Storebrand Livsforsikring AS

Solvency and Financial Condition Report

2021

Table of contents

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 2020. The total value of assets amounts to NOK 425.9 billion (NOK392.7 billion), while the total value of liabilities is NOK 392.2 billion (NOK 355.6 billion). Storebrand Livsforsikring thus has assets worth NOK 33.7 billion (NOK 37.1 billion) more than the liabilities the company is obliged to cover. Liable subordinated loans are NOK 10.9 billion (NOK8.7 billion). Storebrand Livsforsikring has set aside NOK 2 420 million in net group contribution for 2021 to Storebrand ASA. This is deducted from own funds as of 31/12/2021. Total own funds (solvency capital) is NOK 42.1 billion (NOK 44.1 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) Assets	12/31/2021	12/31/2020	Liabilities	12/31/2021	12/31/2020
Deferred tax assets			Technical provisions[1]	361 908	330 581
Investments (other than assets held for index-linked and unit-linked contracts)	224 829	239 442	*-Life insurance*	208 738	198 478
Assets held for index-linked and unit-linked contracts	157 512	136 886	*-Non-life insurance*	642	658
Other assets	43 568	16 329	*-Index-linked and unit-linked insurance*	152 528	131 446
			Subordinated liabilities	10 860	8 734
			Other liabilities	19 459	15 288
Total assets	**425 908**	**392 657**	**Total liabilities**	392 227	355 575
			Net assets	33 682	37 082

Solvency II sets requirements for own funds under normal operating conditions. This is known as the solvency capital requirement and amounts to NOK 19.7 billion (NOK 20.5 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)	12/31/2021	12/31/2020
Market risk	20 424	21 635
Counterparty default risk	620	818
Life underwriting risk	7 266	7 044
Non-life and health underwriting risk	635	644
Diversification	-5228	-5 318
Operational risk	1 067	1 062
Loss-absorbing capacity of deferred taxes	-5 125	-5 367
Total Solvency capital requirement	**19 659**	**20 518**

There are capital requirements for all major risks borne by Storebrand Livsforsikring. 68% of the solvency capital requirement[2] relates to the financial markets, particularly risk from interest rates, equities, property, credit spreads and currency. 24% 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)	12/31/2021	12/31/2020
Own funds	42 121	44 107
Solvency capital requirement	19 659	20 518
Solvency margin	**214,3 %**	**215,0 %**

When the own funds of NOK 42.1 billion are compared against the solvency capital requirement of NOK 19.7 billion, Storebrand Livsforsikring has a solvency margin of 214% (215%). 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).

[1] Including transitional rules
[2] Prior to diversification between risk modules

A. Business and performance

A.1 BUSINESS

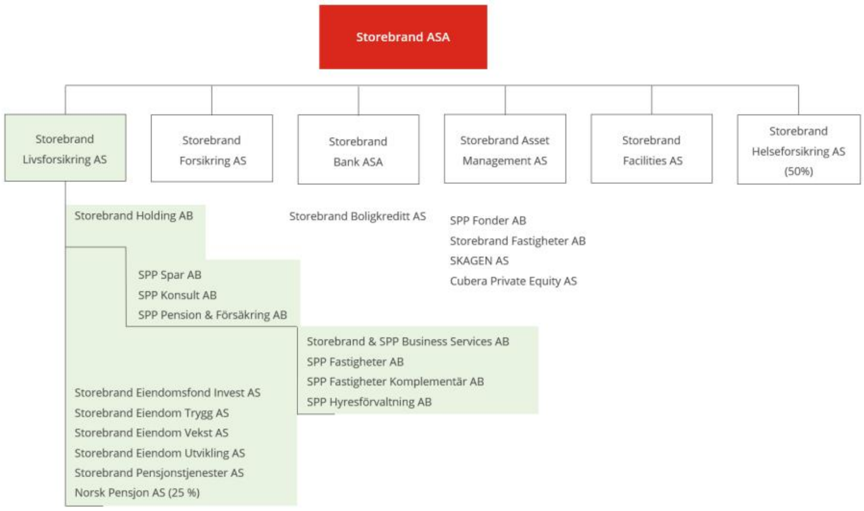
The summer of 2021 marked the reopening of the economy after 18 months of restrictions due to the covid pandemic. Unfortunately, a couple months later the rise of the Omicron variant at year end caused new worries and the need for renewed restrictions. Storebrand Livsforsikring has maintained full operational capacity and been able to follow our business plan over the entire period. The main effect of Covid-19 on Storebrand Livsforsikring has been increased risk related to lower labour participation rate and higher disability rate which may in turn lead to higher compensation costs. In response to this Storebrand has made the necessary adjustments to provisions and prices. Throughout the pandemic we have managed volatile markets and made the necessary adjustments to our portfolios to secure solid financial returns for both our customers and the company.

During 2021, Euroben Life and Pension Ltd. was merged with SPP Pension & Försäkring AB and Storebrand Livsforsikring Norwegian branch in Sweden has been sold to SPP Pension & Försäkring AB. Apart from this, there has been no material changes in the Storebrand Livsforsikring business during 2021.

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[3]. PwC audits Storebrand Livsforsikring's accounts[4].

FIGURE 1 Legal structure (simplified)

[3]Finanstilsynet Revierstredet 3, 0151 Oslo, Norway; P.O. Box 1187 Sentrum, 0107 Oslo, Norway; Phone: +47 22 93 98 00
[4]PwC: Dronning Eufemias gate 8; 0191 Oslo; Phone: +47 952 60 578



Storebrand Livsforsikring is the largest company in the Storebrand Group[5]. 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.

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. Euroben Life & Pension Ltd has in 2021 been merged with SPP Pension & & Försäkring AB. SPP is a leading Swedish provider of life insurance and occupational pension schemes. SPP is headquartered in Stockholm. In 2005, Storebrand Livsforsikring AS set up a branch in Sweden. The branch manages pensions and unit-linked contracts in the Swedish market written under the Norwegian Insurance Act. The branch is closed for new business. From 2008, the branch's operations are incorporated with SPP. The insurance business was sold to SPP Pension & Försäkring AB at market terms in the fourth quarter of 2021. After the sale of the insurance business the branch is no longer operational and is expected to be shut down in the first half of 2022.

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 31 percent of Storebrand Eiendomsfond Norge KS, through direct ownership shares and through its wholly owned subsidiary Eiendomsfond Invest AS.

Storebrand Livsforsikring AS entered into an agreement the twentieth of December 2021 to buy 100 percent of the shares in Danica Pensjonsforsikring Norge AS. Danica is a subsidiary of Danske Bank and the sixth largest provider of defined contribution pensions in Norway, with a 5 percent market share. Storebrand Livsforsikring AS will pay 2,01 billion NOK for the shares in Danica (adjusted for changes in the value of net assets). The transaction is dependent on approval from the Financial Supervisory Authority of Norway and the Norwegian Competition Authority and is expected to happen in the first half of 2022.

Pursuant to the Solvency II regulations, Storebrand Livsforsikring report on a solo basis. This implies 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.

[5] A complete overview of the companies in the Storebrand Group can be found in the Storebrand ASA 2021 Annual Report, p. 214

Storebrand's core business is managed and reported based on the following segments: Savings, Insurance and Guaranteed Pension[6].

- *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 twofold strategy that provides an attractive combination of self-funded 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 2021 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 2021.

Life insurance

Most of the premium income, payments and expenses for Storebrand Livsforsikring are associated with life insurance products. For 2021, the net premiums from life insurance products amounted to NOK 19 100 million. (NOK 17 733 million). Premiums are distributed across guaranteed products with profit sharing, unit-linked and other life insurance. Net claims amounted to NOK 12 719 million. (NOK 13 001 million). The total expenses associated with life insurance products amounted to NOK 1 431 million. (NOK 1 561 million).

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[6] 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.

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

(NOK million)	Guaranteed products with profit sharing	Unit linked insurance	Other life insurance	Sum life insurance 2021	Sum life insurance 2020
Gross premiums	3 493	13 165	2 447	19 105	17 738
Reinsurers' share	2		3	5	5
Net premiums	**3 491**	**13 165**	**2 444**	**19 100**	**17 733**
Gross claims	9 194	2 094	1 431	12 719	13 001
Reinsurers' share					
Net claims	**9 194**	**2 094**	**1 432**	**12 719**	**13 001**
Expenses	674	471	286	**1 431**	**1 561**

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 2021, net premiums amounted to NOK 3 491 million. Net claims amounted to NOK 9 194 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 674 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[7] or guaranteed benefits.

For 2021, the premium payments amounted to NOK 13 165 million. The insurance claims amounted to NOK 2 094 million. Premiums are significantly higher than claims because few employees have reached retirement age, particularly for defined contribution pensions in Norway. Much of the premium is therefore reserved to cover pension claims in future years. Expenses associated with this segment amounted to NOK 471 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 2021 the net premiums amounted to NOK 2 444 million. Net claims amounted to NOK 1 432 million. Expenses associated with this segment amounted to NOK 286 million.

Non-life insurance

Storebrand Livsforsikring AS also offers certain products defined as non-life insurance. For 2021, the net premiums from non-life insurance amounted to NOK 327 million (NOK 358 million). Net claims amounted to NOK 275 million (NOK 279 million). Expenses associated with non-life insurance products amounted to NOK 52 million (NOK 67 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 2021	Total for non-life insurance 2020
Gross premiums	244	87	331	362
Reinsurers' share	1	2	4	4
Net premiums	**243**	**84**	**327**	**358**
Gross claims	201	82	283	293
Reinsurers' share		8	8	14
Net claims	**201**	**74**	**275**	**279**
Expenses	**37**	**15**	**52**	**67**

Appendix 2 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).

[7] 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[8].

For 2021, the net premiums amounted to NOK 243 million Net claims amounted to NOK 201 million. Expenses associated with this segment amounted to NOK 37 million.

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

For 2021, the net premiums amounted to NOK 84 million. Net claims amounted to NOK 74 million. Expenses associated with this segment amounted to NOK 15 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 subsidiaries SPP Pension & Försäkring have the main share of income and expenses in Sweden. See section A.2 in the Solvency and Financial Conditions Report for these companies.

A.3 INVESTMENT PERFORMANCE
In 2021, the average investment return for guaranteed customer portfolios was 4.5 percent (booked) and 3.9 percent (based on market value). The investment return for portfolios with investment choice was 13.8 percent. The return for the company portfolio was 1.7 percent. Further details on the return for sub-portfolios can be found in Note 48 Return on Capital in the Storebrand Livsforsikring 2021 Annual Report.

Income from investments is also described in Note 18 Net Financial Income and Note 19 Net income from real estate in the Storebrand Livsforsikring 2021 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 2021, Storebrand Livsforsikring's income from investments amounted to NOK 29 195 million (NOK 28 067 million). Of this, NOK 6 801 million was interest income, NOK 1 841 million equity dividends and NOK 14 884 million net capital gains on the sale of securities. Unrealised capital gains increased by NOK 5 669 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	218	4 950	3 219	-531
Index-linked and unit-linked insurance portfolio	410	1 394	10 763	6 848
The corporate portfolio	1 213	457	901	-649
Total	**1 841**	**6 801**	**14 884**	**5 669**

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. Based on the interest rate levels at the end of 2021, quarterly interest expenses of NOK 120 million are expected. Other than this, Storebrand Livsforsikring has little

[8] Does not include Group life, which is included in Other life insurance.

income or expenses that are not related to insurance and investment activities. Other income is also specified in Note 21 and other expenses in Note 27 in the Storebrand Livsforsikring 2021 Annual Report.

A.5 ANY OTHER INFORMATION

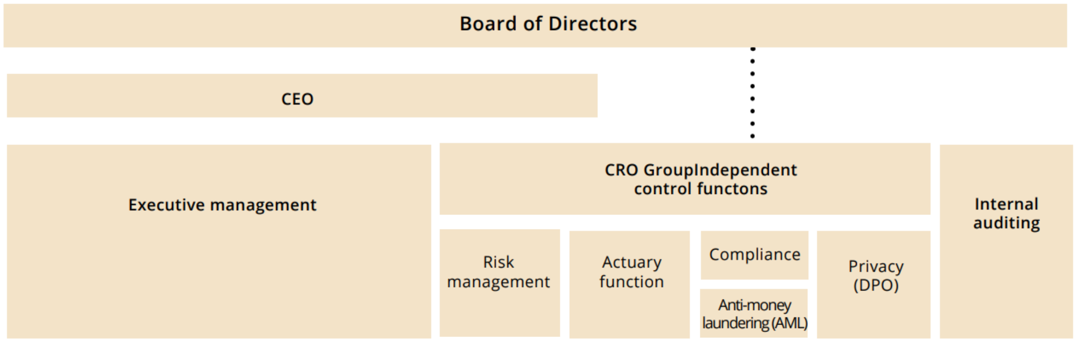
The business activities and performance in 2021 are described in detail in the Storebrand Livsforsikring 2021 Annual Report.

B. System of governance

B.1 GENERAL INFORMATION ON THE SYSTEM OF GOVERNANCE

There are no changes during 2021 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. Storebrands 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 24 in the Annual Report 2021 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 23 in the Storebrand Livsforsikring 2021 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 2021 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 2021 totalled NOK 5 billion. The total portfolio of loans bought as of 31/12/2021 is NOK 18 billion. Storebrand Livsforsikring AS pays management fees to Storebrand Bank ASA for management of the portfolios, the expense for 2021 is NOK 70.5 million.

See Note 46 in the Storebrand Livsforsikring 2021 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 2021, 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 are organized under the Managing Director of Storebrand Livsforsikring, and report directly to the Board of Directors.

The CRO shall ensure that all significant risks are identified, measured, and appropriately reported. The CRO function shall be actively involved in the development of Storebrand Livsforsikring's risk appetite and -strategy and maintain a holistic view of the company's risk exposure. This includes responsibility for ensuring compliance with the 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 defines the overall risk level and risk types Storebrand Livsforsikring is willing to accept to achieve its business 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 per 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 proses 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 concrete measures. In addition to capturing the current situation, the report also has to be forward viewing.

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 31/12/2021 are summarised in figure 2.

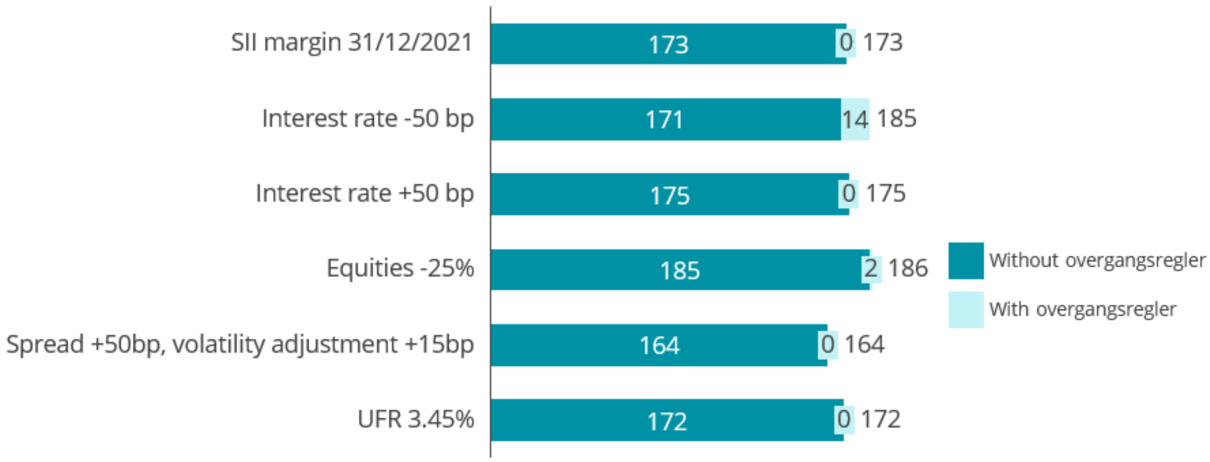


FIGURE 2 SENSITIVITIES

Solvency-margin is the most vulnerable to credit spreads. A 50bp increase in credit spreads will reduce the solvency-margin with 9% from 173% to 164%. A decrease in interest rates of 50bp will reduce solvency-margin with 2% (without transition measures). An interest rate increase, or a fall in equities, will cause increased 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 2021.

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 2021, Storebrand Livsforsikring has set aside a net group contribution of NOK 2 420 million.

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 2021 the security function has been divided into an operational first line of responsibility, and an independent second line of responsibility. Otherwise, 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 has been established contingency and continuity plans.

Storebrands IT-systems are essential for maintaining operational functions and reliable financial reporting. Errors and operational downtime can have consequences for business operations and can affect customer and shareholder trust in the company. Ultimately, deviations in business operations can lead to sanctions from supervisory authorities.

Storebrands IT-platform is characterized by complexity and the integration between different specialized and conventional it-systems. Operational management of it-systems is in large part outsourced to various service providers. There is established a control model with close follow up of service providers and internal control activities with the aim of reducing risks associated with the it-systems development, management, operations, and information security. Storebrand is facing a major shift in technology with the transition to cloud-based infrastructure. In 2021 the whole capital management business was moved to cloud. Risk is expected to increase during the transition, and the consequences of errors may increase when the service is provided by cloud. However, cloud-based services and infrastructure has strong built-in security features and reduces the risk associated with self-developed systems, and over time, outdated infrastructure. The capital management business has a modern and standardized core it-system, in addition to self-developed applications. 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.

In 2021the security function was divided into two formal lines of responsibility. One independent second line of responsibility placed with the groups other control functions. And one operational first line of responsibility integrated with the existing operational infrastructure. Both lines of responsibility were strengthened with additional staff, and additional surveillance systems were put in place. During the pandemic the dangers facing information security and cyber-risk changed. Work from home, combined with the migration to cloud, complex and manual processes, third party suppliers, and key person risk, increased uncertainty in the short term.

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 2021, 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 2021, 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.

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 outsoutcing 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
Munich Re Automation Solutions Limited	Health assessment	Ireland
Nets Branch Norway	Solution for pension management	Norway
Trapets AB	AML analysis	Norway
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	Archive services	Norway
Microsoft Ireland Operations	Office 365	Ireland
Microsoft Ireland Operations	Analytics Platform	Ireland
Outfox Intelligence AB	Google Analytics, Optimize 360	Sweden
Tieto Sweden AB	IT services	Sweden
Storebrand Asset Management AS (intra-group)	Asset management	Norway
Storebrand Bank ASA (intra-group)	AML services	Norway
Storebrand Forsikring AS (intra-group)	Actuary and analytics services	Norway
Coop Norge SA	Distribution	Norway
Din Salgskonsulent AS	Distribution	Norway
Exito Assuranse AS	Distribution	Norway
Formuesforvaltning Aktiv Forvaltning AS	Distribution	Norway
Front Forsikring AS	Distribution	Norway
Il Trust AS	Distribution	Norway
Kristiansen Forsikringspartner Oslo og Østfold AS	Distribution	Norway
Myre & Partnere AS	Distribution	Norway
Seguro Forsikring AS	Distribution	Norway
Storebrand Bank ASA	Distribution	Norway
Union Forsikring AS	Distribution	Norway
Østfold Forsikring AS	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 Forsikringsservice AS	Distribution of collective products	Norway
Virke Forsikring AS	Distribution of collective products	Norway

B.8 ANY OTHER INFORMATION

The system for risk management and internal control is also described in the Storebrand Livsforsikring 2021 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.

There has not been material changes in the composition of the underwriting risk or in the measures to assess these risks during 2021.

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[9], 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.

There is still uncertainty regarding the effect Covid-19 will have on the insurance risk in Storebrand Livsforsikring. Overall, the assessment is unchanged from 2020, but the uncertainty related to Covid-19 directly, and economic uncertainty from infection control measures on businesses, has been more comprehensive then estimated in 2020. At the same time, the uncertainty in

[9] This cover is also subject to an upper limit

insurance risk associated with the drop in oil prices in the first quarter of 2020 has been less dramatic then estimated. It is therefore felt that there is a clear basis for the extraordinary provisions made in 2020 in response to Covid-19 and following economic uncertainty. The uncertainty tied to these provisions and future developments are high. There is especially high uncertainty regarding "long Covid" and the possibilities of new variants. Provisions per 31/12/2021 is the company's best estimate and are considered to be sufficient.

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 2021, 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	12 %	2 %	1 %
Bonds at amortised cost	37 %	0 %	29 %
Money market	1 %	2 %	19 %
Bonds at fair value	21 %	15 %	42 %
Shares at fair value	12 %	81 %	0 %
Loans at amortised cost	16 %	1 %	7 %
Miscellaneous	1 %	0 %	1 %
Total	**100 %**	**100 %**	**100 %**

*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.

75% 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. 12% of the assets are invested in real estate and 12% 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 influenced by changes in the interest rate level. Falling interest rates are positive for the investment return in the short term due to price appreciation for bonds, but negative in the long term because it reduces the probability of achieving a return higher than the guarantee. Paid-up policies have a particularly high risk in a low interest rate scenario because there are very limited opportunities for changing pricing or other terms. In Norway, the effect of low interest rates is mitigated by a large allocation to amortised cost portfolios with amortization yield higher than the current interest rate levels. In Sweden, the interest rate risk is managed by matching the duration of the assets to 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[10].

Prudent capital 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 policyhoder 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 enough, 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 a 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 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.

[10] Owned through Storebrand Holding AB

Further details on the Storebrand Group's sustainable investments can be found in the 2021 Annual report for Storebrand ASA, page 62-71.

Assessment of credit risk irrespective of ratings
For interest-bearing securities, the risk is managed by limiting maximum risk exposure per rating class, both as a whole and for individual issuers. Storebrand also conducts its own assessment of the credit risk and the correct rating for an investment, irrespective of the 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[11].

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 and with alternative UFR levels, 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 2021, 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 31/12/2021, Storebrand Livsforsikring AS had pledged collateral of NOK 1 178 million. and received collateral of NOK 2 191 million. The net received collateral totalled NOK 1 013 million. Collateral is received and pledged in the form of cash and securities.

Further details on collateral can be found in Note 43 Collateral and Note 10 Credit Risk in the Storebrand Livsforsikring 2021 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.

As of 31/12/2021, Storebrand Livsforsikring has provided loans and mortgages to customers, including unused credit limits, for a total of NOK 23.2 billion (NOK 24.0 billion). NOK 18.0 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 2021 Annual Report.

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[11] The Solvency II regulation to the Financial Institutions Act, §25.

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 2021, 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, impaired reputation, or sanctions because of violations of internal or external regulations due to ineffective, inadequate, or failing internal processes or systems, human error or external events.

During 2021, there has not been material changes in the measures to assess the operational risk.

The risk is assessed as a combination of how often it may happen (probability) and consequences if it happens. In addition to direct financial loss, consequences for customers, regulatory compliance and additional work are assessed and measured. When the risk assessment concludes that the risk exceeds acceptable levels, measures must be established to reduce the risk (probability 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 Livsforsikring is exposed to climate risk linked to business operations, investments, and insurance obligations. Both physical climate changes and the transition to low emission have effect. In the short and medium term, the transition risk is the greatest. A quick transition to a low emission society can hurt the Norwegian economy in general, and the fossil fuel industry especially. This can lead to higher disability rates and lower interest rates, which increases insurance liabilities. For investments, the effect of climate risk is hard to separate from other events which affects the financial markets development, but physical climate changes can in general cause lower economic growth and returns in the long term.

Climate risk and opportunities are furthered explained in the 2021 Annual Report for Storebrand ASA, page 22-32.

C.7 ANY OTHER INFORMATION
Information regarding the risk situation can also be found in the Storebrand Livsforsikring 2021 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 2021.

Overview of assets in the solvency balance sheet

Total assets for Solvency II amount to NOK 425.9 billion (NOK 392.7 billion). NOK 246.8 billion hereof is investments and loans linked to guaranteed customer portfolios or the corporate portfolio. Index-linked and unit-linked insurance assets total NOK 157.5 billion, while other assets total NOK 21.5 billion.

TABLE 9 ASSETS IN THE SOLVENCY BALANCE SHEET

(NOK million)	*12/31/2021*	*12/31/2020*
Deferred tax assets		
Investments (other than assets held for index-linked and unit-linked contracts)	224 829	215 590
Holdings in related undertakings, including participations	*38 250*	*34 606*
Equities	*12 042*	*11 204*
Equities – listed	*11 733*	*6 764*
Equities – unlisted	*309*	*335*
Bonds	*158 416*	*156 574*
Government bonds	*34 302*	*34 901*
Corporate bonds	*106 325*	*112 496*
Structured bonds	*17 788*	*9 177*
Collective Investments Undertakings	*13 730*	*8 373*
Derivatives	*1 987*	*5 401*
Deposits other than cash equivalents	*403*	*124*
Assets held for index-linked and unit-linked contracts	157 512	136 886
Loans and mortgages	22 051	23 852
Reinsurance recoverables	4	19
Cash	4 002	7 541
Other assets	17 511	8 769
Total assets	**425 908**	**392 657**

During 2021, total assets increased by NOK 33.2 billion, of which unit-linked insurance assets increased by NOK 20.6 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 2021 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		455	-455
Deferred tax assets		797	-797
Holdings in related undertakings, including participations	38 250	34 803	3 447
Added value – bonds and loans at amortised costs	3 363		3 363
Miscellaneous	384 295	339 471	9 898
Total	**425 908**	**410 452**	**15 456**

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 455 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 797 million to a deferred tax under Solvency II of NOK 336 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 14.

TABLE 11 SUBSIDIARIES & HOLDINGS IN RELATED UNDERTAKINGS, INCLUDING PARTICIPATIONS

(NOK million)	**Solvency II**		**Financial statement**		
Subsidiaries & holdings in related undertakings, including participations	Valuation principle	Value	Valuation principle	Value	Difference
Storebrand Holding AB	Own funds	15 902	Historic cost	12 457	3 444
Non-regulated subsidiaries[12]	Equity method excluding any goodwill and intangible assets	24	Historic cost	20	4
Total for subsidiaries & holdings in related undertakings, including participations		**15 926**		**12 477**	**3 448**

The non-regulated subsidiaries are mainly wholly owned investment companies with sole purpose to own property. The valuation in the solvency balance sheet is the same as in the financial statement. Overall, subsidiaries and holdings in related undertakings, including participations, are valued at NOK 3 448 million more 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 3.4 billion higher than the valuation at amortised cost, ref. Note 33 in the Annual Report for 2021 for Storebrand Livsforsikring.

Other

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 funds. These are entered as a liability for Solvency II, with a corresponding

[12] Storebrand Pensjonstjenster AS, Norsk Pensjonskontoregister and Norsk Pensjon AS.

item on the assets side. This increases the assets side in the solvency balance sheet by NOK 11.1 billion compared to the financial statements. This is included in the "other assets" entry in Table 12. The own funds are not affected by this difference in assessment.

D.2 TECHNICAL PROVISIONS

The methodology for assumption setting and calculation of technical provisions is somewhat improved, with changes to the economic scenario generator (ESG) and methodology for mortality assumptions. Other 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 2021 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.

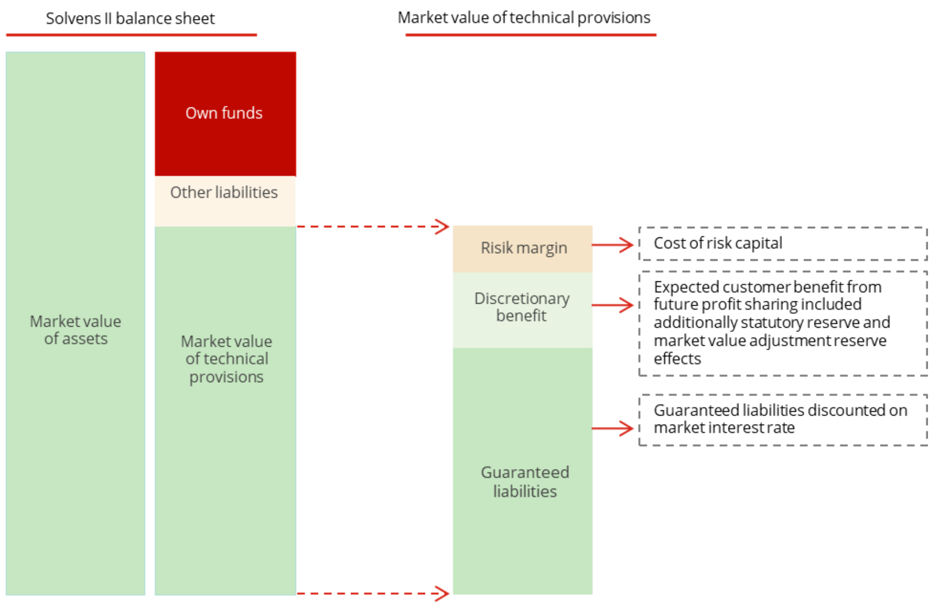

FIGURE 3 ELEMENTS IN THE SOLVENCY II BALANCE SHEET

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 31/12/2021, 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 permitted by the Norwegian product legislation have been considered. This includes additional statutory reserves, risk equalisation reserves and market value adjustment 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 excluding transitional split 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 2021	Technical provisions 2020
Defined-benefit pension	36 010	397	36 406	29 745
Paid-up policies	151 926	2 133	154 058	154 231
Traditional individual capital and pension	10 931	167	11 097	12 465
Other life insurance*	5 526	157	5 683	5 318
Sum traditional life insurance	**204 392**	**2 853**	**207 245**	**201 759**
Private Unit Link	35 410	880	36 290	30 291
Defined contribution, including pension capital certificates	115 063	1 175	116 238	101 155
Sum index-linked and unit-linked insurance	**150 472**	**2 055**	**152 528**	**131 446**
Group life (health similar to life)	1 472	21	1 493	1 533
Non-life (health similar to non-life)**	630	12	642	658
Total	**356 966**	**4 941**	**361 908**	**335 397**

**Hybrid, ITP risk and LKB saving*
***Worker's compensaition, critical illness and disability/accident insurance*

The total technical provisions for Storebrand Livsforsikring amounted to NOK 361.9 billion (335.4 billion), based on a best estimate of NOK 357 billion and a risk margin of NOK 4.9 billion. That is an increase of NOK 26.5 billion during 2021. Guaranteed products account for 57% of the provisions, defined contribution and other unit-linked insurance for 42%, and other products for 1%.

Transitional on the valuation of technical provisions
Storebrand Livsforsikring uses transitional rules for calculating the technical provisions[13] pursuant to §56 of the Norwegian Solvency II regulation. The effect is calculated as the difference between the Solvency II provisions and the corresponding provision under Solvency I (minus the claims reserve) for the portfolios that are covered by the transitional. This applies to all guaranteed products. In addition, a valuation floor has been defined which limits the effect of transitional rule to the difference between the total technical provisions under Solvency II and the total provisions under Solvency I. The total effect of the transitional rules on technical provisions is therefore zero.

TABLE 13 THE EFFECT OF TRANSITIONAL RULES ON TECHNICAL PROVISIONS

(NOK million)	12/31/2021 before phasing out	12/31/2021	12/31/2020
Defined-benefit pension	-722	-496	259
Paid-up policies	5 157	3 546	-9 673
Traditional individual capital and pension	363	249	-971
Floor effect	-5 473	-3 974	5 570
Total effect	**0**	**0**	**-4 815**

[13] Storebrand Livsforsikring does not apply the transitional rule on interest rate.

For the portfolios that are part of the scheme, the transitional on technical provision provides a valuation that is NOK 4.8 billion lower in total. The transitional is phased out over 16 years, starting from 2017, so the effect is decreased by 5/16 to NOK 3.3 billion as of 31/12/2021. The limitation from the floor rule means that the transitional on technical provision is 0 as of 31/12/2021.

The size of the transitional rule, including the floor effect, depends on the interest rate level. Storebrand Livsforsikring has received permission by the Financial Supervisory Authority in Norway to recalculate the transitional on a quarterly basis.

Difference between Solvency II and the financial statements

Table 14 shows the value of technical provisions in the financial statements and under Solvency II with the transitional rule.

TABLE 14 TECHNICAL PROVISIONS UNDER SOLVENCY II AND IN THE FINANCIAL STATEMENT

(NOK million)	Solvency II	Financial statement
Traditional life insurance	207 245	202 549
Unit linked insurance	152 528	157 873
Group life (health similar to life)	1 493	1 548
Non-life (health similar to non-life)	642	661
Total	**361 908**	**362 632**

Total technical provisions are valued at NOK 361.9 billion for Solvency II, which is NOK 0.7 billion lower than in the financial statements.

Traditional life insurance

The valuation in the solvency balance sheet is significantly higher than in the financial statements. The main difference is associated with paid-up policies. Main 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.

The transitional rule reduces the insurance liabilities for the solvency balance sheet by NOK 0.7 billion.

Index-linked and unit-linked insurance

The valuation in the solvency balance sheet is significantly lower than in the financial statements. The main reason is that future margins for Storebrand reduce the technical provisions.

Group life and non-life

For group life and non-life insurance, the valuation in the solvency balance sheet is somewhat lower than for the financial statements. The main reason is that future margins for Storebrand reduce the liabilities.

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, life expectancy is assumed to be longer the younger the person is. The model is based on similar principles as the industry-wide tariff K2013.

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. In 2021 the defined contribution pension was changed to the Individual pension account, which entails changed market dynamics.

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 32 bp as of 31/12/2021, compared to 30 bp as of 31/12/2020.

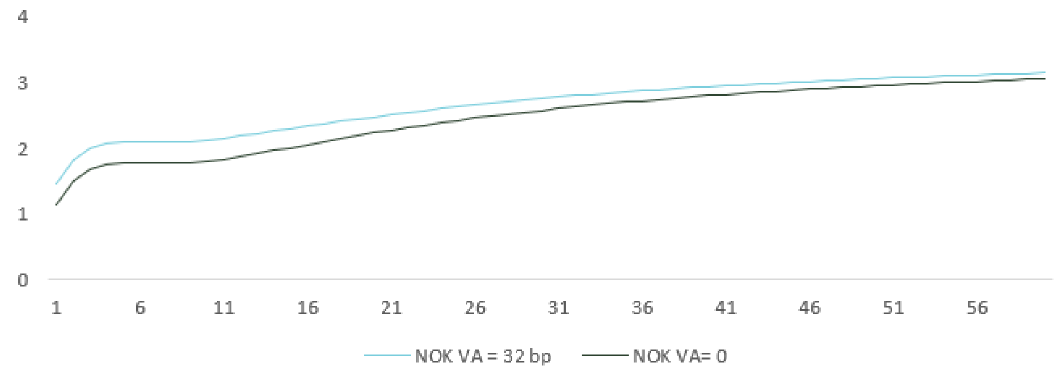

FIGURE 4 SPOT RATES INCLUDING/EXCLUDING VA

Without the volatility adjustment, the value of technical provisions before the transitional rule increases by NOK 3.6 billion. The transitional rule would have compensated in its entirety. The effect on the solvency capital and solvency margin is described in Chapter E.2 Solvency Capital Requirement and Minimum Requirement.

Storebrand does not apply matching adjustment of the yield curve.

In Norway, there is no active market for inflation-linked bonds, and the inflation assumption is set at 50% 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, and property. From 2021 credit risk is also included. 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 for paid-up policies.* Higher than expected lapse in the form of transition to investment choice (FMI) or to other companies 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 2021.

Liabilities other than technical provision amount to NOK 30.3 billion under Solvency II (NOK 25.0 billion). The valuation is essentially the same for Solvency II as for the financial statements, but some discrepancies arise due to other differences in accounting principles. The most important differences are explained below.

TABLE 15 OTHER LIABILITIES

(NOK million)	31/12/2021	31/12/2020
Contingent liabilities	11 081	6 918
Pension benefit obligations	2	7
Deferred tax liabilities	336	801
Derivatives	509	171
Insurance & intermediaries payables	7 531	8 363
Subordinated liabilities	10 860	8 734
Sum other liabilities	**30 319**	**24 994**

Contingent liabilities

Storebrand Livsforsikring has undertaken liabilities linked to unpaid capital, primarily related to private equity 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 11 billion compared to the financial statements.

Pension liabilities own employees

Pension benefit obligations for own employees are calculated in accordance with the Norwegian GAAP, ref. Note 23 in the Storebrand Livsforsikring 2021 Annual Report. The valuation in the solvency balance sheet corresponds to the valuation in 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. For 2021, the deferred tax liability is zero in the financial statement and NOK 336 million for Solvency II.

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 143 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 2021 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 has an established goal of 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 2.4 billion in group contribution to Storebrand ASA for 2021. This is deducted from own funds as of 31/12/2021, in anticipation of the actual payout in 2022.

E.1 OWN FUNDS

Storebrand Livsforsikring's own funds (solvency capital) amount to NOK 42.1 billion, a decrease of NOK 2.0 billion from 2020. The own funds are segmented into groups depending on quality and availability. Table 16 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 16a 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	17 464	17 464			
Transitional on Technical Provisions					
Subordinated liabilities	10 860		2 002	8 857	
Deferred tax assets					
Risk equalisation reserve	547			547	
Total eligible own funds to meet the solvency capital requirement	**42 121**	**30 715**	**2 002**	**9 404**	
Total eligible own funds to meet the minimum capital requirement	**34 161**	**30 715**	**2 002**	**1 444**	

TABLE 16b OWN FUNDS (SOLVENCY CAPITAL) AS OF 12/31/2020

(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	21 684	21 684			
Transitional on Technical Provisions					
Subordinated liabilities	8 734		1 131	7 602	
Deferred tax assets					
Risk equalisation reserve	438			466	
Total eligible own funds to meet the solvency capital requirement	**44 107**	**34 935**	**1 131**	**8 040**	
Total eligible own funds to meet the minimum capital requirement	**37 528**	**34 935**	**1 131**	**1 462**	

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 33 billion, which accounts for 78 % of the company's total own funds (solvency capital). NOK 30,7 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 9.0 billion (22 % of total own funds) and no capital in Tier 3. The Tier 2 and Tier 3 capital combined covers 39% of the solvency capital requirement. |

Storebrand Livsforsikring has a minimum capital of NOK 34 billion, of which 33 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 1.5 billion.

Expected profits in future premiums

The value of expected profits in future premiums (EPIFP) amounts to NOK 2.8 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 10.9 billion under Solvency II. In the first quarter of 2021 Storebrand Livsforsikring took out a subordinated loan of EUR 300 million and bought back EUR 50 million in the loan with early redemption rights in 2023. In the third quarter Storebrand Livsforsikring took out a subordinated loan of SEK 900 million. In the fourth quarter Storebrand Livsforsikring paid back a subordinated loan of SEK 750 million.

TABLE 17 SUBORDINATED LOANS

Nominal value (million)	Currency	Solvency II (NOK million)	Financial statement (NOK million)	Right of repurchase	*Transitional rules (grandfathering)*
1 000	SEK	998	976	2024	*No*
1 100	NOK	1 128	1 100	2024	*Yes*
900	SEK	902	877	2026	*No*
1 000	SEK	983	976	2022	*No*
500	NOK	505	499	2025	*No*
250	EUR	2 559	2 685	2023	*Yes*
300	EUR	2 911	2 876	2031	*No*
900	SEK	876	876	2023	*No*

Six of the loans have a variable rate of interest, while two are fixed-interest loans which has been swapped to a variable interest rate. This means that Storebrand Livsforsikring's interest expenses are affected by the short term money market rates. Storebrand Livsforsikring has two loans in EUR, two in NOK and four in Swedish Kroner. The Euro loans are hedged against Norwegian Kroner until the first date for right of repurchase and hence has limited exposure towards currency fluctuations. The loans in Swedish Kroner are not hedged, but works as a partial currency hedge against the subsidiary Storebrand Holding AB.

For all loans, interest payments will cease in the event of breach of the solvency capital requirement (SCR). Any unpaid interest will accumulate, but no compound interest will be accrued.

Transitional rules (grandfathering) for subordinated loans

Subordinated loans issued prior to 17/1/2015 are subject to a transitional rule (often called grandfathering) that applies until 2026. In this period, eligible loans will not be limited even though they do not fully meet the requirements for eligible capital under Solvency II. Perpetual subordinated loans issued prior to 17/1/2015 qualify as Tier 1 capital, and time-limited subordinated loans qualify as Tier 2 capital. After 2026, these loans will cease to qualify as solvency capital.

At the beginning of 2021 grandfathering applied for two of the loans: Both loans fulfilled the Solvency I capital requirements at the time of issuance and were approved by the authorities. Loans covered by grandfathering have early repurchase rights before the transitional period expires. After the first repurchase right, all loans are eligible for repurchase at each payment of interest. Repurchased loans are expected to be replaced by new loans that meet the requirements for eligible capital under Solvency II.

Solvency capital and minimum capital without volatility adjustment

Without volatility adjustment (VA), the solvency capital is reduced to NOK 40.9 billion and the minimum capital to NOK 31 billion, due to the increased value of technical provisions adjusted for tax.

Difference between Solvency II and the financial statements

TABLE 18 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		11 123
Risk equalisation reserve	547	547
Deferred tax assets		797
Reconciliation reserve excluding transitionals on technical provisions and before dividend	19 884	
Transitional on technical provisions		
Net assets	**33 682**	**25 718**
Subordinated liabilities	10 860	10 717
Foreseeable dividends/group contributions after taxes	-2 420	
Total Solvency II own funds / IFRS own funds	**42 121**	**36 435**

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 billion. The main difference is that bonds and loans are valued at NOK 3.4 billion more, technical provisions at NOK 0.7 billion more and subsidiaries at NOK 3.4 billion more under Solvency II. Deferred tax asset decreases by NOK 1.1 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 19 TRANSITION FROM NET ASSETS IN THE FINANCIAL STATEMENTS TO NET ASSETS IN SOLVENCY II

(NOK million)	
Subsidiaries	3 448
Intangible assets	-455
Added value – bonds at amortised costs	3 363
Technical provisions	724
Impact from transitional on technical provisions	
Subordinated liabilities	-142
Net change in deferred tax[14]	-1 133
Treatment of expected dividend/group contribution	2 160
Total change	**7 964**

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 20 CAPITAL REQUIREMENTS

	12/31/2021		12/31/2020	
(NOK million)	Net	Gross	Net	Gross
Market risk	20 424	32 800	21 635	30 565
Counterparty default risk	620	1 795	818	1 929
Life underwriting risk	7 266	11 259	7 044	10 801
Other underwriting risks[15]	635	635	644	644
Diversification			-5 318	
Operational risk	1 067		1 062	
Loss-absorbing capacity of deferred taxes	-5 125		-5 367	
Total Solvency capital requirement	**19 659**		**20 518**	

[14] 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
[15] Health insurance similar to non-life insurance and health insurance similar to life insurance

Storebrand Livsforsikring has a total solvency capital requirement of NOK 19.7 billion (NOK 20.5 billion). Market risk contributes NOK 20.4 billion, representing 68% of the capital requirement before diversification. Life insurance risk contributes NOK 7.3 billion, representing 24% of the capital requirement before diversification.

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 21 MINIMUM CAPITAL REQUIREMENT

(NOK million)	12/31/2021	12/31/2020
Linear minimum capital requirement, non-life insurance	99	102
Linear minimum capital requirement, life insurance	7 119	7 208
Total linear minimum capital requirement	7 218	7 310
Minimum capital requirement cap	8 847	9 233
Minimum capital requirement floor	4 915	5 130
Combined minimum capital requirement	7 218	7 310
Absolute floor for the minimum capital requirement	69	69
Total minimum capital requirement	**7 218**	**7 310**

As of end of 2021, the minimum capital requirement is NOK 7.2 billion (NOK 7.3 billion).

Solvency margin and minimum capital margin

When the solvency capital of NOK 42.1 billion is compared against the solvency capital requirement of NOK 19.7 billion, Storebrand Livsforsikring has a solvency margin of 214%. Table 22 shows the solvency position including and excluding transitional rules on technical provisions.

TABLE 22 SOLVENCY POSITION

(NOK million)	Including transitional rules 12/31/2021	Excluding transitional rules 12/31/2021	Including transitional rules 12/31/2020	Excluding transitional rules 12/31/2020
Own funds	42 121	42 121	44 107	40 495
Minimum capital requirement	34 161	34 161	37 528	33 916
Solvency capital requirement	19 659	19 659	20 518	20 518
Minimum requirement	7 218	7 218	7 310	7 310
Solvency margin without transitional rules	214,3%	214,3%		197,4 %
Solvency margin with transitional rules on technical provisions	**214,3 %**	**214,3 %**	**215,0 %**	
Minimum margin without transitional rules	473,3%	473,3%		464,0 %
Minimum margin with transitional rules on technical provisions and capital requirements for equities	**473,3%**	**473,3%**	**513,4 %**	

Storebrand Livsforsikring has a minimum capital requirement of NOK 7.2 billion and eligible own funds to meet this requirement of NOK 34.1 billion, resulting in a minimum capital margin of 473% with and without the transitional rule.

Solvency margin and minimum capital margin excluding volatility adjustment

The Solvency margin excluding volatility adjustment (VA) is 197%. The own funds are reduced, but this is partially compensated by increased transitional rule. The capital requirement increases by NOK 1.1 billion. Without transitional rules, the solvency margin excluding VA is 190% because of the increased technical provisions by NOK 3.6 billion. See table 23 for details.

TABLE 23 SOLVENCY MARGIN EXCLUDING VA

	Including transitional rules		Excluding transitional rules	
	Including volatility adjustment	Excluding volatility adjustment	Including volatility adjustment	Excluding volatility adjustment
Own funds	42 121	40 891	42 121	39 420
Solvency Capital Requirement	19 655	20 727	19 655	20 727
Solvency margin	214,3 %	197,3 %	214,3 %	190,2 %

Minimum margin excluding VA is 430% (410% excluding transitional rules).

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 2021 Annual Report, in particular Note 47 Solvency II.

Appendix 1 – Mandatory tables

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	9,86
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	224 828,53
Property (other than for own use)	R0080	
Holdings in related undertakings, including participations	R0090	38 250,28
Equities	R0100	12 042,40
Equities – listed	R0110	11 732, 93
Equities – unlisted	R0120	309,47
Bonds	R0130	158 415,51
Government Bonds	R0140	34 302,28
Corporate Bonds	R0150	106 325,28
Structured notes	R0160	17 787,85
Collateralised securities	R0170	
Collective Investments Undertakings	R0180	13 729,99
Derivatives	R0190	1 987,19
Deposits other than cash equivalents	R0200	403,16
Other investments	R0210	
Assets held for index-linked and unit-linked contracts	R0220	157 512,20
Loans and mortgages	R0230	22 051,20
Loans on policies	R0240	0,40
Loans and mortgages to individuals	R0250	18 298,63
Other loans and mortgages	R0260	3 752,30
Reinsurance recoverables from:	R0270	3,83
Non-life and health similar to non-life	R0280	3,83
Non-life excluding health	R0290	
Health similar to non-life	R0300	3,83
Life and health similar to life, excluding index-linked and unit-linked	R0310	
Health similar to life	R0320	
Life excluding health and index-linked and unit-linked	R0330	
Life index-linked and unit-linked	R0340	
Deposits to cedants	R0350	
Insurance and intermediaries receivables	R0360	494,98
Reinsurance receivables	R0370	0,33

Receivables (trade, not insurance)	*R0380*	5 924,94
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*	4 001,85
Any other assets, not elsewhere shown	*R0420*	11 080,61
Total assets	*R0500*	**425 908,45**

S.02.01.02 – Balance sheet, liabilities

(NOK million)		C0010
Technical provisions - non-life	R0510	642,37
Technical provisions - non-life (excluding health)	R0520	
TP calculated as a whole	R0530	
Best Estimate	R0540	
Risk margin	R0550	
Technical provisions - health (similar to non-life)	R0560	642,37
TP calculated as a whole	R0570	
Best Estimate	R0580	630,63
Risk margin	R0590	11,74
Technical provisions - life (excluding index-linked and unit-linked)	R0600	208 737,98
Technical provisions - health (similar to life)	R0610	1 493,14
TP calculated as a whole	R0620	
Best Estimate	R0630	1471,89
Risk margin	R0640	21,25
Technical provisions - life (excluding health and index-linked and unit-linked)	R0650	207 244,84
TP calculated as a whole	R0660	
Best Estimate	R0670	204 391,59
Risk margin	R0680	2 853,25
Technical provisions - index-linked and unit-linked	R0690	152 527,60
TP calculated as a whole	R0700	
Best Estimate	R0710	150 472,15
Risk margin	R0720	2 055,45
Other technical provisions	R0730	
Contingent liabilities	R0740	11 080,59
Provisions other than technical provisions	R0750	
Pension benefit obligations	R0760	1,50
Deposits from reinsurers	R0770	
Deferred tax liabilities	R0780	336,09
Derivatives	R0790	509,44
Debts owed to credit institutions	R0800	
Financial liabilities other than debts owed to credit institutions	R0810	
Insurance & intermediaries payables	R0820	825,50
Reinsurance payables	R0830	
Payables (trade, not insurance)	R0840	6 705,74
Subordinated liabilities	R0850	10 859,86
Subordinated liabilities not in BOF	R0860	
Subordinated liabilities in BOF	R0870	10 859,86
Any other liabilities, not elsewhere shown	R0880	
Total liabilities	R0900	**392 226,67**
Excess of assets over liabilities	R1000	**33 681,78**

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*
Premiums written				
Gross	*R0110*	244,25	86,65	330,90
Gross - Proportional reinsurance accepted	*R0120*			
Gross - Non-proportional reinsurance accepted	*R0130*			
Reinsurers' share	*R0140*	1,48	2,35	3,83
Net	*R0200*	**242,78**	**84,30**	**327,07**
Premiums earned				
Gross	*R0210*	244,26	86,65	330,90
Gross - Proportional reinsurance accepted	*R0220*			
Gross - Non-proportional reinsurance accepted	*R0230*			
Reinsurers' share	*R0240*	1,48	2,35	3,83
Net	*R0300*	**242,78**	**84,30**	**327,97**
Claims incurred				
Gross	*R0310*	200,84	82,31	283,15
Gross - Proportional reinsurance accepted	*R0320*			
Gross - Non-proportional reinsurance accepted	*R0330*			
Reinsurers' share	*R0340*		7,89	7,89
Net	*R0400*	**200,84**	**74,42**	**275,26**
Changes in other technical provisions				
Gross	*R0410*			
Gross - Proportional reinsurance accepted	*R0420*			
Gross - Non-proportional reinsurance accepted	*R0430*			
Reinsurers' share	*R0420*			
Net	*R0500*			
Expenses incurred	*R0550*	36,65	15,16	51,81
Other expenses	*R1200*			
Total expenses	*R1300*			**51,81**

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*
Premiums written						
Gross	*R1410*	695,69	3 493,10	13 164,68	1 751,23	19 104,70
Reinsurers' share	*R1420*	1,86	1,81		1,07	4,74
Net	*R1500*	**693,83**	**3 491,28**	**13 164,68**	**1 750,16**	**19 099,96**
Premiums earned						
Gross	*R1510*	695,69	3 493,09	13 164,68	1 751,23	19 104,70
Reinsurers' share	*R1520*	1,86	1,81		1,07	4 74
Net	*R1600*	**693,83**	**3 491,28**	**13 164,68**	**1 750,16**	**19 099,96**
Claims incurred						
Gross	*R1610*	737,50	9 193,56	2 094,21	694,20	12 719,47
Reinsurers' share	*R1620*					
Net	*R1700*	**737,50**	**9 193,56**	**2 094,21**	**694,20**	**12 719,47**
Changes in other technical provisions						
Gross	*R1710*					
Reinsurers' share	*R1720*					
Net	*R1800*					
Expenses incurred	*R1900*	94,83	712,43	497,24	220,91	1 525,45
Other expenses	*R2500*					19,88
Total expenses	*R2600*					**1 545,33**

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)
				Contracts without options and guarantees	Contracts with options or guarantees				
		C0020	*C0030*	*C0040*	*C0050*	C0060	C0070	C0080	*C0150*
Technical provisions calculated as a whole	*R0010*								,
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	*R0020*								,
Technical provisions calculated as a sum of BE and RM									
Best Estimate									
Gross Best Estimate	*R0030*	195 323,82		150 314,23	157,92		8 361,23	706 540,5	354 863,74
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*	195 323,82		150 314,23	157,92		8 361,23	706 540,5	354 863,74
Risk Margin	*R0100*	2 651,81	2 055,45						4 908,70
Amount of the transitional on Technical Provisions									
Technical Provisions calculated as a whole	*R0110*								
Best estimate	*R0120*								
Risk margin	*R0130*								
Technical provisions - total	*R0200*	197 975,63	152 527,60			9 269,21			359 772,45

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

(NOK million)		Health insurance (direct business)	Contracts without options and guarantees	Contracts with options or guarantees	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Total (Health similar to life insurance)
		C0160	C0170	C0180	C0190	C0210
Technical provisions calculated as a whole	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					
Technical provisions calculated as a sum of BE and RM						
Best Estimate						
Gross Best Estimate	R0030		1 471,89			1 471,89
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		1 471,89			**1 471,89**
Risk Margin	R0100	21,25				21,25
Amount of the transitional on Technical Provisions						
Technical Provisions calculated as a whole	R0110					
Best estimate	R0120					
Risk margin	R0130					
Technical provisions – total	R0200	1 493,14				**1 493,14**

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
Technical provisions calculated as a whole	R0010			
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	R0050			
Technical provisions calculated as a sum of BE and RM				
Best estimate				
Premium provisions				
Gross	R0060	19,13	0,07	28,20
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140			
Net Best Estimate of Premium Provisions	R0150	19,13	0,07	**28,20**
Claims provisions				
Gross	R0160	179,01	423,42	602,43
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240		3,83	3,83
Net Best Estimate of Claims Provisions	R0250	179,01	419,59	**598,60**
Total Best estimate - gross	R0260	198,14	432,49	**630,63**
Total Best estimate - net	R0270	198,14	428,66	**626,80**
Risk margin	R0280	4,26	7,48	11,74
Amount of the transitional on Technical Provisions				
Technical Provisions calculated as a whole	R0290			
Best estimate	R0300			
Risk margin	R0310			
Technical provisions – total				
Technical provisions – total	R0320	202,40	439,97	**642,37**
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default – total	R0330		3,83	3,83
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0340	202,40	439,97	**642,37**

S.19.01.21 - Non-life Insurance Claims Information

Accident year / Underwriting year	Z0010	Accident year

(NOK mill,)
Gross Claims Paid (non-cumulative)
(absolute amount)

		Development year												In Current year	Sum of years (cumulative)
Year		0	1	2	3	4	5	6	7	8	9	10 & +			
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110		C0170	C0180
Prior	R0100											1,59	R0100	1,59	1,59
N-9	R0160	0,16	0,88	1,51	6,76	3,02	1,46	8,55	3,83	1,02	0,30		R0160	0,30	27,48
N-8	R0170	9,20	4,09	4,60	9,68	6,87	11,31	15,70	40,60	12,52			R0170	12,52	114,56
N-7	R0180	1,23	7,32	10,56	9,89	11,48	17,79	16,91	7,00				R0180	7,00	82,16
N-6	R0190	3,12	6,96	11,25	16,44	15,29	30,29	17,622					R0190	17,62	100,97
N-5	R0200	9,30	13,66	14,76	20,94	17,66	21,48						R0200	21,48	97,81
N-4	R0210	5,53	10,21	10,76	14,86	19,58							R0210	19,58	60,90
N-3	R0220	7,37	17,59	28,98	18,23								R0220	18,23	72,17
N-2	R0230	13,50	24,48	29,94									R0230	29,94	67,92
N-1	R0240	12,40	20,29										R0240	20,29	32,71
N	R0250	24,60											R0250	24,60	24,60
												Total	R0260	**173,147**	**682,87**

Gross undiscounted Best Estimate
Claims Provisions
(absolute amount)

		Development year												Year end (discounted data)
Year		0	1	2	3	4	5	6	7	8	9	10 & +		
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300		C0360
Prior	R0100	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	3,94	R0100	3,94
N-9	R0160	0,00	0,00	0,00	0,00	62,51	36,23	29,09	13,12	6,29	7,10		R0160	7,09
N-8	R0170	0,00	0,00	0,00	78,86	52,84	61,25	86,75	33,37	10,27			R0170	10,27
N-7	R0180	0,00	0,00	98,00	57,74	50,46	40,84	25,14	11,19				R0180	11,19
N-6	R0190	0,00	106,12	78,35	54,32	52,53	34,22	23,81					R0190	23,81
N-5	R0200	189,20	96,78	68,53	74,04	67,18	36,63						R0200	36,63
N-4	R0210	98,14	78,91	72,04	75,74	49,56							R0210	49,56
N-3	R0220	97,61	87,71	86,76	67,44								R0220	67,44
N-2	R0230	90,08	108,37	101,23									R0230	101,29
N-1	R0240	183,10	146,05										R0240	146,05
N	R0250	155,65											R0250	155,65
												Total	R0260	**612,86**

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
		C0010	*C0030*	*C0050*	*C0070*	*C0090*
Technical provisions	*R0010*	361 907,95			3 602,11	
Basic own funds	*R0020*	42 121,24			-2 701,58	
Eligible own funds to meet Solvency Capital Requirement	*R0050*	42 121,24			-4 703,99	
Solvency Capital Requirement	*R0090*	19 659,43			-19 659,41	
Eligible own funds to meet Minimum Capital Requirement	*R0100*	34 160,52			-3 201,19	
Minimum Capital Requirement	*R0110*	7 217,91			324,20	

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*
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation (EU) 2015/35						
Ordinary share capital (gross of own shares)	*R0010*	3 540,42	3 540,42			
Share premium account related to ordinary share capital	*R0030*	9 710,58	9 710,58			
I 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*	17 463,53	17 464,53			
Subordinated liabilities	*R0140*	10 859,86		2 002,4	8 857,46	
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*	546,85			546,85	
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						
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*					
Deductions						
Deductions for participations in financial and credit institutions	*R0230*					
Total basic own funds after deductions	*R0290*	**42 121,24**	**30 714,53**	**2 002,4**	**9 404,30**	
Ancillary own funds						
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*					
Total ancillary own funds	*R0400*					

S.23.01.01 – Own funds, page 2

(NOK million)		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Available and eligible own funds						
Total available own funds to meet the SCR	R0500	42 121,24	30 714,53	2 002,4	9 404,30	
Total available own funds to meet the MCR	R0510	42 121,24	30 714,53	2 002,4	9 404,30	
Total eligible own funds to meet the SCR	R0540	42 121,24	30 714,53	2 002,4	9 404,30	
Total eligible own funds to meet the MCR	R0550	42 121,24	30 714,53	2 002,4	1 443,58	
SCR	R0580	**19 659,43**				
MCR	R0600	**7 217,91**				
Ratio of Eligible own funds to SCR	R0620	**214,25 %**				
Ratio of Eligible own funds to MCR	R0640	**473,27 %**				

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	33 681,78
Own shares (held directly and indirectly)	R0710	
Foreseeable dividends. distributions and charges	R0720	2 420,40
Other basic own fund items	R0730	13 797,84
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	
Reconciliation reserve	R0760	**17 463,53**
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	R0770	2 776,83
Expected profits included in future premiums (EPIFP) - Non- life business	R0780	
Total Expected profits included in future premiums (EPIFP)	R0790	**2 776,83**

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

(NOK million)		Gross solvency capital requirement	USP	Simplifications
		C0110	*C0090*	*C0100*
Market risk	*R0010*	32 800,06		
Counterparty default risk	*R0020*	1 794,62		
Life underwriting risk	*R0030*	11 259,31		
Health underwriting risk	*R0040*	636,12		
Non-life underwriting risk	*R0050*			
Diversification	*R0060*	-8 476,78		
Intangible asset risk	*R0070*			
Basic Solvency Capital Requirement	*R0100*	**38 013,33**		

Calculation of Solvency Capital Requirement		*C0100*
Operational risk	*R0130*	1 067,11
Loss-absorbing capacity of technical provisions	*R0140*	-14 296,22
Loss-absorbing capacity of deferred taxes	*R0150*	-5 124,79
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	*R0160*	
Solvency capital requirement excluding capital add-on	*R0200*	**19 659,43**
Capital add-on already set	*R0210*	
Solvency capital requirement	*R0220*	**19 659,43**
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	*R0400*	
Total amount of Notional Solvency Capital Requirement for remaining part	*R0410*	
Total amount of Notional Solvency Capital Requirements for ring fenced funds	*R0420*	
Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	*R0430*	
Diversification effects due to RFF nSCR aggregation for article 304	*R0440*	

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

(NOK million)		Non-life activities	Life activities
		$MCR_{(NL,NL)}$ Result	$MCR_{(NL,L)}$Result
		C0010	*C0020*
Linear formula component for non-life insurance and reinsurance obligations	*R0010*	98,78	

		Non-life activities		Life activities	
		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
		C0030	*C0040*	*C0050*	*C0060*
Medical expense insurance and proportional reinsurance	*R0020*				
Income protection insurance and proportional reinsurance	*R0030*	198,139	242,78		
Workers' compensation insurance and proportional reinsurance	*R0040*	428,66	84,30		
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
		MCR(L,NL) Result	MCR(L,L) Result
		C0070	*C0080*
Linear formula component for life insurance and reinsurance obligations	*R0200*		7 119,12

		Non-life activities		Life activities	
		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk	Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
		C0090	*C0100*	*C0110*	*C0120*
Obligations with profit participation - guaranteed benefits	*R0210*			176 427,95	
Obligations with profit participation - future discretionary benefits	*R0220*			18 895,87	
Index-linked and unit-linked insurance obligations	*R0230*	150 472,15		129,255.28	
Other life (re)insurance and health (re)insurance obligations	*R0240*			10 539,66	
Total capital at risk for all life (re)insurance obligations	*R0250*				427 482,04

S.28.02.01 - Minimum capital Requirement - Both life and non-life insurance activity, page 3

(NOK million)

Overall MCR calculation

		C0130
Linear MCR	R0300	7 217,91
SCR	R0310	19 659,43
MCR cap	R0320	8 846,74
MCR floor	R0330	4 914,86
Combined MCR	R0340	7 217,91
Absolute floor of the MCR	R0350	68,78
		C0130
Minimum Capital Requirement	R0400	**7 217,91**

Notional non-life and life MCR calculation		Non-life activities	Life activities
		C0140	C0150
Notional linear MCR	R0500	98,78	7 119,12
Notional SCR excluding add-on (annual or latest calculation)	R0510	269,05	19 390,38
Notional MCR cap	R0520	121,07	8 725,67
Notional MCR floor	R0530	67,26	4 847,60
Notional Combined MCR	R0540	90,78	7 119,12
Absolute floor of the notional MCR	R0550	27,74	41,05
Notional MCR	R0560	**98,78**	**7 119,12**

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