>Total eligible own funds to meet the solvency capital requirement</b>	<b>40 523</b>	<b>30 513</b>	<b>1 912</b>	<b>9 002</b>	
<b>Total eligible own funds to meet the minimum capital requirement</b>	<b>33 806</b>	<b>30 513</b>	<b>1 912</b>	<b>1 380</b>	

**TABLE 15b OWN FUNDS (SOLVENCY CAPITAL) AS OF 12/31/2021**

(NOK,million)	Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
Ordinary share capital	3 540	3 540			
Share,premium account related to ordinary share capital	9 711	9 711			
Reconciliation reserve	13 658	13 658			
Transitional on Technical Provisions	9 661		1 894	7 766	
Subordinated liabilities	306				306
Deferred tax assets	809			809	
Risk equalisation reserve	-231				-231
<b>Total eligible own funds to meet the solvency capital requirement</b>	<b>37 454</b>	<b>26 909</b>	<b>1 894</b>	<b>8 576</b>	<b>75</b>
<b>Total eligible own funds to meet the minimum capital requirement</b>	<b>30 121</b>	<b>26 909</b>	<b>1 894</b>	<b>1 317</b>	

Tier 1 capital represents capital of the best quality in terms of loss-bearing capability and must be available to cover any loss at any time. Tier 1 consists of paid-in capital and reconciliation reserve. Also included are perpetual subordinated loans with up to 20% of tier 1 capital. Storebrand Livsforsikring's Tier 1 capital amounts to NOK 32.4 billion, which accounts for 80% of the company's total own funds (solvency capital). NOK 30.5 billion hereof is unrestricted.

Other subordinated loans (non-perpetual) and risk equalisation reserves are categorised as Tier 2 capital. Deferred tax assets are categorised as Tier 3 capital. Tier 3 capital can cover up to 15% of the solvency capital requirement and Tier 2 and Tier 3 capital combined can cover up to 50% of the solvency capital requirement. Storebrand Livsforsikring's Tier 2 capital amounts to NOK 9 billion (20 % of total own funds) and Tier 3 capital amounts to NOK 0 mill. The Tier 2 and Tier 3 capital combined covers 55% of the solvency capital requirement and entails a cap on the solvency capital of NOK 904 mill.

Storebrand Livsforsikring has a minimum capital of NOK 33.8 billion, of which NOK 32.4 billion is categorised as Tier 1 capital. Tier 1 capital accounts for 96% of the total eligible own funds to meet the minimum capital requirement. Tier 2 capital can cover up to 20% of the minimum capital requirement and is therefore limited to NOK 1.4 billion.

#### Expected profits in future premiums

The value of expected profits in future premiums (EPIFP) amounts to NOK 3.3 billion. This is part of the reconciliation reserve and counts as Tier 1 capital. Only profits from future premiums that fall within the contract boundary are included. This is described in more detail in the section on contract boundaries in Chapter D.2 Technical Provisions.

#### Subordinated loans

Subordinated loans amount to NOK 10.7 billion. In the fourth quarter Storebrand Livsforsikring took out a subordinated loan of NOK 1 billion of Tier 1 quality. This is a refinancing of a NOK loan that will be repaid early at the end of March 2024. The loan that will be repaid early in March has been taken out of the solvency calculation at the end of the year, and a call notice has been sent for this.

**TABLE 16 SUBORDINATED LOANS**

Nominal value (million)	Currency	Solvency II (NOK million)	Financial statement (NOK million)	Right of repurchase	Transitional rules (grandfathering)
-1 000	SEK	-1 010	-1 004	2024	No
-900	SEK	-907	-907	2025	No
-500	NOK	-501	-500	2025	No
-1 100	NOK	0	-864	2024	Yes
-300	EUR	-2 782	-2 805	2031	No
-900	SEK	-910	-891	2026	No
-650	NOK	-653	-656	2027	No
-750	NOK	-763	-756	2027	No
-1 250	NOK	-1 260	-1 307	2027	No

-300	NOK	-302	-303	2028	No
-400	SEK	-406	-406	2028	No
-300	NOK	-316	-313	2028	No

All loans are taken out by Storebrand Livsforsikring AS. Nine of the loans have a floating interest rate, while three are fixed-rate loans that have been swapped to a floating rate. This means that the interest cost of Storebrand Livsforsikring is affected by the level of the floating money market interest rate. Storebrand Livsforsikring has one loan in euros, seven in Norwegian kroner and four in Swedish kroner. The euro loan is secured against Norwegian kroner until the first right of early redemption. The loans in Swedish kroner are not currency hedged, but function as a partial currency hedge for the asset Storebrand Holding AB.

For all loans, interest payments will cease if the solvency capital requirement (SCR) is breached.

#### Difference between Solvency II and the financial statements

**TABLE 17 SOLVENCY OWN FUNDS VS. IFRS OWN FUNDS**

(NOK million)	Solvency II	Financial statement
Paid-in capital	13 251	13 251
Retained earnings excluding deferred tax assets		10 582
Risk equalisation reserve	1 067	1 067
Deferred tax assets	0	1 300
Reconciliation reserve excluding transitionals on technical provisions and before dividend	20 318	
<b>Net assets</b>	<b>34 636</b>	<b>26 200</b>
Subordinated liabilities	9 847	10 610
Foreseeable dividends/group contributions after taxes	-3 056	
Cap on Tier 3 capital	-904	
<b>Total Solvency II own funds / IFRS own funds</b>	<b>40 523</b>	<b>36 809</b>

The main difference between Solvency II and the financial statements is that earned profits in the IFRS own funds are replaced by the reconciliation reserve in the solvency balance sheet. The reconciliation reserve also includes earned profits but is based on the valuation of assets and liabilities in the solvency balance sheet. The reconciliation reserve will also include the present value of future profits. The value of future profits is implicitly included in the calculation because of the valuation of the technical provisions.

Table 18 shows the transition from net assets according to NGAAP principles to net assets according to Solvency II. The total difference is NOK 8.4 billion. The main positive difference is that technical provisions are valued at NOK 17.7 billion lower for solvency. On the other hand, bonds and loans are valued at NOK 10.5 billion less and intangible NOK 1.4 valued at zero for solvency. Deferred tax asset decreases by NOK 1.3 billion because of the other value changes. Expected dividend/group contribution is deducted from the NGAAP net assets before taxes. Under Solvency II, the expected dividend/group contribution after taxes is included in net assets but deducted in the calculation of own funds.

**TABLE 18 TRANSITION FROM NET ASSETS IN THE FINANCIAL STATEMENTS TO NET ASSETS IN SOLVENCY II**

(NOK million)	
Subsidiaries	1 169
Intangible assets	-1 392
Added value – bonds at amortised costs	-10 496
Technical provisions	17 668
Subordinated liabilities	-102
Net change in deferred tax <sup>13</sup>	-1 344
Treatment of expected dividend/group contribution	2 934
<b>Total change</b>	<b>8 436</b>

**E.2 SOLVENCY CAPITAL REQUIREMENT AND MINIMUM CAPITAL REQUIREMENT**

Both a Solvency Capital Requirement and a Minimum Capital Requirement is calculated. The Solvency Capital Requirement must be met under normal operating conditions, while the minimum capital requirement is an absolute requirement which must always be met. The Solvency Capital Requirement is risk dependent, while the minimum capital requirement is not risk sensitive.

**Solvency Capital Requirement**

The Solvency Capital Requirement for Storebrand Livsforsikring is calculated according to the standard method, without applying simplifications or company-specific parameters. The solvency capital requirement is calculated as loss of Solvency Capital (Value at Risk), with a probability of 0.5% over a one-year period. There are capital requirements for market risk, insurance risk, counterparty risk and operational risk.

For each individual stress, a new solvency balance sheet is calculated based on the same principles and methods as described in Chapter D.2 Technical Provisions. The difference in own funds prior to and after stress gives the capital requirement. The capital requirement for the various stresses is aggregated to the total capital requirement based on given correlation matrices.

The net capital requirement is Storebrand Livsforsikring's risk after risk sharing with customers and the risk-mitigating effect of taxes. Risk sharing with customers arises for guaranteed pensions when the stresses result in a reduction in customer buffers or reduction in future upward adjustment of pensions. Gross capital requirements include the risk borne by the customer. A prerequisite for including a deferred tax asset is that, at a minimum, an equivalently large profit is expected in the future.

**TABLE 19 CAPITAL REQUIREMENTS**

(NOK million)	12/31/2023		12/31/2022	
	Net	Gross	Net	Gross
Market risk	15 206	26 041	18 219	25 037
Counterparty default risk	961	2 469	997	2 158
Life underwriting risk	8 039	14 271	5 882	10 542
Other underwriting risks <sup>14</sup>	795	795	672	672
Diversification	1 037		-4 746	
Operational risk	-4 318		1 003	
Loss-absorbing capacity of deferred taxes	-5 525		-4 725	
<b>Total Solvency capital requirement</b>	<b>16 195</b>		<b>17 301</b>	

<sup>13</sup> 25% of tax related changes, i.e. value changes in the solvency balance sheet except for holdings in related undertakings and participation. Tax effect of dividends received is included in the line below

<sup>14</sup> Health insurance similar to non-life insurance and health insurance similar to life insurance

Storebrand Livsforsikring has a total solvency capital requirement of NOK 16.2 billion (17.3 billion). Market risk contributes NOK 15.2 billion, representing 61% of the capital requirement before diversification and loss absorbing tax effects. Life insurance risk contributes NOK 8 billion, representing 32% of the capital requirement.

#### Minimum capital requirement

The minimum capital requirement is calculated as a linear function of technical provisions, premiums, uncovered risk, deferred taxes and administrative expenses (with different functions for life insurance and non-life insurance respectively); with a 25% floor and a 45% cap relative to the Solvency Capital Requirement. Storebrand Livsforsikring is a life insurance company with non-life insurance liabilities in license classes 1 and 2 cf. regulation of 18 September 1995 no. 797. The minimum capital requirement will therefore be the sum of the non-life insurance claims and life insurance claims.

**TABLE 20 MINIMUM CAPITAL REQUIREMENT**

(NOK million)	12/31/2023	12/31/2022
Linear minimum capital requirement, non-life insurance	123	112
Linear minimum capital requirement, life insurance	6 779	6 473
Total linear minimum capital requirement	6 902	6 585
Minimum capital requirement cap	7 288	7 785
Minimum capital requirement floor	4 049	4 325
Combined minimum capital requirement	6 902	6 585
Absolute floor for the minimum capital requirement	65	69
<b>Total minimum capital requirement</b>	<b>6 902</b>	<b>6 585</b>

As of end of 2023, the minimum capital requirement is NOK 6.9 billion (6.6 billion).

#### Solvency margin and minimum capital margin

When the solvency capital of NOK 40.5 billion is compared against the solvency capital requirement of NOK 16.2 billion, Storebrand Livsforsikring has a solvency margin of 250%.

When the minimum capital of NOK 33.8 billion is compared against the minimum capital requirement of NOK 6.9 billion, Storebrand Livsforsikring has a minimum capital margin of 490%.

**TABLE 21 SOLVENCY POSITION**

(NOK million)	12/31/2023	12/31/2022
Own funds	40 523	37 454
Minimum capital requirement	33 806	30 121
Solvency capital requirement	16 195	17 301
Minimum requirement	6 902	6 585
Minimum margin without transitional rules	250 %	216.5 %
Minimum margin with transitional rules on technical provisions and capital requirements for equities	490 %	457.4 %

#### *Solvency margin and minimum capital margin excluding volatility adjustment*

The Solvency margin excluding volatility adjustment (VA) is 227%. The own funds are reduced by NOK 1.6 billion and the capital requirement increases by NOK 1 billion. See table 22 for details.

**TABLE 22 SOLVENCY MARGIN EXCLUDING VA**

	Including volatility adjustment	Excluding volatility adjustment
Own funds	40 523	38 971
Solvency Capital Requirement	16 195	17 162
Solvency margin	250 %	227 %

Minimum margin excluding VA is 437%.

**E.3 USE OF THE DURATION-BASED EQUITY RISK SUB-MODULE IN THE CALCULATION OF THE SCR**

N/A because Storebrand Livsforsikring does not use the duration-based equity risk sub-module in the calculation of the solvency capital requirement.

**E.4 DIFFERENCES BETWEEN THE STANDARD FORMULA AND ANY INTERNAL MODEL USED**

N/A because Storebrand Livsforsikring applies the standard formula for calculating the solvency capital requirement.

**E.5 NON-COMPLIANCE WITH THE MCR AND NON-COMPLIANCE WITH THE SCR**

N/A because Storebrand Livsforsikring fulfils both the minimum capital requirement and the solvency capital requirement.

**E.6 ANY OTHER INFORMATION**

The capital management is also described in the Storebrand Livsforsikring 2023 Annual Report, in particular Note 47 Solvency II.

# Appendix 1 – Mandatory tables Storebrand Livsforsikring AS

## S.02.01.02 – Balance sheet, assets

(NOK million)

	C0010
Goodwill	R0010
Deferred acquisition costs	R0020
Intangible assets	R0030
Deferred tax assets	R0040
Pension benefit surplus	R0050
Property, plant & equipment held for own use	R0060
Investments (other than assets held for index-linked and unit-linked contracts)	R0070
<i>Property (other than for own use)</i>	R0080
<i>Holdings in related undertakings, including participations</i>	R0090
<i>Equities</i>	R0100
<i>Equities – listed</i>	R0110
<i>Equities – unlisted</i>	R0120
<i>Bonds</i>	R0130
<i>Government Bonds</i>	R0140
<i>Corporate Bonds</i>	R0150
<i>Structured notes</i>	R0160
<i>Collateralised securities</i>	R0170
<i>Collective Investments Undertakings</i>	R0180
<i>Derivatives</i>	R0190
<i>Deposits other than cash equivalents</i>	R0200
<i>Other investments</i>	R0210
Assets held for index-linked and unit-linked contracts	R0220
Loans and mortgages	R0230
<i>Loans on policies</i>	R0240
<i>Loans and mortgages to individuals</i>	R0250
<i>Other loans and mortgages</i>	R0260
Reinsurance recoverables from:	R0270
<i>Non-life and health similar to non-life</i>	R0280
<i>Non-life excluding health</i>	R0290
<i>Health similar to non-life</i>	R0300
<i>Life and health similar to life, excluding index-linked and unit-linked</i>	R0310
<i>Health similar to life</i>	R0320
<i>Life excluding health and index-linked and unit-linked</i>	R0330
<i>Life index-linked and unit-linked</i>	R0340
Deposits to cedants	R0350

Insurance and intermediaries receivables	R0360	831
Reinsurance receivables	R0370	5
Receivables (trade, not insurance)	R0380	40 418
Own shares (held directly)	R0390	
Amounts due in respect of own fund items or initial fund called up but not yet paid	R0400	
Cash and cash equivalents	R0410	9 213
Any other assets, not elsewhere shown	R0420	14 533
<b>Total assets</b>	<b>R0500</b>	<b>505 539</b>



## S.02.01.02 – Balance sheet, liabilities

(NOK million)

	C0010
Technical provisions - non-life	R0510 776
<i>Technical provisions - non-life (excluding health)</i>	R0520
<i>TP calculated as a whole</i>	R0530
<i>Best Estimate</i>	R0540
<i>Risk margin</i>	R0550
<i>Technical provisions - health (similar to non-life)</i>	R0560 776
<i>TP calculated as a whole</i>	R0570
<i>Best Estimate</i>	R0580 761
<i>Risk margin</i>	R0590 14
Technical provisions - life (excluding index-linked and unit-linked)	R0600 195 603
<i>Technical provisions - health (similar to life)</i>	R0610 1 887
<i>TP calculated as a whole</i>	R0620
<i>Best Estimate</i>	R0630 1 859
<i>Risk margin</i>	R0640 28
<i>Technical provisions - life (excluding health and index-linked and unit-linked)</i>	R0650 193 716
<i>TP calculated as a whole</i>	R0660
<i>Best Estimate</i>	R0670 191 148
<i>Risk margin</i>	R0680 2 568
Technical provisions - index-linked and unit-linked	R0690 202 224
<i>TP calculated as a whole</i>	R0700
<i>Best Estimate</i>	R0710 199 439
<i>Risk margin</i>	R0720 2 785
Other technical provisions	R0730
Contingent liabilities	R0740 14 530
Provisions other than technical provisions	R0750
Pension benefit obligations	R0760
Deposits from reinsurers	R0770
Deferred tax liabilities	R0780 243
Derivatives	R0790 2 090
Debts owed to credit institutions	R0800
Financial liabilities other than debts owed to credit institutions	R0810
Insurance & intermediaries payables	R0820 905
Reinsurance payables	R0830
Payables (trade, not insurance)	R0840 43 821
Subordinated liabilities	R0850 10 712
<i>Subordinated liabilities not in BOF</i>	R0860 864
<i>Subordinated liabilities in BOF</i>	R0870 9 847
Any other liabilities, not elsewhere shown	R0880
<b>Total liabilities</b>	<b>R0900 470 903</b>
<b>Excess of assets over liabilities</b>	<b>R1000 34 636</b>

S.05.01.02 - Premiums, claims and expenses by line of business – non-life (only for lines of business relevant for Storebrand Livsforsikring)

(NOK million)

Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)

		Income protection insurance	Workers' compensation insurance	Total
		C0020	C0030	C0200
<b>Premiums written</b>				
Gross	R0110	347	98	446
Gross - Proportional reinsurance accepted	R0120			
Gross - Non-proportional reinsurance accepted	R0130			
Reinsurers' share	R0140	5	2	7
<b>Net</b>	<b>R0200</b>	<b>342</b>	<b>96</b>	<b>439</b>
<b>Premiums earned</b>				
Gross	R0210	347	98	446
Gross - Proportional reinsurance accepted	R0220			
Gross - Non-proportional reinsurance accepted	R0230			
Reinsurers' share	R0240	5	2	7
<b>Net</b>	<b>R0300</b>	<b>342</b>	<b>96</b>	<b>439</b>
<b>Claims incurred</b>				
Gross	R0310	147	145	293
Gross - Proportional reinsurance accepted	R0320			
Gross - Non-proportional reinsurance accepted	R0330			
Reinsurers' share	R0340	2	4	6
<b>Net</b>	<b>R0400</b>	<b>145</b>	<b>141</b>	<b>286</b>
<b>Changes in other technical provisions</b>				
Gross	R0410			
Gross - Proportional reinsurance accepted	R0420			
Gross - Non-proportional reinsurance accepted	R0430			
Reinsurers' share	R0420			
<b>Net</b>	<b>R0500</b>			
Expenses incurred	R0550	95	19	114
Other expenses	R1200			
<b>Total expenses</b>	<b>R1300</b>			

S.05.01.02 - Premiums, claims and expenses by line of business – life (only for lines of business relevant for Storebrand Livsforsikring)

(NOK million)

Line of Business for: life insurance obligations

		Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life	Total
		C0210	C0220	C0230	C0240	C0300
<b>Premiums written</b>						
Gross	R1410	865	4 517	16 384	2 483	24 250
Reinsurers' share	R1420	4	4	0	12	20
<b>Net</b>	<b>R1500</b>	<b>861</b>	<b>4 513</b>	<b>16 384</b>	<b>2 472</b>	<b>24 230</b>
<b>Premiums earned</b>						
Gross	R1510	865	4 517	16 384	2 483	24 250
Reinsurers' share	R1520	4	4	0	12	20
<b>Net</b>	<b>R1600</b>	<b>861</b>	<b>4 513</b>	<b>16 384</b>	<b>2 472</b>	<b>24 230</b>
<b>Claims incurred</b>						
Gross	R1610	1 015	9 746	2 950	935	14 646
Reinsurers' share	R1620	0	-3	0	-1	-4
<b>Net</b>	<b>R1700</b>	<b>1 015</b>	<b>9 749</b>	<b>2 950</b>	<b>936</b>	<b>14 650</b>
<b>Changes in other technical provisions</b>						
Gross	R1710					
Reinsurers' share	R1720					
<b>Net</b>	<b>R1800</b>					
Expenses incurred	R1900	99	697	594	297	1 687
Other expenses	R2500					-664
<b>Total expenses</b>	<b>R2600</b>					<b>1 023</b>

S. 12.01.02 - Life and Health SLT Technical Provisions, page 1

(NOK million)		Insurance with profit participation		Index-linked and unit-linked insurance		Other life insurance		Total (Life other than health insurance, incl. Unit-Linked)
		C0020	C0030	C0040	C0050	C0060	C0070 C0080	
	<b>Technical provisions calculated as a whole</b>							
	Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole							
	<b>Technical provisions calculated as a sum of BE and RM</b>							
	<b>Best Estimate</b>							
	Gross Best Estimate		178 518	199 332	108		10 539 2 091	390 587
	Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default							
	Best estimate minus recoverables from reinsurance/SPV and Finite Re - total		178 518	199 332	108		10 539 2 091	390 587
	<b>Risk Margin</b>		2 285	2 785		283		5 353
	<b>Amount of the transitional on Technical Provisions</b>							
	Technical Provisions calculated as a whole							
	Best estimate							



S.12.01.02 - Life and Health SLT Technical Provisions, page 2

(NOK million)

		Health insurance (direct business)			Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Total (Health similar to life insurance)
		Contracts without options and guarantees	Contracts with options or guarantees			
		C0160	C0170	C0180	C0190	C0210
<b>Technical provisions calculated as a whole</b>	R0210					
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	R0220					
<b>Technical provisions calculated as a sum of BE and RM</b>						
<b>Best Estimate</b>						
<b>Gross Best Estimate</b>	R0030		1 859			1 859
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0080					
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	R0090		1 859			1 859
<b>Risk Margin</b>	R0100	28				28
<b>Amount of the transitional on Technical Provisions</b>						
Technical Provisions calculated as a whole	R0110					
Best estimate	R0120					
Risk margin	R0130					
<b>Technical provisions – total</b>	R0200	1 887				1 887

**S.17.01.02 - Non-life Technical Provisions (only for lines of business relevant for Storebrand Livsforsikring)**

(NOK million)

		Direct business and accepted proportional reinsurance		
		Income protection insurance	Workers' compensation insurance	Total Non-Life obligation
		C0030	C0040	C0180
<b>Technical provisions calculated as a whole</b>	<i>R0010</i>			
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	<i>R0050</i>			
<b>Technical provisions calculated as a sum of BE and RM</b>				
<b>Best estimate</b>				
Premium provisions				
Gross	<i>R0060</i>	51	9	60
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	<i>R0140</i>			
<b>Net Best Estimate of Premium Provisions</b>	<i>R0150</i>	51	9	60
<b>Claims provisions</b>				
Gross	<i>R0160</i>	186	515	701
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	<i>R0240</i>	-	2	2
<b>Net Best Estimate of Claims Provisions</b>	<i>R0250</i>	186	514	700
<b>Total Best estimate - gross</b>	<i>R0260</i>	237	524	761
<b>Total Best estimate - net</b>	<i>R0270</i>	237	522	760
<b>Risk margin</b>	<i>R0280</i>	5	9	14
<b>Amount of the transitional on Technical Provisions</b>				
Technical Provisions calculated as a whole	<i>R0290</i>			
Best estimate	<i>R0300</i>			
Risk margin	<i>R0310</i>			
<b>Technical provisions - total</b>				
<b>Technical provisions - total</b>	<i>R0320</i>	243	533	776
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	<i>R0330</i>	-	2	2
<b>Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total</b>	<i>R0340</i>	243	535	777





N-3	R0220	183,1	146,0	93,2	67,4
N-2	R0230	155,7	153,8	83,6	
N-1	R0240	239,9	102,3		
N	R0250	158,1			

	R0220	67,4
	R0230	83,6
	R0240	102,3
	R0250	158,1
Sum	R0260	609,8

**S.22.01.21 - Impact of long term guarantees and transitional measures**

(NOK million)	Amount with Long Term Guarantee measures and transitionals	Impact of transitional on technical provisions	Impact of transitional on interest rate	Impact of volatility adjustment set to zero	Impact of matching adjustment set to zero	
		<i>C0010</i>	<i>C0030</i>	<i>C0050</i>	<i>C0070</i>	<i>C0090</i>
Technical provisions	<i>R0010</i>	398 603			400 405	
Basic own funds	<i>R0020</i>	41 427			38 066	
Eligible own funds to meet Solvency Capital Requirement	<i>R0050</i>	40 523			38 066	
Solvency Capital Requirement	<i>R0090</i>	16 195			17 162	
Eligible own funds to meet Minimum Capital Requirement	<i>R0100</i>	33 806			31 406	
Minimum Capital Requirement	<i>R0110</i>	6 902			7 184	

S .23.01.01 – Own funds, page 1

(NOK million)		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
<b>Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation (EU) 2015/35</b>						
Ordinary share capital (gross of own shares)	R0010	3 540	3 540			3 540
Share premium account related to ordinary share capital	R0030	9 711	9 711			9 711
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040					
Subordinated mutual member accounts	R0050					
Surplus funds	R0070					
Preference shares	R0090					
Share premium account related to preference shares	R0110					
Reconciliation reserve	R0130	17 262	17 262			17 262
Subordinated liabilities	R0140	9 847		1 912	7 935	
An amount equal to the value of net deferred tax assets	R0160					
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180	1 067				1 067
<b>Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds</b>						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220					
<b>Deductions</b>						
Deductions for participations in financial and credit institutions	R0230					
<b>Total basic own funds after deductions</b>	R0290	41 427	30 513	1 912	9 002	-
<b>Ancillary own funds</b>						
Unpaid and uncalled ordinary share capital callable on demand	R0300					
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310					
Unpaid and uncalled preference shares callable on demand	R0320					
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330					
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340					
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350					

Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360		
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370		
Other ancillary own funds	R0390		
<b>Total ancillary own funds</b>	<b>R0400</b>		

### S.23.01.01 – Own funds, page 2

(NOK million)

		Total C0010	Tier 1 - unrestricted C0020	Tier 1 - restricted C0030	Tier 2 C0040	Tier 3 C0050
<b>Available and eligible own funds</b>						
Total available own funds to meet the SCR	R0500	41 427	30 513	1 912	9 002	-
Total available own funds to meet the MCR	R0510	41 427	30 513	1 912	9 002	-
Total eligible own funds to meet the SCR	R0540	40 523	30 513	1 912	8 098	-
Total eligible own funds to meet the MCR	R0550	33 806	30 513	1 912	1 380	-
<b>SCR</b>	R0580	16 195				
<b>MCR</b>	R0600	6 902				
<b>Ratio of Eligible own funds to SCR</b>	R0620	250 %				
<b>Ratio of Eligible own funds to MCR</b>	R0640	490 %				
C0060						
<b>Reconciliation reserve</b>						
Excess of assets over liabilities	R0700	34 636				
Own shares (held directly and indirectly)	R0710					
Foreseeable dividends, distributions and charges	R0720	3 056				
Other basic own fund items	R0730	14 318				
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740					
<b>Reconciliation reserve</b>	R0760	17 262				
<b>Expected profits</b>						
Expected profits included in future premiums (EPIFP) - Life business	R0770	3294				
Expected profits included in future premiums (EPIFP) - Non- life business	R0780	-2				
<b>Total Expected profits included in future premiums (EPIFP)</b>	R0790	3291				

### S.25.01.21 - Solvency Capital Requirement - for undertakings on Standard Formula

(NOK million)		Gross solvency capital requirement	USP	Simplifications
		<i>C0110</i>	<i>C0090</i>	<i>C0100</i>
Market risk	<i>R0010</i>	26 041		
Counterparty default risk	<i>R0020</i>	2 469		
Life underwriting risk	<i>R0030</i>	14 271		
Health underwriting risk	<i>R0040</i>	795		
Non-life underwriting risk	<i>R0050</i>			
Diversification	<i>R0060</i>	-9 795		
Intangible asset risk	<i>R0070</i>			
<b>Basic Solvency Capital Requirement</b>	<i>R0100</i>	<b>33 780</b>		
<b>Calculation of Solvency Capital Requirement</b>		<i>C0100</i>		
Operational risk	<i>R0130</i>	1 037		
Loss-absorbing capacity of technical provisions	<i>R0140</i>	-14 305		
Loss-absorbing capacity of deferred taxes	<i>R0150</i>	-4 318		
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	<i>R0160</i>			
<b>Solvency capital requirement excluding capital add-on</b>	<i>R0200</i>	<b>16 195</b>		
Capital add-on already set	<i>R0210</i>			
<b>Solvency capital requirement</b>	<i>R0220</i>	<b>16 195</b>		
<b>Other information on SCR</b>				
Capital requirement for duration-based equity risk sub-module	<i>R0400</i>			
Total amount of Notional Solvency Capital Requirement for remaining part	<i>R0410</i>			
Total amount of Notional Solvency Capital Requirements for ring fenced funds	<i>R0420</i>			
Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	<i>R0430</i>			
Diversification effects due to RFF nSCR aggregation for article 304	<i>R0440</i>			
<b>Loss-absorbing capacity of deferred tax assets (LAC DT)</b>	<i>R0640</i>	<b>-4 318</b>		
LAC DT justified by reversion of deferred tax liabilities	<i>R0650</i>	-4 318		
LAC DT justified by reference to probable future taxable economic profit	<i>R0660</i>			

S.28.02.01 - Minimum capital Requirement - Both life and non-life insurance activity, page 1

(NOK million)		Non-life activities	Life activities	Non-life activities		Life activities	
		MCR <sub>(NL,NL)</sub> Result	MCR <sub>(NL,L)</sub> Result	Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months	Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0010	C0020	C0030	C0040	C0050	C0060
Linear formula component for non-life insurance and reinsurance obligations	R0010	123					
Medical expense insurance and proportional reinsurance	R0020						
Income protection insurance and proportional reinsurance	R0030			237	342		
Workers' compensation insurance and proportional reinsurance	R0040			522	96		
Motor vehicle liability insurance and proportional reinsurance	R0050						
Other motor insurance and proportional reinsurance	R0060						
Marine, aviation and transport insurance and proportional reinsurance	R0070						
Fire and other damage to property insurance and proportional reinsurance	R0080						
General liability insurance and proportional reinsurance	R0090						
Credit and suretyship insurance and proportional reinsurance	R0100						
Legal expenses insurance and proportional reinsurance	R0110						
Assistance and proportional reinsurance	R0120						
Miscellaneous financial loss insurance and proportional reinsurance	R0130						
Non-proportional health reinsurance	R0140						
Non-proportional casualty reinsurance	R0150						
Non-proportional marine, aviation and transport reinsurance	R0160						
Non-proportional property reinsurance	R0170						

S.28.02.01 - Minimum capital Requirement - Both life and non-life insurance activity, page 2

(NOK million)		Non-life activities	Life activities	Non-life activities		Life activities	
		MCR <sub>(L,NL)</sub> Result C0070	MCR <sub>(L,L)</sub> Result C0080	Net (of reinsurance/SPV) best estimate and TP calculated as a whole C0090	Net (of reinsurance/SPV) total capital at risk C0100	Net (of reinsurance/SPV) best estimate and TP calculated as a whole C0110	Net (of reinsurance/SPV) total capital at risk C0120
Linear formula component for life insurance and reinsurance obligations	R0200		6 779				
Obligations with profit participation - guaranteed benefits	R0210					157 107	
Obligations with profit participation - future discretionary benefits	R0220					21 411	
Index-linked and unit-linked insurance obligations	R0230					199 439	
Other life (re)insurance and health (re)insurance obligations	R0240					14 489	
Total capital at risk for all life (re)insurance obligations	R0250						541 239



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(NOK million)

**Overall MCR calculation**

		<i>C0130</i>
Linear MCR	<i>R0300</i>	6 902
SCR	<i>R0310</i>	16 195
MCR cap	<i>R0320</i>	7 288
MCR floor	<i>R0330</i>	4 049
Combined MCR	<i>R0340</i>	6 902
Absolute floor of the MCR	<i>R0350</i>	65
<b>Minimum Capital Requirement</b>	<i>R0400</i>	<b>6 902</b>

**Notional non-life and life MCR calculation**

		Non-life activities	Life activities
		<i>C0140</i>	<i>C0150</i>
Notional linear MCR	<i>R0500</i>	123	6 779
Notional SCR excluding add-on (annual or latest calculation)	<i>R0510</i>	289	15 906
Notional MCR cap	<i>R0520</i>	130	7 158
Notional MCR floor	<i>R0530</i>	72	3 976
Notional Combined MCR	<i>R0540</i>	123	6 779
Absolute floor of the notional MCR	<i>R0550</i>	26	39
<b>Notional MCR</b>	<i>R0560</i>	<b>123</b>	<b>6 779</b>

