Storebrand

Storebrand Bank ASA

Annual report 2023

Company information

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Content

Key figures Storebrand Bank

Storebrand Bank Group

NOK million and percentage	2023	2022
Profit and Loss account		
Net interest income [1]	1.43 %	1.19 %
Other operating income [2]	0.15 %	0.13 %
Main balance sheet figures		
Total assets	70,327.0	56,631.2
Average total assets [1]	63,928.9	51,387.5
Gross lending to customers	59,702.0	49,993.9
Deposits from customers	23,948.2	19,477.8
Deposits from customers as % of gross loans	40.1 %	39.0 %
Equity	4,727.2	3,360.9
Other key figures		
Loan losses and provisions as % of average total loans [4]	0.10 %	0.03 %
Gross non-performing and loss-exposed loans as % of total loans	0.6 %	0.2 %
Cost/income ratio [3]	45.3 %	56.9 %
Adjusted return on equity	9.9 %	7.4 %
Core equity Tier 1 (CET1) capital ratio	17.0 %	15.7 %
LCR [5]	352.0 %	166.0 %

Storebrand Bank ASA

NOK million and percentage	2023	2022
Profit and Loss account		
Net interest income [1]	1.92 %	1,47 %
Other operating income [2]	1.02 %	0,81 %
Profit before other comprehensive income as % of total assets	0.90 %	0,57 %
Main balance sheet figures		
Total assets	33,873.5	28,135.9
Average total assets [1]	30,705.7	26,384.8
Gross lending to customers	14,612.5	12,512.9
Deposits from customers	23,948.2	19,477.8
Deposits from customers as % of gross loans	163.9 %	155.7 %
Equity	4,483.6	3,442.5
Other key figures		
Loan losses and provisions as % of average total loans [4]	0.29 %	0.06 %
Gross non-performing and loss-exposed loans as % of total loans	1.1 %	0.5 %
Cost/income ratio [3]	50.5 %	63.6 %
Core equity Tier 1 (CET1) capital ratio	25.0 %	22.4 %
LCR [5]	338.0 %	143.0 %

Definitions:
1) Net interest income as percent of average total assets. Average total assets is calculated on the basis of monthly total assets for the quarter and for the year to date respectively.
2) Other operating income includes net fee and commission income.
3) Total operating expenses as % of total income.
4) Loan losses and provisions consists of total loan loss provisions including change in statistical provisions for the period.
5) Liquidity coverage requirement.

Annual report

(Figures in brackets are comparable figures for 2022)

Main trends

Storebrand Bank ASA is a wholly owned subsidiary of Storebrand ASA. The bank's operations are conducted as an integrated part of the Storebrand Group's operations, and are organised under the retail market. Storebrand Bank ASA is a commercial bank with licences pursuant to the Securities Trading Act. The bank's head office is located at Lysaker in Bærum municipality.

Storebrand Bank ASA is an online bank that offers a wide range of banking and savings products to the Norwegian retail market. The bank is positioned as a digital bank with a personal touch, and offers permanent adviser based on the home loan. The bank wishes to attract customers who value a wide range of services, and who view the banking relationship as the gateway to having their financial needs met. Based on its retail strategy, the bank can ensure that the customer's needs in banking, savings and insurance are met. Through its products, the bank wants to promote sustainable choices among its customers, with a particular focus on Boliglån Fremtid (Mortgage Future), and in 2022 also launched a Miljøtiltakslån (Environmental Measures Loan) where customers can get combined good advice on energy efficiency through the bank's partner Huseierne (Norwegian Homeowners' Assocition), as well as favorable financing. The bank also offers investment advice to the affluent segment.

Storebrand Bank ASA has a wholly owned subsidiary, Storebrand Boligkreditt AS, which is a mortgage credit institution licensed by the Financial Supervisory Authority of Norway to issue covered bonds. In 2020, the Group's investment advisory services to the retail market, Storebrand Finansiell Rådgivning AS (SFR), were also merged into the bank, and the bank therefore has additional licences under the Securities Trading Act, to receive and transmit orders, as well as provide investment advice.

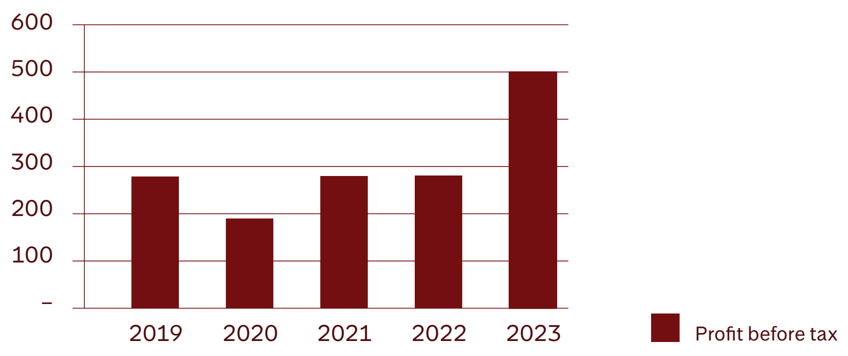
Macroeconomic impact

High inflation and associated higher key rates have influenced the macroeconomic situation in Norway in recent years. Many Norwegians, including our customers, have faced greater challenges in coping with higher prices and borrowing rates, but a favourable labour market and low unemployment have meant that the private financial situation has nevertheless been manageable for the vast majority. The housing market held up surprisingly well in the first half of 2023, but stagnated in the second half with associated reduced turnover and falling prices. In 2024, it is expected that the policy rate will begin to be cut later in the year, that inflation will decline and that unemployment will only increase slightly.

In the impairment assessments, an overall assessment has been made of the future outlook, where interest rates, inflation and unemployment are some of the factors considered. Developments in non-performing loans, arrears and loans without instalments are being closely monitored.

Financial performance

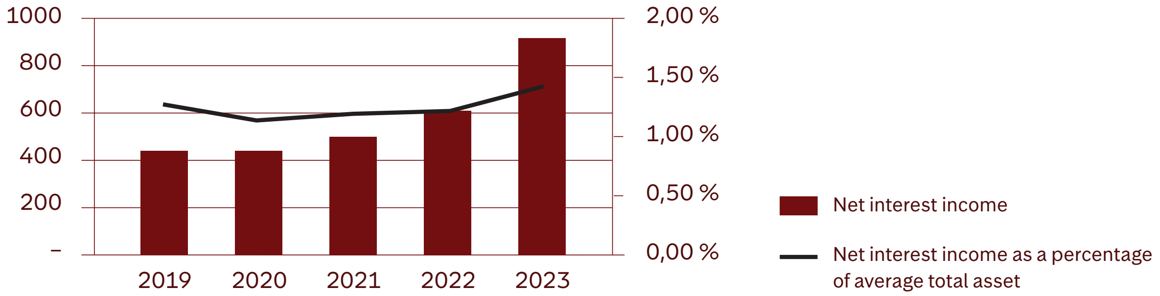
Trends in profit before tax (NOK Million)



The profit before tax for the banking group was NOK 500 million for 2023, compared with NOK 281 million in 2022 for continuing operations. Net interest income increased by NOK 307 million in 2023 to NOK 917 million, as a result of both increased total assets and improved margin. Operating expenses increased from NOK 383 million in 2022 to NOK 458 million in 2023, mainly due to somewhat increased staffing in sales and service and increased system costs. Loan losses amount to NOK 54 million in 2023 compared with NOK 14 million in 2022. The banking group achieved a profit after tax of NOK 380 million in 2023 against NOK 214 million in 2022.

Net interest income

Net interest income (NOK Million) and net interest income as a percentage of average total assets



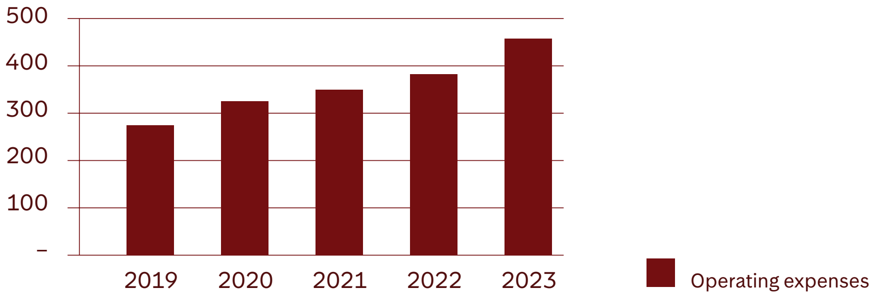
Net interest income for the banking group amounts to NOK 917 million in 2023, compared with NOK 610 million the previous year. The increase is due to both increased total assets and improved interest margins. Net interest income as a percentage of average total assets amounts to 1.43 per cent in 2023, an increase of 0.25 percentage points from 2022. From 2022 to 2023, lending margins have weakened somewhat, while deposit margins have strengthened significantly.

Net commission income
The banking group's net commission income amounts to NOK 96 million, compared with NOK 98 million in 2022.

Other income
Net gains/losses on financial instruments will be reduced from minus NOK 30 million in 2022 to minus NOK 2 million in 2023. The improvement in other income is mainly due to changes in the value of financial instruments.

Operating expenses

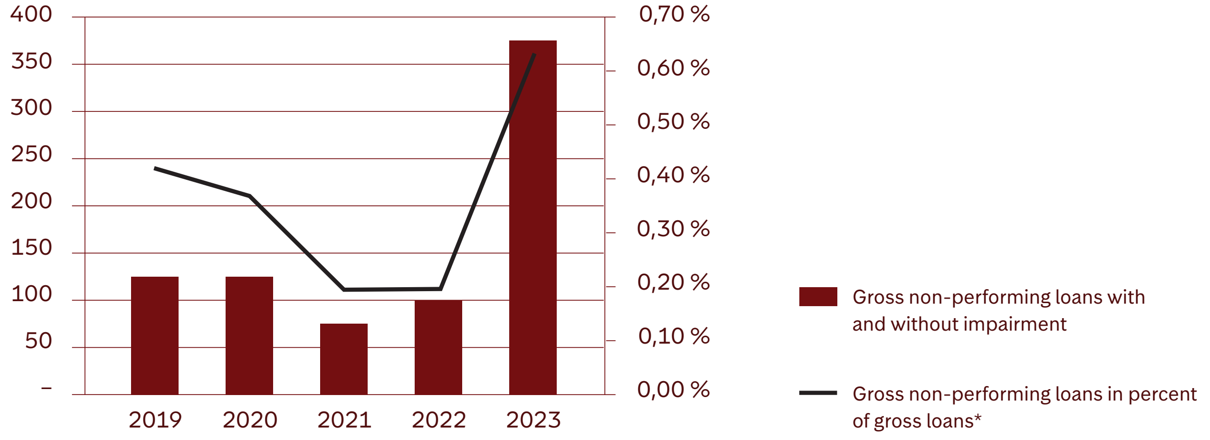
Operating expenses (NOK Million)



Operating expenses in the banking group total NOK 458 million (NOK 383 million). The use of resources increased mainly in connection with sales and servicing to support the bank's growth. The cost ratio was 45 per cent in 2023 (57 per cent).

Losses and non-performing loans

Developments in gross non-performing loans with and without impairment (NOK Million) and int the percentage of average gross lending



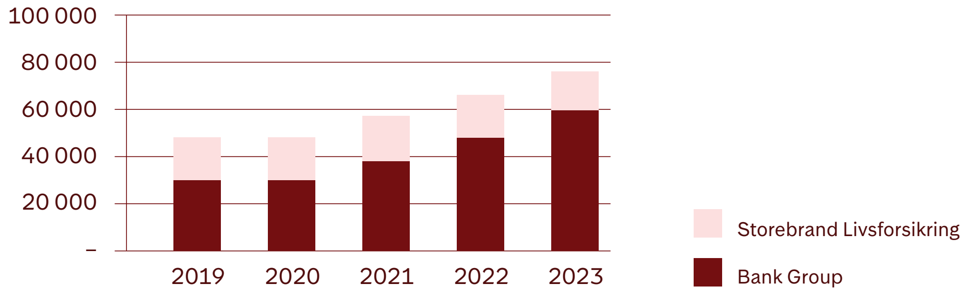
* Defaults measured at account level

Total loan losses amount to NOK 54 million for the banking group in 2023, compared with NOK 14 million in 2022. The largest increase in losses compared to 2022 is related to mortgages and losses now account for 0.04% of the average mortgage portfolio.

Non-performing loans without impairment increased in 2023 and amount to NOK 267 million (NOK 73 million), while non-performing loans with impairment amount to NOK 112 million (NOK 25 million). The total volume of defaults amounts to 0.6 per cent of gross lending (0.2 per cent).

Balance sheet

Development of gross lending in both the retail market and corporate market (NOK Million)



At the end of 2023, the banking group had total assets of NOK 70.3 billion. Gross lending to customers was NOK 59.7 billion at the end of the year, an increase of NOK 9.7 billion from 2022. In 2016, the bank entered into an agreement with Storebrand Livsforsikring AS for the sale of loans to the retail market. The portfolio of mortgages in Storebrand Livsforsikring AS has changed marginally in 2023 and amounts to NOK 17 billion as of 31 December 2023.

The loan portfolio, including loans managed on behalf of Storebrand Livsforsikring AS, amounted to NOK 76.7 billion at the end of the year, which represents an increase of NOK 9.6 billion from the beginning of the year.

The banking group's loan portfolio consists mainly of low-risk residential mortgages. The average weighted LTV ratio for the banking group's mortgage portfolio is 65 per cent, compared with 57 per cent at the end of 2022. LTV ratios are calculated on the basis of the amount deducted for credits.

The banking group has a balanced financing structure and bases its borrowing on customer deposits, issuance of covered securities and bonds, as well as borrowing in the Norwegian and international capital markets. The Bank has established sound liquidity buffers. The volume of deposits from customers amounted to NOK 23.9 billion (NOK 19.5 billion) at the end of the year, which corresponds to a deposit-loan ratio of 40 per cent (39 per cent).

The banking group issued NOK 0.6 billion in senior bonds and NOK 9.8 billion in covered bonds in 2023. At year-end, Storebrand Bank ASA had NOK 37.3 billion in covered bonds issued by Storebrand Boligkreditt AS.

Business segments

Storebrand Bank ASA is an online bank that supplies traditional banking products to the Norwegian retail market. The offer includes home loans, consumer loans, current accounts and cards, as well as mobile banking and online banking. The bank cooperates with several external partners, including the real estate chain Nordvik and the interest group Huseierne (Norwegian Home Owners Association).

Storebrand Bank ASA also offers a wide range of options for bank savings and is the headquarters of the Group's investment advisory services to the retail market. Storebrand Bank ASA is also a partner with Dreams, which offers an innovative savings app that makes saving easy and fun, as well as the service Bli Gjeldfri (Become Debt Free) as part of the bank's consumer loan offer.

At the end of 2023, the banking group had approximately 175,000 active customers with a gross lending volume of NOK 59.7 billion and deposit volume of NOK 23.9 billion.

Group structure and subsidiaries

The subsidiary Storebrand Boligkreditt AS has a licence to issue covered bonds secured by mortgages in residential property. The company has a balance sheet of NOK 46.6 billion (NOK 39.1 billion) at the end of 2023 and serves primarily as a funding tool. Covered bonds amounted to NOK 37.3 billion. The volume of non-performing and high-risk loans amounts to 0.49 per cent of gross lending at the end of 2023. The established loan program has an AAA rating from the rating agency S&P Global Rating Services.

Risk management

A bank's core business is related to value creation through exposure to acceptable risk. The banking group is aware of the risks in its operations, has a good understanding of risks that result in earnings and losses and works continuously to further develop systems and processes for risk management. The risk profile is assessed as low to moderate.

The risk in the bank group is closely monitored in accordance with guidelines for risk management and internal control that have been approved by the Board. The board sets an annual risk appetite and strategy and risk limits. Separate risk strategies are drawn up for the individual risks, with risk indicators and risk limits. Development of these parameters is followed through risk reports to the Board.

Credit risk and liquidity risk are the most important risks for the banking group. The Bank is also exposed to solvency risk, market risk, operational risk incl. ICT risk, and compliance risk.

Credit risk

The banking group has net lending to customers of NOK 59.7 billion on 31 December 2023. Total exposure as of 31 December 2023 also includes loan commitments, unused credit limits and guarantees totalling NOK 7.5 billion.

The lending volume, including loan commitments and unused credit facilities, amounts to NOK 67.2 billion. The quality of credit in the portfolio is considered to be good, with low to moderate risk that is in line with risk appetite. Almost the entire portfolio is secured on real estate. The portfolio's high security coverage indicates limited risk of losses. New loans are granted in accordance with the regulation relating to new loans secured by a mortgage on residential property.

The average weighted LTV ratio in the banking group is about 65 percent (58 percent) for residential mortgage exposures. Among home loan exposures, 39 percent (51 percent) are within 60 percent LTV ratios, 73 percent (90 percent) within 80 percent and 99 percent (99 percent) are within 100 percent LTV ratios. Storebrand Bank ASA monitors LTV ratios on an ongoing basis and updates market values quarterly.

Boligkreditt's balance sheet (credit lines secured on residential property) accounts for 15 per cent (9 per cent) of total exposure. The average utilisation ratio for credit lines is 70 per cent (66 per cent).

At year-end, the banking group had deposited securities with a fair value of NOK 1,429 million as collateral for overdraft access to overnight loans in Norges Bank. Securities with a fair value of NOK 152 million have also been deposited with other credit institutions.

Liquidity risk

The Storebrand Bank Group has solid liquidity buffers. The liquidity coverage requirement (LCR) measures the size of the enterprise's liquid assets, relative to net liquidity outflows 30 days ahead, in a given stress situation in money and capital markets. The minimum LCR requirement is 100 percent. The Bank reports the LCR monthly. The LCR requirement is satisfied at all measurement points. At the end of the year, the banking group's LCR amounted to 352 per cent. In Storebrand Boligkreditt, the over-collateralisation is 24.3 per cent (32.3 per cent), where the legal requirement is 5 per cent (covered bond premium). Storebrand Bank ASA also has a substantial volume of bank balance that can be sold to the mortgage company. The Bank thus has a great potential for issuing covered bonds.

The deposit/loan ratio in the Storebrand Bank Group was 40 per cent at the end of the year, and the corresponding ratio in Storebrand Bank ASA was 165 per cent. With regard to wholesale funding, there is considerable emphasis on having a balanced financing structure with regard to maturity dates, instruments and issues in different markets. In addition, the Storebrand Bank Group measures and assesses the NSFR when assessing the bank's funding profil and risk. The minimum requirement for the NSFR is 100%. The banking group's NSFR was 118 per cent at the end of 2023.

Market risk

Interest rate risk and spread risk in the liquidity portfolio constitute the most significant market risks. Interest rate risk in the banking book (IRRBB) and credit spread risk in the banking book is measured according to regulatory requirements with separate risk limits. Overall, market risk is low. There are very low limits on currency risk, and there is no active investment strategy for equities. The bank has no trading portfolio.

Operational risk

In order to manage operational risk, the banking group focuses on establishing good work and control routines, and at the same time works systematically to create good attitudes among the banking group's employees. The most important measures to reduce operational risk are systematic risk reviews in all parts of the banking group at least semi-annually, as well as when initiating projects and if special events occur. The last risk review was conducted in the second half of 2023. Operational risk is considered low.

The bank's IT systems are central to, among other things, product establishment, credit granting, portfolio follow-up and accounting. Faults and business interruptions can have consequences for operations and affect customer confidence. Ultimately, nonconformity situations can lead to sanctions from supervisory authorities. Operational operation of the IT systems is to a considerable extent outsourced. The bank's system platform is based on purchased standard systems that are operated and followed up through service agreements. A cross-cutting management model has been established with close supplier follow-up and internal control activities to reduce the risk associated with the development, management, operation and information security of IT systems. The IT platform is stable and works well.

Compliance risk

The risk of incurring public sanctions or financial loss as a result of non-compliance with external and internal regulations is defined as the banking group's compliance risk. Storebrand Bank ASA pays particular attention to risks associated with compliance with and implementation of amendments to applicable anti-money laundering and terrorist financing (AML-CFT) legislation, customer protection/protection, capital adequacy, liquidity management and application of international accounting standards.

Fraud and disputes

Storebrand Bank ASA has reported three (two) fraud cases to the police in 2023. In total, the bank has received 34 (11) customer complaints in 2023. The customers have been upheld in 11 (two) cases, partly upheld in one (three) case, the remainder have been processed/rejected (6). The complaints have resulted in loss recognition totalling NOK 0.2 million.

Capital management

Capital adequacy

At the end of 2023, the banking group has a net primary capital of NOK 5.4 billion (NOK 4.4 billion). The capital adequacy ratio, core capital ratio and pure core captail (CET1) ratios were 21.8 per cent, 18.5 per cent and 17.0 per cent respectively at year-end 2023, compared to 21.3 per cent, 17.2 per cent and 15.7 per cent at the end of 2022. The unweighted core capital ratio amounted to 6.3 per cent at the end of 2023, compared with 6.1 per cent at the end of 2022. The bank group must always comply with the capital requirements with an adequate margin. The total requirement for pure core capital (CET1), core capital and primary capital is 14.7, 16.5 and 18.8 per cent respectively. The requirement for the unweighted core capital ratio is 3 percent. The company has satisfactory financial strength and liquidity in relation to its business activities. The banking group, the parent bank and the mortgage credit institution all comply with applicable legal requirements.

The Transparency Act

Purpose and delimitation

Storebrand Bank ASA is obliged to conduct due diligence in accordance with the OECD Guidelines for Multinational Enterprises and Work on Fundamental Human Rights and Decent Working Conditions (the Transparency Act) on 01.07.2022 to conduct due diligence in accordance with the OECD Guidelines for Multinational Enterprises.

We will comply with universal human and labour rights, and minimise the risk of breaches through our own operations and supply chain. By own operations is meant influence thro ugh financial services offered and treatment of own employees.

The purpose of this report is to make it easier for consumers, organisations and other stakeholders to gain insight into how Storebrand Bank ASA works with human and employee rights, and whether we have either caused, contributed to or are directly associated with violations of these.

In addition to this report, reference is made to the Storebrand Group's annual report and joint report pursuant to the Transparency Act. In Chapter 3, the latter describes group-wide guidelines that form the basis for the work on human rights in Storebrand Bank ASA.

Organisation

Group organisation

Responsible parties have been identified in each group company to ensure that risk assessments are regularly carried out and due diligence assessments are carried out of the supply chain and business partners, as well as their own operations. Reference is made to the Storebrand Group's annual report and joint report pursuant to chapter 2.1 of the Transparency Act for more information about the Group's organisation.

Organisation and responsibility

Storebrand Bank ASA is a wholly owned subsidiary of Storebrand ASA, and is a commercial bank with licences under the Securities Trading Act. Storebrand Bank is a digital bank that offers traditional banking products, such as mortgages, account products, payment services and unsecured loans to the Norwegian retail market. The bank also offers investment advice and order communication to retail customers and companies, primarily in Norway, as distributor for the product companies Storebrand Asset Management AS and Storebrand Livsforsikring AS.

The CEO of Storebrand Bank ASA is responsible for implementing the work on human rights and decent working conditions in the company. The management team at Storebrand Bank handles risk and due diligence assessments of the supply chain and business partners, as well as operations within respective areas of responsibility and functions. The Chief Risk Officer (CRO) and Chief Compliance Officer (CCO) of Storebrand Bank ASA provide ongoing advice and monitor assessments and processes related to human rights and decent working conditions. The Bank also involves key group-wide specialist communities for assistance related to the procurement process, risk assessments, as well as legal and technical issues and requirements, in connection with procurement and entering into new agreements.

A common framework for compliance with the Transparency Act has been established, and Storebrand Bank ASA follows established guidelines and procedures. The Group also has established systems for complaints and whistleblowing. Employees can notify both internally and externally via a third-party channel, and it is possible to submit a complaint from Storebrand's website or by contacting the customer center.

Supplier relationship

Storebrand has group-wide suppliers within IT and ICT operations, office services and cleaning, accounting and financial services and consultancy services. For a general overview of the Storebrand Group's suppliers, see section 2.2 of the Storebrand Group's annual report and joint statement pursuant to the Transparency Act.

For central system and service deliveries, Storebrand Bank mainly uses large Nordic suppliers, which are established and well-known players in the banking sector in Norway. The deliveries include customer systems, online and mobile banking, payment infrastructure, card services and debt collection services. Storebrand Bank has also outsourced certain business processes to a UK company with international operations. These services are provided from the company's office in Lithuania.

Storebrand Bank cooperates closely with all these suppliers and has established follow-up processes which, through risk and due diligence assessments, ensure that the bank's expectations and requirements related to human rights and decent working conditions are met.

Guidelines

Storebrand wishes to be open and transparent about its work within human and labour rights. Therefore, we have a high degree of publicly available guidelines and documents. For an overview of governing documents and guidelines, see chapter 3 of the Storebrand Group's annual report and joint statement pursuant to the Transparency Act. These include all group companies.

Risk and due diligence assessments

Storebrand Bank assesses the risk of human rights violations and decent working conditions through the use of suppliers and their subcontractors and through the distribution of financial services. The following presents the most significant risk areas for Storebrand Bank and associated mitigating measures.

The overall risk level for Storebrand Bank is considered low. In addition to group-wide risks, which are described in more detail in the Storebrand Group's annual report and a joint statement pursuant to the Transparency Act under chapter 4, there is an inherent risk in Storebrand Bank that follows from the choice to be a digital bank. Customers gain access to information, buy and change products, and perform their own daily banking services on digital platforms such as the bank's website, as well as mobile and online banking. There is a certain risk that customers with limited digital capabilities find it challenging to relate to the bank's digital services. In order to meet this risk and be a publicly available bank, the bank has the possibility of communication over the phone. In connection with the taking of mortgages and investments, there will always be an advisor available.

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Methodology
The assessments are based on the extent to which the rights enshrined in the rights declarations below and the conventions are threatened, and what kind of consequences and harm a breach will entail.
- Universal Declaration of Human Rights (UDHR)
- International Covenant on Civil and Political Rights (ICCPR)
- International Covenant on Economic, Social and Cultural Rights (ICESCR)
- United Nations Convention on the Elimination of All Forms of Discrimination against Women (CEDAW)
- United Nations Convention on the Rights of the Child (CRC)
- The Fundamental Rights of the International Labour Organization (ILO)

For a detailed description of the framework, see the Storebrand Group's report published in June 2023, chapter 6.1.

Sustainability

The Group offers pensions, savings products, insurance and banking products to personal customers, business customers and public enterprises. Storebrand Bank ASA strive to be closest to the customer and know them so well that we can always help them with what they need. Storebrand offer products and services that will give our customers increased financial security and freedom. The goal is to make it easier for customers to invest in the future by making good financial choices today. Our purpose clearly and simply states what is most important to us: Creating a future to look forward to.

Sustainability is of great importance to the Group, the customers and the outside world, and we contribute to financial security and freedom through good management of the customers' funds, disbursement of life, disability and P&C insurances and financing of home purchases. We believe that good work with sustainability contributes to the Group being able to deliver the best possible risk-adjusted future return to customers and owners, and is therefore important to achieving the commercial goals.

Storebrand must take sustainability into account, both through our products and services and through our collaboration with suppliers and partners. In our work, we base ourselves on these principles:

- Through our operations, we shall contribute to achieving the UN's sustainability goals, as well as the associated national and international goals to which the authorities where we operate have committed themselves.
- We shall prioritize work with selected sustainability goals where we can have a significant influence - and which significantly influence us.
- We will help our customers to make more sustainable choices, through the products and services we offer.
- We are a responsible employer.
- We must take sustainability into account in all processes and decisions – from the boards and group management, who have overall responsibility, to every manager and employee.
- We collaborate with customers, suppliers, authorities and partners in our work with sustainability.
- We are open about our sustainability work and about the results we achieve.

Storebrand Bank ASA, as an integral part of the Storebrand Group, has the same principles for working with sustainability as the Group as a whole.

The Storebrand Group is open about our sustainability work and reports in accordance with several leading reporting standards, including the Global Reporting Initiative (GRI), Task Force on Climate-Related Financial Disclosures (TCFD) and CDP (formerly the Carbon Disclosure Project), in line with the expectations of key stakeholders. Strategic ambitions, specific goals, reporting and communication about sustainability are important success criteria in our work. In addition, we engage in international initiatives such as the Net Zero Asset Owner Alliance, Net Zero Asset Manager Alliance, UN Principles for Responsible Investments (PRI) and Climate Action 100+ to collaborate with other like-minded actors to find solutions to global sustainability challenges and set requirements to reach zero emission targets.

Our sustainability report is integrated into the annual report of Storebrand ASA and follows GRI's (Global Reporting Initiative) standards for reporting. All information about the Group's sustainability work is available in Storebrand's sustainability library on our website.[1)]

Sustainable finance
Storebrand has the ambition to set the agenda for sustainable finance. We believe that to take sustainability into account provides the best possible future risk-adjusted return for customers and owners, and that not taking climate, nature and social conditions into account can pose a great risk of loss of value. As a financial player, Storebrand can both influence developments in society, and is also influenced by societal developments, which provide both risks and opportunities.

The financial industry plays an important role in financing the transition to a sustainable society, through investments, lending and insurance. This is recognized and institutionalized through the EU's Green Deal, which will ensure a climate-neutral and competitive Europe. One of ten initiatives in the Green Deal is about financing the transition, by turning capital towards more sustainable activities, establishing transparency about companies' work with sustainability and by integrating sustainability into risk assessments.

As an investor, Storebrand must ensure the best possible return for customers and owners, reduce financial risk and at the same time be a driving force behind lasting change in the way companies are managed. We believe that investments in companies that are well positioned to deliver solutions to the UN's sustainability goals will provide better risk-adjusted future returns for our customers. We believe that companies that manage sustainability risks and opportunities in a good way have a potential competitive advantage that can enable them to deliver better returns, while also contributing to positive development.

Storebrand's work with sustainable finance is described in more detail in the chapters ***A driver for sustainable investments*** and ***Sustainability in insurance*** in Storebrand's annual report.

Climate and environment
Storebrand's biggest impact on climate change comes from financed emissions through our investments. Because we are a significant asset owner with global positions, we see climate change as one of the areas where we can indirectly contribute positively or negatively to society - and this can affect us negatively. In order to reduce the negative impact on climate change, we have defined science-based and verified targets for investments and our own operations. Storebrand's overall ambition is to contribute to achieving the Paris Agreement and a maximum temperature increase of 1.5 °C.

In our own operations, we have a target of reducing greenhouse gas emissions by 7.6 per cent per year from the level in 2019, in line with the 1.5 degree target and the conclusions in the UN's Emissions Gap report 2019. We also have the following science-based targets. These have been verified by the Science Based Targets Initiative.

- Storebrand is commited to reduce absolute emissions (scope 1-2) by 52 per cent by 2030, with 2018 as the base year
- Storebrand is committed to continue with the annual purchase of 100 per cent renewable electricity until 2030 [2)].

To reduce emissions in our own operations, we work to become more energy efficient, reduce waste production, increase the proportion of waste that is sorted, and reduce our carbon footprint in connection with business trips and commuting. In Storebrand, we have an internal carbon tax for air travel that provides insight into the department's travel habits. The money from the carbon tax is used to buy climate quotas and other climate compensating activities. The system was further developed in 2023 to give us increased insight into the drivers behind flights and measures to reduce them. In 2023, the number of flights in the Group increased and we exceeded the target level of CO2 emissions from our flights. We are now back to roughly the same level as in 2019, before the pandemic. We are working with measures to reverse the trend, including through updated guidelines for business trips and assessment of the internal carbon pricing.

1) https://www.storebrand.no/en/sustainability/sustainability-library
2) We have used a location-based method for our scope 1-2 emission targets for our own operations, but also included a market-based target for the procurement of renewable electricity

Storebrand has committed to an investment portfolio with net zero greenhouse gas emissions by 2050. Storebrand has its own climate policy for investments that sets the framework for this goal. We expect companies to address the effect their operations have on the climate, in terms of both risks and opportunities. We prioritize work with the companies in the portfolio with the most significant emissions across scope 1-3, as well as the companies with the highest climate risk. In order to realize the overall goal, several sub-goals have been established:

- 32 per cent reduction in scope 1-2 emissions [3] from shares, corporate bonds and property investments by 2025 (vs. 2018)
- 15 per cent of invested funds in "solutions" [4] by 2025
- Dialogue and special follow-up of the 20 largest emitters

We also have the following science-based targets that have been verified by the Science Based Targets Initiative.
- 42 per cent of listed shares and corporate bonds (based on invested funds) must have defined validated, science-based targets (SBTi) by 2027
- Reduce scope 1-2 emissions from property investments by 64 per cent (per square meter) for residential buildings by 2030 (compared to base year 2019) [5]
- Reduce scope 1-2 emissions from real estate investments by 71 per cent for commercial buildings by 2030

Storebrand's work with climate is described in more detail in the chapter ***Climate change*** and ***A driving force for sustainable investments*** in Storebrand's annual report.

Storebrand has a significant influence on employee well-being, although the scope of the influence is largely limited to Storebrand's internal conditions. Storebrand's employees are our most important source of innovation, development and growth. We need employees who are courageous pioneers, who challenge and think creatively to contribute to financial security and freedom for our customers. Working with ethics, social responsibility and sustainability form an important value base for our business. Our People strategy aims to create a balance between value creation from a customer and employee perspective, a profitability perspective and a sustainability perspective. We will develop an organization that works every day to ensure that our customers have a future to look forward to. We do this by delivering financial security and freedom through knowledge sharing and advice, in addition to financial products and services. Our customers must experience that we have both competence and commitment to what we do. Our work with sustainability also contributes to attracting motivated talent and strengthening the Storebrand brand among current and future employees. We were early on in seeing artificial intelligence (AI) as an important part of our strategy. We shared our vision and knowledge of AI with all our employees on our Storebrand Day in 2023, our annual employee day.

Employee surveys showed that the high degree of dedication among our employees remained in 2023.

In 2023, we continued to facilitate customized skills development for all our employees, based on dialogue with each individual. Planning for needed future skills can give Storebrand a competitive advantage that can lead to increased profits. Our work with diversity and equal opportunities can provide an indirect financial gain as a result of external attention and a good reputation. We always strive to be an organization characterized by inclusion and belonging. All Storebrand employees must be treated equally, regardless of age, gender, disability, cultural background, religious belief or sexual orientation, both in recruitment processes and throughout the entire employment relationship. We have zero tolerance for harassment and discrimination.

In 2023, 57.1 percent of the company's board members were women. There are 34.6 percent of women with managerial responsibilities in the company.

Storebrand's long-term ambition is to ensure a safe and secure working environment for all employees, both physically and mentally, as well as to protect the environment in which we operate. Storebrand has a high standard for this and works systematically with measures to prevent the risk of injuries, protect our employees and further develop a good and safe working environment. Among the Group's most important goals in this work is stable and low sickness absence of less than 3.5 per cent and zero physical injuries. Sickness absence among employees was 2.2 percent in Storebrand Bank ASA in 2023.

Storebrand had none accidents that resulted in personal injury in 2023. There have been no cases of material damage.

Storebrand's work with equality, personnel management, working environment and ethical regulations are described in more detail in the chapters ***Own employees*** and ***business management and compliance*** in Storebrand's annual report as well as its own report on equality and discrimination.

3) Calculated as Weighted Average Carbon Intensity
4) Solutions are defined as shares in solution companies, green bonds, green real estate and green infrastructure
5) Market-based methodology is used, but the priority will be to decarbonise managed properties through direct intervention in energy reduction and on-site renewable energy generation, and finally to procure renewable energy in the market

Financial remuneration
The financial remuneration in Storebrand will help to attract, develop and retain competent, motivated and adaptable employees who contribute to the long-term value creation in the Group. Storebrand's remuneration guidelines are described in more detail in the chapters ***Shareholder relations and Corporate governance*** in Storebrand's annual report.

Customers and end users
We offer long-term savings and insurance products that help individuals and companies achieve financial security and freedom. This is how we can influence society in a positive way. Storebrand's ability to deliver financial security and freedom is crucial to attracting customers. When customers take action to secure their financial future with Storebrand, they should feel confident that they have made good choices. Customers should feel that we offer relevant and good products.

The principle "customer first" is the starting point for all customer contact. This is reflected in our service standards:

Credible – I keep my promises and I am professional
Care - I treat everyone individually, help them and provide advice
Enthusiastic – I am positive and exceed expectations
Effective - I make the customer journey easy and improve the organisation

We want to increase the number of satisfied and loyal customers through good, digital customer experiences. The interaction between digital services and automated processes is the key to efficient distribution and service, and a prerequisite for a profitable and forward-looking Storebrand in the years to come. Through investments in technology and defined digitization programs in each business area, we ensure competitiveness in the market.

Storebrand's work with customer relations is described in more detail in the chapter ***Customers and end users*** in Storebrand's annual report.

Corporate governance and compliance
In order to build and preserve the trust our customers, shareholders, authorities and the rest of society have in us, we are aware of how mechanisms for management and control contribute to shaping the business culture at Storebrand. This is both about the values we promote, how each individual employee behaves and how we facilitate compliance with internal and external regulations. Our culture affects, among other things, how we interact, make decisions and how we behave in everyday work. All employees must take compulsory courses in sustainability, ethics, anti-corruption, privacy, information security, money laundering and terrorist financing and sustainability every year.

We have an approach of working purposefully to develop employees' skills, identify risks and opportunities, and develop our internal regulations. This helps to build a culture of open communication, trust and respect, while promoting diversity and inclusion, learning and accountability. Storebrand works actively to build and preserve an open business culture.

Privacy and digital trust
The digital development creates an increasing risk that personal data can go astray, be stolen or shared with unauthorized persons. The customers and our employees must be able to trust that we manage their personal data in a responsible manner. It requires that we have good security measures, a well-established framework for personal protection and good compliance with this. In addition, our employees must know how personal data must be handled properly in their daily work, and in general in our business.

Work against money laundering and terrorist financing
Storebrand must act consistently and in accordance with relevant legislation in matters relating to money laundering, terrorist financing and other financial crimes, and avoid our companies being misused for such purposes. This requires systematic and continuous work. We seek to achieve this through good routines, training and ongoing follow-up of our customers and partners.

Work against corruption
At Storebrand, we have zero tolerance for corruption and other financial fraud. Corruption can lead to economic instability and is punishable in all countries where Storebrand operates. The trust our customers and the wider world have in us, but also in the financial industry in general, will be negatively affected by a possible corruption case. It is therefore important for us to help promote ethics, active ownership and accountability because it helps to fight corruption. We continuously work to identify internal areas with a high risk of corruption. We also have a number of measures to prevent fraud.

Information security
As a financial institution, our digital solutions and our infrastructure are critical for society. We manage large amounts of information and assets for our customers. We can be an attractive target for a number of threat actors because of our market position, our customers, suppliers, partners and employees. We work with information security by seeing people,

processes and technology as a whole. In order for Storebrand to be able to run a good financial business and increase our innovation power in the years to come, secure and stable IT solutions and infrastructure are a prerequisite. We therefore work continuously and strategically with information security to manage risk and to strengthen our resilience.

A responsible value chain

Procurement is an area where we can influence our suppliers in a more responsible direction. In our business, we have a significant proportion of outsourcing. This requires stricter procedures for monitoring working conditions, safeguarding human rights and handling environmental impacts in the value chain. A key objective is to avoid agreements with suppliers where production processes or products violate international agreements, national legislation or internal guidelines. Through our own operations and purchasing operations, we must contribute to sustainable development, and to ensure that human rights and workers' rights are not violated. Since 2020, we have set ambitious climate requirements for our suppliers. In 2023, we adjusted these requirements. We maintain high ambitions, while the requirements encourage suppliers to a greater extent to take concrete measures in their own operations rather than buying climate quotas in their work towards net zero, as well as reducing the risk of greenwashing. Our updated concrete targets mean that by 2050 the suppliers will achieve net zero greenhouse gas emissions from their operations through:

1. Measure and report the emissions of greenhouse gases from the business
2. By the end of 2025, set science-based climate targets in line with the relevant industry standard to reduce greenhouse gas emissions
3. Reduce emissions as much as possible through own actions and introduce appropriate measures to compensate for own emissions that cannot be avoided

Storebrand's work with business management is described in more detail in the chapter ***Business management and compliance*** in Storebrand's annual report.

Insurance for board members and company management

The Board of Directors and senior executives are covered by the company's ongoing board liability insurance. This is placed with insurers with a solid rating.

The insurer will, within the limits of the insurance coverage, compensate for asset losses resulting from claims made against the insured for personal management liability during the insurance period.

Corporate governance and compliance

The banking group's systems for internal control and risk management in connection with the accounting process comply with the Storebrand Group's guidelines. The guidelines are decided by the board annually. In addition, the banking group purchases, through signed service agreements, services related to accounting and financial reporting from Storebrand Livsforsikring AS.

The management and board of Storebrand ASA review the principles of corporate governance annually. Storebrand ASA established principles for corporate governance in 1998. In accordance with section 3-3b of the Norwegian Accounting Act and the Norwegian Code of Practice for Corporate Governance, published by the Norwegian Corporate Governance Board, NUES, (which was most recently revised on 14 October 2021), Storebrand presents a report on principles and practice for corporate governance. For a more detailed account of Storebrand's corporate governance and corporate governance and corporate governance pursuant to Section 3-3b of the Accounting Act, see the chapter Corporate governance in the Storebrand Group's annual report for 2023. The Code of Practice from the Norwegian Corporate Governance and Corporate Governance Board is available on www.nues.no.

The banking group publishes four quarterly accounts in addition to the ordinary annual accounts. The accounts shall satisfy the requirements of laws and regulations and shall be prepared in accordance with adopted accounting principles and follow deadlines set by the Board of Directors of Storebrand ASA. The bank's accounts are prepared by the Consolidated Accounts department of Storebrand Livsforsikring AS, which is organised under the Storebrand Group's CFO. Key managers in the Consolidated Financial Statements receive fixed annual compensation that is not affected by the Group's accounting results. A number of risk assessment and control measures have been established in connection with the presentation of the accounts. Internal meetings, as well as meetings attended by the external auditor, are held to identify risk factors and measures related to material accounting items or other matters. Corresponding quarterly meetings are also held with various specialist communities in the Group, which are key in connection with the assessment and valuation of loans, financial instruments and other valuation items. In these meetings, particular focus is placed on any market changes, specific factors related to default trends, individual loans and individual investments, transactions and operational factors, etc. Assessments related to significant accounting items, as well as any changes in principles, etc., are described in a separate document (Assessment postnote). The external auditor participates in board meetings when considering the annual accounts and in meetings of the audit committee of Storebrand ASA. Monthly and quarterly operating reports are prepared where results per business area and product area are analysed and assessed against established budgets. The operational reporting is reconciled with other financial reporting. In addition, there are regular reconciliations of professional systems etc. with the accounting system.

The Board's working method is regulated in separate instructions for the Board. The articles of association stipulate that between five and nine members are elected by the general meeting. Up to two members are elected by and from among the employees. The members of the board are elected for one year at a time. The Board of Directors of Storebrand ASA has also established an overall "Management document Management and control in the Storebrand Group" as well as instructions for subsidiary boards. These documents describe how guidelines, plans and strategies adopted by the Group Board are expected to be followed, and how risk management and control shall be implemented in the Group. The Board of Directors of Storebrand ASA has four advisory and preparatory working committees: the Strategy Committee, the Compensation Committee, the Audit Committee and the Risk Committee. The remuneration committee, the audit committee and the risk committee meet the requirements set for working committees in subsidiaries.

The Bank has no provisions in its articles of association and authorisations that allow the board to decide that the enterprise shall buy back or issue its own shares or equity certificates. Guidelines for gender equality and diversity, including objectives, implementation and effect, are discussed in the section "Own employees" in the earlier annual report.

Changes in the composition of the board
Beate Steen Kolstø and Trygve Saue Håkedal are new members of the board from 6 May 2023 and replaces Leif Helmich Pedersen and Karin Greve-Isdahl Flaa.

Going concern

The Board confirms that the going concern assumption exists, and the annual accounts have been prepared under this assumption.

Events after the balance sheet date

As part of ordinary operations, the Storebrand Bank Group is continuously involved in litigation and dispute cases. The Board of Directors is not aware that events have occurred after the date of the balance sheet that have a material impact on the annual and consolidated accounts.

Strategy and outlook for 2024

After several turbulent years, with first the pandemic and then war on the European continent, 2023 has seen a long series of interest rate hikes to counteract inflation in the Norwegian economy. By the end of 2023, it looks like the interest rate peak has been reached, at high levels that mean that more households are now really feeling the tightening of their own finances. At the same time, house price developments in the Oslo area in particular have remained relatively strong throughout the period, even though market activity has fallen drastically.

Despite turbulent markets, Storebrand Bank ASA has experienced strong growth throughout the period, building a clear value proposition aimed at providing good advice with a focus on home exchange. This work will continue into 2024, with further growth ambitions in both lending and deposits. During 2024, savings and investment advisory services will also be scaled through, through both serviced channels and a potential merger with Kron AS.

Operational efficiency is key to both scalable growth and good customer experiences, and efforts to standardise, streamline and automate the bank's processes will continue with further strength into 2024. This includes further development of the new online and mobile bank, exploiting the potential of the CRM tool, Salesforce, as well as actively working with end-to-end automation and use of artificial intelligence (robots)

The Bank will give priority to maintaining a moderate to low risk profile with a good balance sheet and funding composition. Good management of the bank's credit and liquidity risk, and control of operational risk in key work processes, will continue to be key issues in 2024. The Bank will strengthen its close follow-up of defaults and losses, as it sees a significant increase through 2023. Developments in Norwegian and international capital markets, interest rates, unemployment and the property market, particularly in Oslo, are considered to be the most important risk factors that may affect the results of the Storebrand Bank Group in 2024.

Financial result for Storebrand Bank ASA

The profit for the year for the parent bank, Storebrand Bank ASA, amounts to NOK 305 million (NOK 159 million) for 2023. Net interest income for Storebrand Bank ASA was NOK 591 million (NOK 387 million) for 2023. Loan loss provision for 2023 is NOK 44 million (NOK 8 million).

At the end of the year, the parent bank had total assets of NOK 33.9 billion (NOK 28.1 billion). Gross lending in the parent bank amounted to NOK 14.6 billion (NOK 12.5 billion). The parent bank's equity at the end of the year amounted to NOK 4.4 billion (NOK 3.4 billion). Net own funds amounted to NOK 5.2 billion (NOK 4.2 billion) at the end of the year. The company's capital adequacy ratio amounts to 32.2 per cent (30.6 per cent) and the CET1 ratio is 25.0 per cent (22.3 per cent).

The banking group's operations, with the exception of those of Storebrand Boligkreditt AS, are conducted by the parent bank. Storebrand Boligkreditt AS is part of the Bank Group's retail market business area. Other profit and balance sheet developments for the parent bank are covered by the description for the banking group above.

Allocation of profit

Storebrand Bank ASA (the parent bank) achieved an annual result of NOK 305.1 million for 2023. The Board proposes that NOK 397.0 million will be distributed in group contributions to Storebrand ASA, of which NOK 390.3 million is with tax effect and NOK 4.7 million is without tax effect. The Board considers the bank group and Storebrand Bank ASA's capital situation to be good given the risk profile and proposes the following allocation of the profit for the year to the bank's general meeting:

Amount in NOK million.	
Group contriubution after tax	-297,4
Transferred to other equity	-7,7
Total allocations	**-305,1**

Storebrand Bank ASA provides group contributions of NOK 46.7 million to the subsidiary Storebrand Boligkreditt AS without tax effect.

Lysaker, 6 February 2024
The Board of Directors of Storebrand Bank ASA

Translation - not to be signed

Heidi Skaaret
Board Chair

Trygve Saue Håkedal

Beate Steen Kolstø

Jan Birger Penne

Gro Opsanger Rebbestad

Maria Skotnes

Joachim Collett Thue

Camilla Leikvoll
CEO

Content the account and notes

Income statement

Storebrand Bank Group

1 January - 31 December

NOK million	Note	2023	2022
Interest income and similar income			
Interest income calculated by using the effective interest method		2,958.5	1,341.4
Other interest income		135.1	58.8
Total interest income and similar income	**10**	**3,093.6**	**1,400.2**
Interest expenses and similar expenses			
Interest expenses calculated by using the effective interest method		-2,141.8	-763.4
Other interest expenses		-34.7	-26.5
Total interest expenses and similar expenses	**10**	**-2,176.5**	**-789.9**
Net interest income	**10**	**917.1**	**610.4**
Fee and commission income from banking services	11	128.1	124.5
Fee and commission expense for banking services	11	-32.3	-26.3
Income fra shares, units and other equity instruments			5.0
Net change in fair value and gain/loss on foreign exchange and financial instruments	10, 32	-1.9	-34.6
Total other operating income		**93.9**	**68.6**
Staff expenses	13, 14	-198.4	-180.4
Other operating expenses	12, 13	-243.0	-186.5
Depreciation of non-financial assets	13, 30	-16.6	-16.5
Total operating expenses excl. credit loss on loans, etc.		**-457.9**	**-383.5**
Profit before credit loss on loans, etc.		**553.1**	**295.5**
Credit loss on loans, guarantees and interest-bearing securities	15	-53.6	-14.2
Profit before tax for continued operations		**499.5**	**281.3**
Tax on profit from continued operations	16	-119.5	-67.6
Profit incl. tax from continued operations		**380.0**	**213.7**
Profit incl, tax from discontinued operations'			
Profit before other comprehensive income		**380.0**	**213.7**

NOK million	Note	2023	2022
Other comprehensive income			
Other income and expenses not to be reclassified to profit/loss			
Changes in estimates related to defined benefit pension plans		0.1	1.1
Tax			-0.3
Total other income and expenses not to be reclassified to profit/loss		**0.1**	**0.8**
Other income and expenses that may be reclassified to profit/loss			
Change in unrealised gain/loss on loans valued at fair valute through other comprehensive income (OCI)		0.1	
Total other income and expenses that may be reclassified to profit/loss		**0.1**	
Total other income and expenses		**0.2**	**0.8**
Total comprehensive income for the period		**380.2**	**214.5**
Total comprehensive income for the period is attributable to:			
Portion attributable to shareholders		352.9	200.4
Portion attributable to additional Tier 1 capital holders		27.3	14.1
Total comprehensive income		**380.2**	**214.5**

Statement of financial position

Storebrand Bank Group

31 December

NOK million	Note	2023	2022
Cash and deposits with central banks	17	6.2	7.5
Loans to and deposits with credit institutions	9, 17, 20	1,137.9	108.5
Loans to customers	4, 9, 17, 24, 25, 26, 27, 28, 29	59,609.1	49,926.4
Interest-bearing securities	4, 9, 17, 18, 19, 20	9,362.0	6,394.9
Financial derivatives	9, 17, 22, 32	89.9	52.7
Equity instruments	9, 17, 21	44.4	42.2
Intangible assets	30	27.6	31.7
Other current assets	17	50.0	67.2
Total assets		**70,327.0**	**56,631.2**
Loans and deposits from credit institutions	5, 9, 17	283.2	403.0
Deposits from and due to customers	9, 17, 31	23,948.2	19,477.8
Debt securities issued	5, 9, 17, 32	40,154.1	32,290.0
Financial derivatives	5, 9, 17, 22, 32	62.3	67.5
Other current liabilities	5, 17, 33	187.3	130.0
Pensions	14	1.4	1.7
Tax payable	16	97.6	50.8
Deferred tax	16	24.4	9.7
Provisions for guarantees and unused credit facilities	26	12.5	9.8
Other provisions		0.3	2.1
Subordinated loans	5, 9, 17	828.6	828.0
Total liabilities		**65,599.8**	**53,270.4**
Share capital		968.1	963.6
Share premium		1,298.5	628.0
Additional Tier 1 capital		408.2	326.9
Other paid in equity		1,215.1	808.1
Total paid in equity		**3,889.9**	**2,726.6**
Other equity		837.3	634.3
Total retained earnings		**837.3**	**634.3**
Total equity	36	4,727.2	3,360.9
Total liabilities and equity		**70,327.0**	**56,631.2**

Lysaker, 6 February 2024
The Board of Directors of Storebrand Bank ASA

Translation - not to be signed

Heidi Skaaret Board Chair	Trygve Saue Håkedal	Beate Steen Kolstø
Jan Birger Penne	Gro Opsanger Rebbestad	Maria Skotnes
Joachim Collett Thue		Camilla Leikvoll CEO

Statement of changes in equity

Storebrand Bank Group

NOK million	Paid in equity					Other equity		
	Share capital	Share premium	Additional Tier 1 capital	Other paid in equity	Total paid in equity	Other equity	Total retained earnings	Total equity
Equity at 31.12.2021	**962.1**	**404.5**	**225.7**	**728.1**	**2,320.4**	**609.4**	**609.4**	**2,929.7**
Profit for the period			14.1	0.0	14.1	199.6	199.6	213.7
Total other income and expenses not to be classified to profit/loss						0.8	0.8	0.8
Total other income and expenses that may be classified to profit/loss								
Total other comprehensive income						**0.8**	**0.8**	**0.8**
Total comprehensive income for the period			**14.1**	**0.0**	**14.1**	**200.4**	**200.4**	**214.5**
Equity transactions with owners:								
Capital injection	1.5	223.5			225.0			225.0
Additional Tier 1 capital classified as equity			100.0		100.0	3.5	3.5	103.5
Payment to additional Tier 1 holders			-12.9		-12.9			-12.9
Group contribution received				80.0	80.0			80.0
Group contribution paid						-179.0	-179.0	-179.0
Equity at 31.12.2022	**963.6**	**628.0**	**326.9**	**808.1**	**2,726.6**	**634.3**	**634.3**	**3,360.9**
Profit for the period			27.3		27.3	352.7	352.7	380.0
Total other income and expenses not to be classified to profit/loss						0.2	0.2	0.2
Total other income and expenses that may be classified to profit/loss						0.2	0.2	0.2
Total other comprehensive income						**0.2**	**0.2**	**0.2**
Total comprehensive income for the period			**27.3**		**27.3**	**352.9**	**352.9**	**380.2**
Equity transactions with owners:								
Capital injection	4.5	670.5			675.0			675.0
Additional Tier 1 capital classified as equity			79.8		79.8	6.8	6.8	86.6
Payment to additional Tier 1 holders			-25.8		-25.8			-25.8
Group contribution received				407.0	407.0			407.0
Group contribution paid						-156.7	-156.7	-156.7
Equity 31.12.2023	**968.1**	**1,298.5**	**408.2**	**1,215.1**	**3,889.9**	**837.3**	**837.3**	**4,727.2**

The equity changes with the result for the individual period, equity transactions with the owners and items that are entered directly to total comprehensive income. Share capital, the share premium reserve and other equity is evaluated and managed together. The share premium and other equity may be used in accordance with the provisions of the Public Limited Liabilities Company Act.

Storebrand Bank ASA actively manages the level of equity in the company and bank group. The capital level is tailored to the economic risk and capital requirements in which the composition of its business areas and their growth will be an important driver.The goal of the capital management is to ensure an effective capital structure and secure an appropriate balance between internal goals in relation to regulatory and the rating companies' requirements. If there is a need for new capital, this must be issued by the holding company Storebrand ASA.

Storebrand Bank ASA is a financial group subject to statutory requirements regarding primary capital under the capital adequacy regulations. Primary capital encompasses both equity and subordinated loan capital. For Storebrand Bank ASA, these legal requirements are most important in its capital management.

For further information on the group's fulfilment of the capital requirements, see note 36.

Statement of cash flow

Storebrand Bank Group

1 January – 31 December

NOK million	Note	2023	2022
Cash flow from operating activities			
Receipts of interest, commissions and fees from customers		2,987.2	1,466.2
Payments of interest, commissions and fees to customers		-535.7	-152.3
Net disbursement/payments on customer loans		-9,602.1	-10,930.5
Net receipts/payments of deposits from banking customers		4,470.4	2,239.0
Net receipts/payments - securities		-2,720.4	-478.0
Payments of operating costs		-563.6	-479.0
Net cash flow from operating activities		**-5,964.3**	**-8,334.5**
Cash flow from investing activities			
Net payments on purchase/sale of fixed assets etc.	30	-12.4	-3.9
Net cash flow from investing activities		**-12.4**	**-3.9**
Cash flow from financing activities			
Payments - repayments debt securities issued	5	-4,895.0	-1,432.5
Receipts - new debt securities issued	5	12,643.7	9,822.1
Payments - interest on debt securities issued		-1,508.9	-598.0
Receipts - subordinated loans	5		400.0
Payments - repayments of subordinated loans	5		-150.0
Payments - interest on subordinated loans		-43.3	-22.2
Receipts - Tier 1 capital		250.0	100.0
Payments - repayments of Tier 1 capital		-170.2	
Payments - interest on additional Tier 1 capital		-25.8	-12.9
Receipts - new loans from credit institutions	5	12,105.0	22,473.8
Payments - repayment of loans to credit institutions	5	-12,224.7	-22,573.1
Receipts - issuing of share capital and other equity		675.0	225.0
Receipts - group contribution		407.0	
Payments - group contribution		-208.0	-158.0
Net cash flow from financing activities		**7,004.8**	**8,074.1**
Net cash flow in the period		**1,028.1**	**-264.3**
Cash and bank deposits at the start of the period		116.1	380.4
Cash and bank deposits at the end of the period		**1,144.2**	**116.1**
Cash and deposits with central banks		6.2	7.5
Loans to and deposits with credit institutions		1,137.9	108.5
Total cash and bank deposits in the balance sheet		**1,144.2**	**116.1**

See note 34 for information about undrawn credit limits.

Notes

Storebrand Bank Group

Note 1 - Company information and accounting policies

1. Company information

Storebrand Bank ASA is a Norwegian public limited company with bonds listed on the Oslo Stock Exchange. The consolidated financial statements for Storebrand Bank ASA for 2023 were approved by the Board of Directors on 6 February 2024.

Storebrand Bank ASA is an online bank that offers traditional bank products to the Norwegian retail market. These services include home loans, consumer loans, instant access accounts and cards, a variety of savings accounts, as well as mobile and internet banking. Storebrand Bank ASA is headquartered at Professor Kohts vei 9, Lysaker.

2. Essential accounting policies

2.1 Basis for preparation of the accounts

The accounting policies applied in the consolidated financial statements are described below. The policies are applied consistently to similar transactions and to other events involving similar circumstances.

Storebrand Bank ASA's consolidated financial statements are presented using IFRS® Accounting Standards as adopted by the EU and related interpretations, as well as other Norwegian disclosure requirements laid down in legislation and regulations.

Use of estimates in preparing the annual financial statements.

The preparation of the annual financial statements in accordance with IFRS requires the management to make judgements, estimates and assumptions that affect assets, liabilities, revenue, expenses, the notes to the financial statements and information on potential liabilities. Actual amounts may differ from these estimates. See Note 2 for further information.

2.2. Changes in accounting policies

The Group has implemented the amendments to IAS 1.117 regarding material disclosures of accounting principles. Beyond that, no new accounting standards have been implemented in 2023 that have had a material effect on Storebrand Bank ASA's consolidated financial statements. For changes in estimates, see note 2 for further discussion.

There are new standards or changes to standards that had not come into effect when the 2023 financial statements were prepared that are expected to have material effects on the consolidated financial statements.

2.3. Consolidation

The consolidated financial statements include Storebrand Bank ASA and companies where Storebrand ASA has a controlling interest. A controlling influence is normally achieved when the Group owns, either directly or indirectly, more than 50 per cent of the shares in the company and the Group is in a position to exercise actual control over the company. Minority interests are included in the Group's equity.

Storebrand Boligkreditt AS is a directly owned subsidiary of Storebrand Bank ASA and the company is consolidated into the group.

2.4. Income recognition

Net interest income

Income recognition of interest according to the effective interest method is used for interest-bearing balance sheet items that are valued at amortised cost and balance sheet items that are valued at fair value through other income and costs. The effective interest rate is the interest rate that causes the present value of future cash flows within the loan's expected term to be equal to the book value of the loan on initial recognition. Cash flows include start-up fees, as well as any residual value at the end of the expected term. Interest income on commitments that are credit impaired is calculated using the effective interest rate on impaired value. Interest income on commitments that have not been impaired by credit is calculated using the effective interest rate on gross amortised cost (amortised cost before provision for expected losses).

For interest-bearing balance sheet items that are valued at fair value through profit or loss, interest income is recognised based on nominal interest.

2.5. Financial assets and liabilities
2-5.1. Recognition
Ordinary purchases and sales of financial assets are booked on the transaction date and financial liabilities are booked on the settlement date.

2.5.2. Fair value
Fair value is the amount for which an asset could be exchanged between well-informed, willing parties in an arm's length transaction. The fair value of financial assets listed on a stock exchange or on another regulated market in which regular trading takes place is determined as the bid price on the last trading day up to and including the reporting date.

If a market for a financial instrument is not active, fair value is determined by using recognised valuation techniques. Such valuation techniques make use of recent arm's length market transactions between knowledgeable and independent parties, where available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis, and options pricing models. If a valuation technique is in common use by participants in the market for pricing the instrument and this method has proved to provide reliable estimates of prices actually achieved in market transactions, this method is used.

When calculating the fair value of loans, the current market rate on similar loans is used. Changes in credit risk are taken into account.

2.5.3. Classification and measurement of financial assets and financial liabilities

Financial assets are classified and measured into one of the following categories:
- Financial assets measured at amortised cost
- Financial assets measured at fair value with change in value through other income and costs with a reclassification of accumulated gains and losses for the profit or loss.
- Financial assets measured at fair value through profit or loss

Financial assets classified and measured at amortised cost
A financial asset is classified and measured at amortised cost if it is:
- primarily procured or established to hold the asset in order to collect contractual cash flows, which are only payment of principal and interest on given dates.

Financial assets measured at amortised cost are recognised at amortised cost using the effective interest method.

Storebrand Bank Group uses this category for claims on the central bank, lending to credit institutions, credit cards, credit accounts and consumer loans to customers, interest-bearing securities in a long-term investment portfolio and all items included in Other Assets.

Financial assets classified and measured at fair value through other comprehensive income, with a reclassification of accumulated gains and losses for the profit or loss
A significant share of the Storebrand Bank Group's financial instruments is classified under the category of fair value through other comprehensive income. A financial asset is classified and measured at fair value through other comprehensive income if the following condition is met:
- primarily procured or established to hold the asset in order to collect contractual cash flows, which are only payment of principal and interest on given dates and for sale.

Financial assets in this category are recognised at fair value with change in value through other comprehensive income. Associated interest income, foreign currency translation differences and any impairments are recognised in the ordinary profit or loss.

The Storebrand Bank Group uses this category for all mortgages to customers with variable interest rates.

Financial assets classified and measured at fair value through profit or loss

The Storebrand Bank Group has financial instruments that are classified under the category of fair value through profit or loss for the following reasons:
- the financial assets are included in a portfolio that is continuously measured and reported at fair value,
- the financial assets have cash flows generated not only by interest and instalments on the principal, or that
- such classification reduces the mismatch in the measurement or recognition that would otherwise arise as a result of the different rules for measuring assets and liabilities.

Interest income is recognised as income based on nominal interest, while other changes in value are presented as "Net change in value and gains/losses on currency and financial instruments".

The Storebrand Bank Group uses this category for all mortgages to customers with fixed interest rates, derivatives, shares and interest-bearing securities that are part of a short-term liquidity portfolio.

Financial liabilities
After initial recognition, all financial liabilities at amortised cost are measured by an effective interest rate method-

See also classification of financial instruments in note 17.

2.5.4. Impairment
Pursuant to IFRS 9, loss provisions are recognised based on expected credit loss (ECL).
To estimate expected credit loss, models have been developed to calculate three indicators: probability of default (PD), loss given default (LGD) and exposure at default (EAD). These models have been derived from similar models used for internal assessments of capital needs. The models used for IFRS 9 purposes are based on the current macroeconomic situation and forecasts, and the models for PD, LGD and EAD are thus point in time (PIT) models, as opposed to through the cycle (TTC) models, which are used for capital needs purposes. The risk parameters in IFRS 9 have also been calibrated to be more forward-looking. Since the future is always uncertain, different future scenarios are used to compute PD, LGD and EAD for the bank's financial instruments. The various future scenarios have different weights determined by their position in the economic cycle and the forecasts of future events and economic conditions. The final expected credit loss per financial instrument will be a weighted average of the expected credit losses in the various scenarios. Total expected credit loss for the portfolio is the sum of the weighted credit losses per financial instrument.

In the PD model, financial circumstances are a significant predictor, combined with behavioural data on the individual customer. The model is a statistical model based on logistic regression. Loan-to-value ratio is a significant factor in the LGD model. For EAD, the most significant factors are loan size for downpayment loans and credit limit for lines of credit. The models are validated annually.

Forecasts affect the PD and LGD estimates in particular.

The Storebrand Bank Group uses future scenarios to calculate expected credit losses. The Storebrand Bank Group bases its future scenarios on the future scenarios presented by Norges Bank in its Financial Stability Report and assessments by Statistics Norway. The scenarios build on the current macroeconomic situation, economic forecasts, and the impact the macroeconomic situation is expected to have on the credit risk of the bank's financial instruments. These expectations affect the probability of default, exposure at default, and loss given default.

Among other things, PD is affected by unemployment, wage growth and interest rates. Higher unemployment and interest rates result in weaker capacity to service debt in the portfolio, and lower wage growth also entails weaker capacity to service debt and thus increased probability of default. Macrovariables will have different effects on the risk parameters, and the impact will vary significantly for the individual customers in the portfolio. Average PD will increase during periods of economic downturn.

Periods of economic downturn will, in isolation, result in weaker growth in house prices, which will in turn impact the loan-to-value ratio and thus also LGD. For many financial instruments, the losses will be very small, given the existing market prices. The increase in loss given default as a result of falling house prices is greater than the reduction in loss given default when house prices are rising. Nonlinearities in expected credit loss are taken into account by estimating expected credit loss in a variety of scenarios.

Stress tests and sensitivity tests are used in the assessment of expected credit loss. Sensitivity assessments of stage migration are carried out by assessing the change in expected credit losses if certain commitments migrate from stage 1 to stage 2. Sensitivity analyses are carried out in ICAAP on a regular basis.

The portfolio's ECL is considered to be sensitive to changes in observed default, loss and expected maturity of the financial assets. There is also model uncertainty associated with the individual estimates. Among other things, the uncertainty relates to estimates of size and development of different macrovariables in the future in each macro-scenario, as well as the impact the different outlooks have on individual parameters.

Definition of default
The Storebrand Bank Group has determined the definition of default in line with the recommendation given in the European Banking Authority's (EBA's) guide to implementing the default definition in accordance with Article 178 (EU Regulation 575/2013).

The definition of default is applied at debtor level with absolute and relative thresholds for arrears/overdrafts. Arrears/overdrafts for each individual commitment are measured in relation to the total debtor exposure. The absolute threshold is set at NOK 1,000 (per commitment), and the relative threshold is 1% of total debtor exposure. Joint commitments (commitments with multiple debtors) are defined as a separate risk point and are not included in the overall exposure for the respective individual customers.

Default occurs after 90 days with arrears/overdrafts above both absolute and relative thresholds. All debtor commitments are considered defaulted if default has occurred for at least one of these. In line with the guidance provided by the European Banking Authority (EBA), a probation period of 3 months is used. The probation period starts when default criteria are no longer in place. For the probation period to end, the arrears/overdrafts must be below the threshold values for the entire probation period.

A customer is deemed to be in default if one of the following criteria is met (unlikeliness to pay (UTP) criteria):
- the customer is in personal bankruptcy,
- the customer is in or has been placed in debt settlement proceedings,
- the bank has conducted an enforced sale of the customer's security,
- the customer no longer has an income that will adequately service the loan.

Definition of credit loss

Credit loss is a loss that arises from a credit risk where the loss is the difference between the value of the contractual cash flow and the expected cash flow discounted by the original effective interest rate.

The expected credit loss is the difference between the present value of the contractual cash flow and the expected probability-weighted cash flow.

An expected credit loss is estimated either by means of an individual assessment (individual impairment) or by using statistical models (model-based impairment) to calculate the expected probability-weighted cash flow.

An individual assessment with subsequent booking of individual impairments is carried out for commitments with objective evidence of loss and that the loss reduces the future cash flows of the commitment. Individually assessed commitments are moved to stage 3 (see a more detailed description of stage 3 below). Objective loss incidents can be significant financial problems involving a debtor, defaults, debt and/or bankruptcy proceedings for the debtor, or that this is likely, or forbearance caused by financial problems. The calculation of cash flow and the impairments are assessed based on the expected values.

For other commitments, expected credit loss is estimated using model-based impairment. The commitments are divided into different stages (see the section below on calculating expected credit loss). Model-based impairment depends on the stage to which the commitment belongs, parameter estimates for PD, EAD, LGD and expected maturity.

Calculating expected credit losses

The classification and changing of stages are described below.

Stage 1
The starting point for all financial assets is stage 1. Stage 1 encompasses all financial assets that do not have substantially higher credit risk than at initial recognition. Financial assets with low credit risk can be exempted and will still always be in Stage 1 even if the credit risk is significantly higher. Storebrand Bank does not currently apply this exemption rule. In stage 1, expected credit loss is calculated over 12 months.

Stage 2
Stage 2 consists of financial assets where there has been a significant increase in credit risk since initial recognition, but that are not in default or where there is objective evidence of loss. For financial assets in stage 2, expected credit loss is calculated over the expected term of the loan. The expected term deviates from the contractual term and is estimated on the basis of historically observed performance.

Stage 3
Stage 3 includes financial assets that are in default and/or which have objective evidence of loss. For commitments that have objective evidence of loss, an assessment of whether there must be individual impairment is carried out. For other commitments without individual impairment, the expected credit loss is calculated over the expected maturity of the asset.

Migrating to a lower stage
A commitment that no longer meets the criterion for stage 2 is moved to stage 1. The risk models ensure that there has been a sufficiently long period of payment before reducing and returning the risk to stage 1. A commitment in stage 3 can be moved both to stage 2, if stage-2 criteria are met, or directly to stage 1 once the criteria for stage 3 are no longer met.

Substantial increase in credit risk

Substantial increase in credit risk is assessed on the basis of the financial instrument's probability of default (PD) at the time of measurement compared with at initial recognition. The assessment is based on both changes in probability of default during the expected lifetime (lifetime PD) and changes in probability of default in the next 12 months (12 months PD). The assessments are based on absolute changes and relative changes.

For commitments where the 12-month probability of default (PD) upon initial recognition is less than 0.5 per cent, both a relative and an absolute criterion must be satisfied for the commitment to be considered to have a significant increase in credit risk. The relative criterion is a relative increase in lifetime PD of 150 per cent or more from initial recognition until the measurement date. The criterion is equivalent to the lifetime PD at the measurement date being greater than 2.5 multiplied by the lifetime PD at the recognition date. The absolute criterion is that the 12-month PD at the measurement date is 0.6 percentage points higher than the 12-month PD upon initial recognition.

For commitments where the 12-month probability of default (PD) upon initial recognition is more than or equal to 0.5 per cent, either a relative or an absolute criterion must be satisfied for the commitment to be considered to have a significant increase in credit risk. The relative criterion is identical to that stated above, i.e. an increase in lifetime PD of 150 per cent or more from initial recognition until the measurement date. The absolute criterion is that 12-month PD at the measurement date is 1.5 percentage points higher than 12-month PD upon initial recognition.

Commitments for which scheduled payment is overdue by 30 days or more are assessed, irrespective of whether this has caused a significant increase in the credit risk. The same applies to commitments for which forbearance has been granted on the basis of the customers' deteriorating financial situation, however is not serious enough to classify commitments as credit impaired.

Expected maturity
Expected maturity is estimated for various financial instruments. Expected maturity is significant because for commitments with a substantial increase in credit risk, i.e. commitments in stage, expected credit loss shall be calculated over the expected maturity of the commitments. The overall probability of default increases over the time horizon being measured, and the expected credit loss over the expected maturity of the commitment is therefore higher than the expected credit loss over one year, provided that the loan's remaining expected maturity is more than 12 months.

For stage 3 commitments, the agreed (contractual) maturity is used to measure expected losses.

Expected maturity is calculated for different products. Expected maturity is estimated at around five years for downpayment loans and six years for lines of credit. The expected maturity at the time of loan approval is estimated at 9 years for credit cards and 9 years for credit accounts. Expected maturity is also contractual maturity for top-up loans (loan share greater than LTV of 70%), building credit and bridging loans. Expected maturity is reassessed and validated regularly.

For ongoing commitments, expected maturity is adjusted by a maturity coefficient: The maturity coefficient is the ratio of expected maturity to contractual maturity. The remaining expected maturity is the expected maturity of the product multiplied by the maturity coefficient.

Categorisation into portfolios
The Storebrand Bank Group only has a retail portfolio, which is divided into:

i) Housing loans and housing credit
ii) Credit cards
iii) Other credits

2.5.5. Derivatives
Derivatives that do not meet the criteria for hedging are classified and measured at fair value through profit or loss. The fair value of such derivatives is classified as either an asset or a liability with changes in fair value through profit or loss.

The majority of the derivatives used routinely for asset management fall into this category.

2.5.6. Hedge accounting
Fair value hedging
The Storebrand Bank Group uses fair value hedging. The items hedged are financial assets and financial liabilities measured at amortised cost. Derivatives are recognised at fair value through profit or loss. Changes in the value of the hedged item that are attributable to the hedged risk adjust the carrying amount of the hedged item and are recognised through profit or loss.

2.6. Tax
The Storebrand Bank Group includes companies that are both subject to and not subject to the financial tax. When capitalizing deferred tax/deferred tax assets in the consolidated financial statements, the company tax rate is used that is applicable for the individual companies (22 or 25 per cent).

2.7. Statement of cash flows

The statement of cash flows is prepared using the direct method and shows cash flows grouped according to sources and uses. Cash is defined as cash, receivables from central banks and receivables from credit institutions with no agreed period of notice. The statement of cash flows is classified according to operating, investing and financing activities..

Note 2 - Key accounting estimates and judgements

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

The Bank Group's critical estimates and judgments that could result in material adjustment of recognised amounts are discussed below.

High inflation and associated higher key rates have influenced the macroeconomic situation in Norway in recent years. Many Norwegians, including our customers, have faced greater challenges in coping with higher prices and borrowing rates, but a favourable labour market and low unemployment have meant that the private financial situation has nevertheless been manageable for the vast majority. The housing market held up surprisingly well in the first half of 2023, but stagnated in the second half with associated reduced turnover and falling prices. In 2024, it is expected that the key policy rate will begin to be cut later in the year, that inflation will decline and that unemployment will only increase slightly.

When assessing impairment, overall evaluations have been made of future prospects, which have considered factors such as interest rates, inflation and high energy prices. Prospects of tighter liquidity among our customers due to higher costs of living and interest rate burden, have been taken into account in the macro adjustment of the probability of default. Developments in non-performing loans, loans in arrears and loans with grace periods are being closely monitored.

Loan loss provisions

For loans valued at amortised cost or at fair value through other comprehensive income, loss provisions are recognised based on the Expected Credit Loss (ECL) in accordance with the general method. The models in IFRS9 are based on present values ("Point In Time") of PD and LGD, which are estimated based on default and loss history. In the projections, PD and LGD are adjusted according to three scenarios. The three scenarios are weighted by a specified percentage:

- "base case" scenario that is expected development, 60 percent probability,
- "worst-case" scenario which is economic downturn, 20 percent probability,
- "best case" that is better than expected developments, 20 percent probability.

The models used for IFRS 9 are based on the current macroeconomic situation and forecasts, and the models for probability of default (PD), loss given default (LGD) and exposure at default (EAD) are thus point in time (PIT) models. Future scenarios are used to calculate PD, LGD and EAD for the commitments.

Forecasts affect the PD and LGD estimates in particular.

Among other things, PD is affected by unemployment, wage growth and interest rates. Periods of economic downturn will, in isolation, result in weaker growth in house prices, which will in turn impact the loan-to-value ratio and thus also LGD.

Scenario-adjusted PD and LGD are included in the expected loss (ECL) calculation.

The portfolio's ECL is considered to be sensitive to changes in observed default, loss and expected maturity of the financial assets. There is also model uncertainty associated with the individual estimates. Among other things, the uncertainty relates to estimates of size and development of different macro variables in the future in each macro-scenario, as well as the impact the different outlooks have on individual parameters.

A sensitivity analysis has been carried out of the expected loss for commitments in stages 1 and 2 in the event of a change in all 12-month PD estimates. If all 12-month PD estimates had increased by 10 per cent, expected losses would have increased by approximately 16 per cent. Similarly, with a 10 per cent reduction of all 12-month PD estimates, expected losses would have been reduced by about 13 per cent.

A sensitivity analysis of expected losses for stage 2 commitments was also conducted. If the agreed maturity had been used instead of expected maturity, stage 2 expected losses would have increased by approximately 10 per cent.

See also section 2.5.4. of Note 1 - Company information and accounting policies, for more information regarding impairment.

Financial instruments at fair value
There will be some uncertainty associated with the pricing of financial instruments not priced in an active market. This is particularly true of the types of securities priced on the basis of non-observable assumptions. Various valuation techniques are applied to these investments to determine the fair value. They include fixed-rate loans and other financial instruments where theoretical models are used for pricing. Any changes to the assumptions could affect recognised amounts.

Reference is also made to Note 9 in which the valuation of financial instruments at fair value is described in more detail.

Contingent liabilities
The Storebrand Bank Group can be a party in legal disputes. Contingent liabilities are assessed in each case and will be based on legal considerations.

Note 3 - Risk management

Continuous monitoring and active risk management are core areas of the bank's activities and organisation. The strategy and planning process provides guidance for the business for the next few years. Strategy and plans are determined by the Board. The board determines the risk appetite and risk limits for the different forms of risk on an annual basis.

Organisation of Risk Management
The board of Storebrand Bank ASA has ultimate responsibility for monitoring and managing the organisation's risks. The board determines the annual risk appetite and risk strategy as well as ceilings and guidelines for the risks taken by the business, receives reports of actual risk levels and provides a forward assessment of risks.

The CEO is responsible for the bank group operating within the risk limits stipulated by the board. The CEO is responsible for operating the risk management and internal control system, including ensuring that the banking group is within the risk limits set by the Board. The CEO has overall responsibility for implementing risk management routines.
The CEO has an advisory management group and the individual units are responsible for risk management in their respective areas. The CEO has the overall responsibility for implementing risk management routines.

The bank has a balance sheet management committee (BSK) in which the CEO, treasury, CRO and the finance department participate. BSK discusses and assesses financing, liquidity and market situation, including forecasts, and developments in balance sheet items that entail changes in the liquidity and funding situation. BSK meets regularly. ICAAP and ILAAP are also discussed in BSK, both for preliminary discussions, and prior to board deliberations.
The Balance Sheet Management Committee is chaired by the CEO. The committee works with balance sheet management and risk management of solvency, liquidity and financing as well as market risk. The Committee is also an advisory body for expected credit losses according to IFRS 9.

The Storebrand Group's organisation of risk management responsibility follows a model based on three lines of defence. The objective of the model is to safeguard the responsibility for risk management at both company and group level.

<u>First line of defence</u>
At the Storebrand Group, responsibility for risk management and internal control is an integral part of management responsibility. Managers at all levels of the company are responsible for risk management within their own area of responsibility. Good risk management requires clear mandate and division of responsibilities, targeted work on objectives, strategies and action plans, identification and assessment of risks and events, documentation of processes and routines, prioritisation and implementation of improvement measures, and good communication, information and reporting.

A high level of awareness of risks and risk management are vital elements of the group's culture.

The CEO and the managament group at the bank, the CEO of Storebrand Boligkreditt AS and managers in the Storebrand group's areas that provide services for the bank, submit annual confirmation documenting the unit's risk management activities and internal control.

Second line of defence
Storebrand Bank ASA has independent control functions for the company's risk management (Chief Risk Officer, CRO) and for compliance (Chief Compliance Officer, CCO). The CRO and CCO are directly subordinate to the CEO and both report directly to the bank's board. CCO also holds the role of compliance officer according to money laundering regulations (AML). The CRO and CCO prepare regular reports to the Board. In terms of function the independent control functions are affiliated with the Governance Risk & Compliance (GRC) in the Storebrand Group, where CRO in Storebrand ASA is responsible to the Group CEO and reports to the board of Storebrand ASA.

Third line of defence
Internal auditing is under the direct authority of the board and is intended to give the board confirmation of the appropriateness and effectiveness of the organisation's risk management, including how the lines of defence are functioning.

Note 4 - Credit risk

Credit risk is the risk of loss associated with customers or counterparties not fulfilling their debt obligations. The risk includes risk associated with lending to customers and counterparty risk on loans to credit institutions and the central bank, securities and financial derivatives. Credit risk includes potential concentration risk in the loan portfolio. Credit risk is the most significant risk in the bank group. Credit risk for loans, guarantees and unused credits is most important both in terms of volume and risk level in general. This risk is discussed in the tables below. There is limited credit risk in connection with other exposure. See notes 19 and 20 for more information on the composition of the liquidity portfolio and note 22 for information on derivatives

Risk Management
The risk strategy reflects how much credit risk the bank group is willing to accept. The willingness to accept risk is adjusted to the bank's risk appetite and goals regarding risk profile, capital adequacy and growth. Credit policies establish general principles for granting credit. The bank group's routines for credit management are set forth in the credit manual. The credit manual are primarily designed for account managers and others who are involved in case management processes. The credit manual contain common guidelines for the bank group's credit activities, and are intended to ensure uniform and consistent credit management practices.

Credit risk is assessed in relation to the capacity and willingness of customers, including any co-participants, to service debt and potential security. The bank uses credit risk models to conduct risk classifications of customers with regard to probability of default (PD) and loss given default (LGD) and expected exposure resulted in default (EAD). The credit assessments are mainly assessed in automated and semi-automated processes with automatic calculations

The credit manuals and adopted routines provide specific criteria for monitoring non-performance, loan covenants, loss assessments and the annual loan review. Furthermore, the models ensure uniform portfolio risk assessment classifications and reporting on risk development. The models are also used in assessing expected credit losses (ECL) in IFRS 9. There are functions for depot unit, loan establishment and administration of the customer portfolio. Credit is granted in accordance with an authorisation structure determined by the Board.

The loan portfolio is assessed in terms of sustainability risk on the basis of double materiality, i.e. where risk is assessed both for the bank and for the rest of the world. Environmental risk is considered to be the Bank's greatest sustainability risk, and it is climate risk that is assessed highest in the environmental risk. Climate risk is divided into physical risk and transition risk. For physical risk, the safety objects are assessed in relation to physical climate risk. For transition risk, energy classification is assessed, as well as estimated energy consumption and CO2 consumption.

Treasury has the credit risk for its exposures in the liquidity portfolio. Permitted exposures and the composition of the portfolio are set out in the bank goup's counterparty risk policy.

Exposures with loans to credit institutions and the central bank, securities and financial derivatives with counterparties is included under credit risk and is managed according to a specific policy on the basis of an assessment of the counterparty's repayment capacity, rating and amount under management. Financial derivatives permitted by the bank are outlined in policy documents.

Risk control
Credit risk control is carried out directly in models and processes in various units in the first line, as well as with controls from the second line to ensure compliance with internal and external regulations. Exposure relating to trade in financial derivatives for customers is monitored by Back Office. Price development is monitored in respect of the customer's situation, cleared lines and breach clauses. The Middle Office conducts running spot checks with regard to this.

Trades made by Treasury are checked by the Middle Office in accordance with dedicated procedures and work descriptions.

The Chief Risk Officer (CRO) reports to the board on credit risk trends on an ongoing basis.

Maximum credit exposure

NOK million	Book value	Guarantees, unused credits and loan	2023 Maximum credit exposure	2022 Maximum credit exposure
Cash and deposits with the central bank	6.2		6.2	7.5
Loans to and deposits with credit institutions	1,137.9		1,137.9	108.5
Loans to customers at amortised cost	375.6	4,871.2	5,246.8	4,179.1
Interest-bearing securities at amortised cost	6,010.4		6,010.4	4,281.0
Total financial instruments at amortised cost	**7,530.2**	**4,871.2**	**12,401.3**	**8,576.2**
Equities	44.4		44.4	42.2
Loans to customers at fair value through profit and loss	351.3		351.3	318.8
Interest-bearing securities at fair value through profit and loss	3,050.1		3,050.1	1,826.0
Interest swaps	89.9		89.9	52.7
Total financial instruments at fair value through profit and loss	**3,535.7**		**3,535.7**	**2,239.7**
Loans to customers at fair value through other comprehensive income (OCI)	58,882.2	2,607.0	61,489.1	52,402.4
Total financial instruments at fair value through other comprehensive income (OCI)	**58,882.2**	**2,607.0**	**61,489.1**	**52,402.4**
Total exposure for credit risk 1), 2), 3)	**69,948.0**	**7,478.1**	**77,426.1**	**63,218.3**
1) of which financial assets in stage 1:				
Cash and deposits with the central bank	6.2		6.2	7.5
Loans to and deposits with credit institutions	1,137.9		1,137.9	108.5
Loans to customers	52,901.9	7,298.7	60,200.6	52,877.7
Interest-bearing securities	6,010.4		6,010.4	4,281.0
Total exposure to credit risk on financial assets in stage 1	**60,056.5**	**7,298.7**	**67,355.1**	**57,274.8**
2) of which financial assets in stage 2:				
Loans to customers	6,046.3	179.5	6,225.8	3,645.5
Total exposure to credit risk on financial assets in stage 2	**6,046.3**	**179.5**	**6,225.8**	**3,645.5**
3) of which financial assets in stage 3:				
Loans to customers	309.6	-0.1	309.5	58.3
Total exposure to credit risk on financial assets in stage 3	**309.6**	**-0.1**	**309.5**	**58.3**

Storebrand Bank Group has no financial assets that are purchased or originated credit-impaired financial assets.

Credit exposure for lending activities

Retail market
Retail customers are evaluated according to their capacity and intent to repay the loan. In addition to their capacity to service debt, the customers are checked regarding policy regulations and the customers are scored using a scoring model. For other retail market customers, the overall loan to value ratio and debt servicing capability (as determined by the bank's credit policy for the segment) that apply to the portfolio are used as a basis. The securities for the portfolio are principally in properties for the retail market portfolio.

Storebrand Bank ASA has developed internal models for classifying home loans. The models estimate a loan's Probability of Default (PD), Loss Given Default (LGD), and Exposure at Default (EAD). PD estimates are based on a logistical regression model where late payment notices, reminders, overdrafts and information about assets are key explanatory variables when predicting defaults. When estimating the LGD, the loan-to-value ratio is the most important explanatory variable. Home loans are classified according to the bank's master scale, consisting of 11 risk classes from A to K, with A indicating the lowest default probability and K containing non-performing loans. The classification of home loans is automatically updated on a monthly basis. As at the end of 2023, 56.4% of the EAD was linked to home loans in risk class A, while 3.6% of the EAD was in risk classes G to J. The models are validated on an annual basis, with the accuracy of the models compared to actual outcomes.

When entering into loan commitments, the Storebrand Bank ASA collects information of significance to the value of the residential property. Each quarter, the bank obtains an updated, independent valuation of residential properties from Eiendomsverdi AS. For homes where Eiendomsverdi AS does not have an up-to-date valuation (such as housing cooperative apartments, owner-tenant apartments and some leisure properties) the most recent updated market value is used until further notice. Where Eiendomsverdi AS cannot determine the market value of a property with a high degree of certainty, a "haircut" is used so as to reduce the risk of giving an inflated estimate of market value. If Eiendomsverdi AS has never received information regarding the property's market value, the value recorded at the time of entering into the contract (the deposit value) will be used. Loans such as those mentioned here constitute just under 1% of the total portfolio exposure.

In the retail market, most of the loans are secured by way of home mortgages. NOK 59.3 billion has been lent in home loans, with a further NOK 3.8 billion in undrawn credit facilities. Total commitments in residential property are therefore approximately NOK 63.1 billion.The weighted average loan-to-value ratio is just under 65% for home loans. Approximately 71% of loans have a loan-to-value ratio within 80% and just over 99% have a loan-to-value ratio within 100%. Approximately 39% of the home loans have a loan-to-value ratio within 60%. The portfolio is regarded as having a low to moderate credit risk in accordance with the bank's risk appetite.

The security for non-performing loans without impairment among retail customers is essentially satisfactory. The average loan-to-value ratio for these loans is 81.9%. Home loans/residential mortgages that are part of the volume of non-performing loans total NOK 213 million. The security is also good on home loans/residential mortgages between 1 and 90 days past due. Assets pledged as collateral are sold in the retail market. They are not taken over by the bank.

In the credit card and account credit portfolio, approximately NOK 195 million has been drawn, and NOK 1.1 billion is available as unused credit facilities. The consumer loan portfolio is approximately NOK 210 million.

The Storebrand Bank Group had a volume of NOK 372 million of loans with forbearance at the end of 2023. In exceptional cases, the bank grants relief for commitments with mortgages in the form of a grace period for loans with a loan-to-value ratio above 60%. Short-term grace periods are also granted for consumer loans. At the end of 2023, there was approximately NOK 18 million in consumer loans registered with grace periods, and thus forbearance.

Loan-to-value ratio, secured loans

NOK million	2023			
	Distribution in per cent	Book value (gross)	Unused credit limits	Total commitments
0% - 40%	16.8 %	7,634.8	2,939.0	10,573.8
40% - 60%	25.3 %	15,267.0	716.8	15,983.8
60% - 80%	32.6 %	20,463.8	112.0	20,575.8
80% - 90%	19.8 %	12,508.6	10.7	12,519.2
90% - 100%	4.2 %	2,658.1	1.6	2,659.7
> 100%	1.2 %	763.6	6.2	769.8
Total secured loans	**100.0 %**	**59,295.9**	**3,786.3**	**63,082.1**
Loan commitments and financing certificates, secured			2,607.0	2,607.0
Total secured loans incl. loan commitments and financing certificates		**59,295.9**	**6,393.2**	**65,689.1**

NOK million	2022			
	Distribution in per cent	Book value (gross)	Unused credit limits	Total commitments
0% - 40%	16.7 %	7,492.3	1,231.4	8,723.7
40% - 60%	34.1 %	16,673.7	1,119.2	17,792.9
60% - 80%	35.7 %	18,366.7	257.8	18,624.6
80% - 90%	11.8 %	6,143.2	22.6	6,165.8
90% - 100%	1.3 %	647.7	15.4	663.1
> 100%	0.4 %	211.0	13.1	224.1
Total secured loans	**100.0 %**	**49,534.6**	**2,659.5**	**52,194.1**
Loan commitments and financing certificates, secured			3,246.4	3,246.4
Total secured loans incl. loan commitments and financing certificates		**49,534.6**	**5,906.0**	**55,440.5**

Risk related to secured loans

NOK million	2023			
	Distribution in per cent	Book value (gross)	Unused credit limits	Total commitments
Low risk	87.9 %	51,728.4	3,710.2	55,438.6
Medium risk	10.9 %	6,769.1	75.7	6,844.8
High risk	0.8 %	474.6	0.3	474.9
Non-performing and loss-exposed loans incl. loans with evidence of impairment	0.5 %	323.9		323.9
Total secured loans	**100.0 %**	**59,295.9**	**3,786.3**	**63,082.1**
Loan commitments and financing certificates, secured			2,607.0	2,607.0
Total secured loans incl. loan commitments and financing certificates		**59,295.9**	**6,393.2**	**65,689.1**

NOK million	2022			
	Distribution in per cent	Book value (gross)	Unused credit limits	Total commitments
Low risk	90.3 %	44,543.5	2,608.1	47,151.6
Medium risk	9.0 %	4,630.4	51.3	4,681.7
High risk	0.6 %	310.7	0.1	310.8
Non-performing and loss-exposed loans incl. loans with evidence of impairment	0.1 %	50.0		50.0
Total secured loans	**100.0 %**	**49,534.6**	**2,659.5**	**52,194.1**
Loan commitments and financing certificates, secured			3,246.4	3,246.4
Total secured loans incl. loan commitments and financing certificates		**49,534.6**	**5,906.0**	**55,440.5**

Credit risk financial assets at fair value through profit and loss

NOK million	Lending to customers		Liquidity portfolio	
	2023	2022	2023	2022
Book value maximum exposure for credit risk	351.3	318.8	3,351.6	2,113.9
Book value of related credit derivatives that reduce credit risk				
Collateral				
Net credit risk	**351.3**	**318.8**	**3,351.6**	**2,113.9**
This year's change in fair value of financial assets due to change in credit risk			3.7	0.7
Accumulated change in fair value of financial assets due to change in credit risk			4.1	1.6
This year's change in value of related credit derivatives				
Accumulated change in value of related credit derivatives				

Lending to customers is measured at fair value based on valuation techniques. The valuation techniques use interest rate curves from Reuters and credit spreads for equivalent new loans as per the end of December.

Financial assets are designated at fair value through the profit and loss account (FVTPL) the first time they are recognised where another measurement would result in an inconsistency in the profit and loss account. Objective market prices are used for securities where these exist. Valuation techniques involving the use of interest rate curves from Reuters and credit spreads from external providers are used for the remaining securities.

Note 5 - Liquidity risk

Liquidity risk is the risk that the company will be unable to refinance its obligations (refinancing risk) or that the company will not be able to refinance its obligations without incurring substantial additional expenses (price risk).

Risk Management

The risk strategy establishes overall limits for how much liquidity risk the bank group is willing to accept given a goal of having the lowest possible financing costs (price). The policy for liquidity risk describes principles for liquidity- and financing management and specifies stress testing, minimum liquidity holdings and indicators for measuring liquidity and financing risk. In addition, the Treasury department draws up an annual funding strategy and funding plan that set out the overall limits for the bank group's funding activities.

Stress tests are used to illustrate the expected effects of various scenarios on the statement of financial position and cash flows. Results of the stress tests are applied when assessing the framework for liquidity risk. A contingency plan is drawn up annually to safeguard proper management of the liquidity situation during stressful periods.

The Treasury function is responsible for the bank's liquidity management, and the Middle Office monitors and reports on the utilisation of limits pursuant to the liquidity policy. Risk management prepares liquidity forecasts.

Risk Control

Risk control of liquidity and financing risk is carried out, among other things, through monthly liquidity forecasts, reporting of liquidity and financing indicators and maturity profile. Both are included in the CRO's ongoing reporting to the board. Indicators that are followed are described in the liquidity risk policy. The Middle Office performs checks on trades undertaken by Treasury to ensure conformance with the applicable policy rules.

Non-discounted cash flows - financial liabilities

NOK million	0 - 6 months	7 - 12 months	2 - 3 years	4 - 5 years	More than 5 years	Total	Book value 2023	Book value 2022
Loans and deposits from credit institutions	283.2					283.2	283.2	403.0
Deposits from and due to customers	23,611.5	10.2	133.4	53.7	139.5	23,948.2	23,948.2	19,477.8
Debt securities issued	6,508.2	1,434.4	20,447.7	14,428.3	1,376.5	44,195.2	40,154.1	32,290.0
Derivatives	-4.4	17.0	12.4	12.7	11.1	48.9	62.3	67.5
Other liabilities	187.3					187.3	187.3	130.0
Subordinated loans	19.4	19.8	193.7	735.0		967.9	828.6	828.0
Undrawn credit limits	4,883.7					4,883.7		
Loan commitments	2,607.0					2,607.0		
Total financial liabilities 2023	**38,095.7**	**1,481.4**	**20,787.3**	**15,229.7**	**1,527.1**	**77,121.2**	**65,463.7**	
Total financial liabilities 2022	31,420.2	1,177.1	15,708.0	14,319.1	953.4	63,577.9		53,196.3

The overview of non-discounted cash flows includes interest. Implicit forward interest rates based on the yield curve on 31 December 2023 are used to calculate interest costs for lending with FRN conditions. The call date is used as the maturity date on subordinated loans. The maturity overview does not take account of the fact that the issued bonds have extended maturity date, i.e. the original maturity date is used. Deposits from and liabilities to customers are on call deposits or deposits locked in for less than 6 months.

Specification of loans and deposits from credit institutions

NOK million	Book value 2023	Book value 2022
Total loans and deposits from credit institutions without fixed maturity	**3.0**	**22.8**
F-loans, maturity 2023		380.2
F-loans, maturity 2024	280.1	
Total loans and deposits from credit institutions with fixed maturity	**280.1**	**380.2**
Total loans and deposits from credit institutions	**283.2**	**403.0**

Specification of debt securities issued

NOK million ISIN code	Issuer	Net nominal value	Currency	Interest	Maturity	Book value 2023	Book value 2022
Commercial papers							
NO0013095588	Storebrand Bank ASA	600.0	NOK	Floating	06.12.2024	602.3	
Bond loans							
NO0010881386	Storebrand Bank ASA	300.0	NOK	Floating	04.05.2023		302.1
NO0010891344	Storebrand Bank ASA	450.0	NOK	Floating	25.08.2023		451.8
NO0012626953	Storebrand Bank ASA	250.0	NOK	Fixed	19.02.2026	254.6	252.0
NO0010931819	Storebrand Bank ASA	955.0	NOK	Floating	15.02.2024	961.3	1,105.1
NO0011146359	Storebrand Bank ASA	500.0	NOK	Floating	05.02.2025	503.9	502.8
NO0012617697	Storebrand Bank ASA	700.0	NOK	Floating	15.08.2025	705.0	703.7
NO0012981630	Storebrand Bank ASA	600.0	NOK	Floating	07.08.2026	605.1	0.0
Total senior bonds						**3,029.9**	**3,317.4**
Covered bonds							
NO0010951528	Storebrand Boligkreditt AS	480.0	NOK	Fixed	15.04.2031	443.1	312.9
NO0010873177	Storebrand Boligkreditt AS	4,500.0	NOK	Floating	19.06.2024	4,507.2	439.0
NO0010894199	Storebrand Boligkreditt AS	6,500.0	NOK	Floating	25.06.2025	6,577.7	3,567.1
NO0011073140	Storebrand Boligkreditt AS	10,000.0	NOK	Floating	03.06.2026	10,140.8	5,004.5
NO0012526211	Storebrand Boligkreditt AS	7,500.0	NOK	Floating	20.05.2027	7,544.4	6,619.0
XS2553532255	Storebrand Boligkreditt AS	50.0	EUR	Floating	11.11.2027	583.1	7,122.8
NO0012807413	Storebrand Boligkreditt AS	5,850.0	NOK	Floating	19.04.2028	5,904.6	5,524.7
NO0010936917	Storebrand Boligkreditt AS	800.0	NOK	Floating	21.02.2031	821.0	382.6
Total covered bonds						**36,521.8**	**28,972.6**
Total debt securities issued						**40,154.1**	**32,290.0**

For covered bonds, a regulatory requirement for over-collateralisation of 5 per cent apply. In 2023 all covenants are fulfilled.

Specification of subordinated loans

NOK million ISIN code	Issuer	Net nominal value	Currency	Interest	Call-date	Book value 2023	Book value 2022
Dated subordinated loans							
NO0010843519	Storebrand Bank ASA	125.0	NOK	Floating	27.02.2025	125.8	125.6
NO0011104077	Storebrand Bank ASA	300.0	NOK	Floating	23.09.2026	300.2	300.3
NO0012446428	Storebrand Bank ASA	400.0	NOK	Floating	27.02.2027	402.6	402.0
Total subordinated loans						**828.6**	**828.0**

Financing activities - changes during the year

NOK million	2023		
	Subordinated loans	Liabilities to credit institutions	Debt securities issued
Book value 01.01.2023	828.0	403.0	32,290.0
New loans / bond debt issued		12,105.0	12,643.7
Repayment of loans/liabilities		-12,224.7	-4,895.0
Changes in accrued interest	0.7	-0.1	123.9
Exchange differences foreign currency			9.1
Other			-17.6
Book value 31.12.2023	**828.6**	**283.2**	**40,154.1**

NOK million	2022		
	Subordinated loans	Liabilities to credit institutions	Debt securities issued
Book value 01.01.2022	828.0	423.5	23,860.3
New loans / bond debt issued		-20.5	8,872.1
Repayment of loans/liabilities			-407.5
Changes in accrued interest			48.8
Other			-92.6
Book value 31.12.2022	**828,0**	**403,0**	**32 290,0**

Note 6 - Market risk

Market risk is risk of a change in value due to financial market prices (such as interest rates, exchange rates, credit spreads) or volatility differing from what was expected.

Risk Management

The risk strategy sets general limits for market risk. Storebrand Bank Group's market risk mostly are related to spread risk in the liquidity portfolio and interest rate risk, both on equity and net interest income. The banking group is to a small extent exposed to market risk in equity instruments and currency. Storebrand Boligkreditt AS has issued a covered bond of EUR 50 million, see note 5, which is secured by a base swap.

Market risk policies specify limits for market risk that the bank group is willing to accept. The bank group's market risk is primarily managed and controlled through daily monitoring of risk exposure pursuant to the policy and continuous analyses of outstanding positions. Credit spread risk is regulated through ceilings on credit spread risk and indirectly through ceilings on investments.

The exposure limits are reviewed and renewed by the board at least once a year. The size of these limits is set on the basis of stress tests and analyses of market movements.

Risk Control

The Middle Office is responsible for the ongoing, independent monitoring of market risk. Risk control of market risk is carried out, among other things, through monthly reports of indicators for market risk. Market risk indicators that are followed are described in the interest rate risk policy, counterparty policy (incl. credit spread risk) and currency risk policy and are included in the CRO's ongoing reporting to the board.

For changes in market risk that occur during the first year, the effect on the result and equity will be as shown below based on the balance sheet as at 31 December 2023:

Effect on accounting income

NOK million	2023	2022
Interest rate -2,0%	-18.5	36.2
Interest rate +2,0%	18.5	-36.2

Effect on accounting result/equity [1)]

NOK million	2023	2022
Interest rate -2,0%	-18.5	36.2
Interest rate +2,0%	18.5	-36.2

1) Before taxes.

Financial interest rate risk

NOK million	2023	2022
Interest rate -2,0%	33.5	-31.4
Interest rate +2,0%	-33.5	31.4

The note presents the accounting effect over a 12 month period and the immediate financial effect of an immediate parallel change in interest rates of +2.0 percentage points and -2.0 percentage points respectively. When the accounting risk is calculated, account is taken of the non-recurring effect that such an immediate change in interest rates would have on the items recognised at fair value and the value of hedging, and the effect that the change in interest rates would have on the net profit for the remaining duration of the interest rate before the change in interest rates has an effect on income and expenses. Items that would be affected by the non-recurring effect and are recorded at fair value are the investment portfolio, fixed interest rate loans and derivatives. Items that would be affected by the one-time effects and which are recorded using hedging accounting are borrowings with fixed interest rate. The change in market value that such an immediate change in interest rates would have is looked at for all items on the statement of financial position when calculating the financial effect.

See also note 24 regarding foreign exchange risk.

Note 7 - Operational risk

Operational risk

The assessment of operational risks is linked to the ability to achieve targets and to implement plans. Operational risk is defined as the risk of financial loss or damaged reputation due to inadequate or failing internal processes, control routines, systems, human error, or external events.

Risk Management

Operational risk is being controlled and reduced through an effective system for internal control with (1) clear descriptions of responsibilities, (2) clear routines, and (3) documented powers of attorney/authority. Risks are followed-up through the management's risk review, with documentation of risks, measures and follow-up of incidents. The bank has prepared contingency plans which are updated regularly. In addition, internal audit carries out an independent control in accordance with audit projects adopted by the board.

Risk Control

The CRO supports the risk review process and is responsible for compiling and reporting the area's risk scenario, following up on improvement measures and checking that risk registration is up to date in the central system. The results of the process are reported to the board.

In order to be able to identify problem areas internally, the bank group has implemented routines for ongoing reporting of events to the CRO, who is responsible for logging and follow-up of reported events. The CRO reviews significant events with the board.

In connection with monthly, quarterly and annual accounts, the bank's staff functions perform various checks and reconciliations so as to control and reduce operational risk. In addition to this, the compliance function and internal auditor carry out spot checks in a number of the most important work processes. The results are reported to the bank's management and the board.

Compliance risk

Compliance risk is the risk of the company incurring public sanctions, financial losses, claims for damages and/or loss of reputation as a result of non compliance with external or internal rules.

Risk Management
The compliance risk in Storebrand Bank Group is managed through instructions for the compliance function. The function's main responsibility is to support the company's board and management in their efforts to comply with relevant laws and regulations by independently identifying, evaluating, monitoring and reporting compliance risks. The function shall work preventively by advising and ensuring that effective processes have been established for information and the implementation of current and new regulations. The compliance function shall have a risk-based approach.

Risk Control
The compliance function performs control activities in order to ensure actual compliance with significant regulations.

Note 8 - Climate risk

The Storebrand Bank Group's lending activities primarily consist of mortgages and almost the entire lending portfolio is secured by way of property mortgages. Based on this, we launched "boliglån fremtid" (mortgage future) in 2016. Boliglån fremtid is a mortgage with favourable interest, which gives customers tips and motivation to make smart energy choices for their homes. Storebrand Bank has identified the following climate risks:

Lower demand for loans and other banking services
A rapid transition to low emissions will affect the Norwegian economy in particular. Storebrand Bank has no direct exposure to the fossil fuel sector. The labour, housing and property markets and macroeconomic conditions in general are dependent on the fossil fuel sector. The transition may contribute to a recession and a long period of low interest rates in Norway. Demand for credit is lower during economic downturns and recessions.

Increased losses on lending as a result of climate change or the transition to low emissions
The macroeconomic situation in some areas/regions is weaker, particularly as a result of transition risks. The debtor risk increases as a result of this. The value of securities develops at a relatively weaker rate than other items due to physical risk (market values develop weaker in areas where, for example, there is a greater risk of floods, landslides, rainfall than the market in general) and/or the transition risk (market values fall more in areas with a higher transition risk due to weaker economic development). The risk can materialise in increased loan losses. Climat risk is not measureable and has not affected loan loss provisions in the 2023 accounts.

Green mortgages give low profitability
Storebrand Bank's focus on green mortgages meets low interest and demand. The investment then yields a weak return. A large investment in green mortgages may result in other initiatives receiving lower priority, and these initiatives may have greater demand among households, which cover the needs of other banks.

Regulatory risk from non-compliance with new requirements for climate adaptation or reporting
The risk is considered low, however the large number of new and comprehensive regulations require follow-up and reporting. The greatest challenge is a lack of consistency in customer communication and marketing. The risks include reputational risk.

Own objectives for climate adaptation are not achieved or the ambitions are too low
The risks include late/delayed issuing of green bonds/covered bonds in comparison with competitors. The risk is considered low, but it is important that the objectives are increased in line with higher expectations.

Note 9 - Valuation of financial instruments

The Storebrand Bank Group conducts a comprehensive process to ensure that financial instruments are valued as closely as possible to their market value. Publicly listed financial instruments are valued on the basis of the official closing price on stock exchanges, supplied by Reuters and Bloomberg. Bonds are generally valued based on prices collected from Reuters, Bloomberg and Nordic Bond Pricing. Bonds that are not regularly quoted will normally be valued using recognised theoretical models. The latter is particularly applicable to bonds denominated in Norwegian kroner. Discount rates composed of the swap rates plus a credit premium are used as a basis for these types of valuations. The credit premium will often be specific to the issuer, and will normally be based on a consensus of credit spreads quoted by a selected brokerage firm.

Unlisted derivatives, including primarily interest rate and foreign exchange instruments, are also valued theoretically. Money market rates, swap rates, exchange rates and volatilities that form the basis for valuations are supplied by Reuters, Bloomberg and Norges Bank.

The Storebrand Bank Group carries out continual checks to safeguard the quality of market data that has been collected from external sources. These types of checks will generally involve comparing multiple sources as well as controlling and assessing the likelihood of unusual changes.

The Storebrand Group categorises financial instruments valued at fair value into three different levels which are described in more detail below. The levels express the differing degrees of liquidity and different measurement methods used. The bank group has established valuation models to gather information from a wide range of well-informed sources with a view to minimising the uncertainty of valuations.

Level 1: Financial instruments valued on the basis of quoted prices in active markets for identical assets
Bonds, certificates or equivalent instruments issued by nation states are generally classified as level 1. When it comes to derivatives, standardised stock index futures and interest rate futures will also be included at this level.

Level 2: Financial instruments valued on the basis of observable market information not covered by level 1
This category encompasses financial instruments that are valued based on market information that can be directly observable or indirectly observable. Market information that is indirectly observable means that the prices can be derived from observable related markets. Level 2 includes shares or equivalent equity instruments for which market prices are available, but where the volume of transactions is too limited to fulfil the criteria in level 1. Shares in this level will normally have been traded during the last month. Bonds and equivalent instruments are generally classified in this level. Moreover, interest rate and foreign exchange swaps, non-standardised interest rate and foreign exchange derivatives are classified in level 2.

Level 3: Financial instruments valued on the basis of information that is not observable according to the definition for level 2
Financial instruments classified as level 3 includes all loans to customers, loans to and deposits with credit institutions and the investment in VN Norge AS.

The value of fixed-rate loans is determined by discounting the agreed cash flows over the remaining maturity by the current discount rate adjusted for market spread. The discount rate that is used is based on a swap interest rate (mid swap) with a maturity that corresponds to the remaining lock-in period for the underlying loans. The market spread that is used on the date of the balance sheet is determined by assessing the market conditions, market price and the associated swap interest rate.

The value of home loans with a floating interest rate are valued at nominal value less expected credit loss. Loans without any substantially higher credit risk than at initial recognition are valued at nominal value. Loans where there has been a significant increase in credit risk since initial recognition or loans where there is objective evidence of loss, are valued at nominal value less expected credit loss over the lifetime of the loan.

Under equities, it is primarily the investment in VN Norge AS. The value of the shares is calculated on the basis of the price of the shares in VISA Inc. and the exchange rate USD / NOK. The value has also been adjusted for a liquidity and general uncertainty discount of 14%.

Valuation of financial instruments at fair value

Valuation of financial instruments at fair value through profit and loss (FVTPL)

NOK million	Level 1 Quoted prices	Level 2 Observable assumptions	Level 3 Non-observable assumptions	Book value 31.12.2023	Book value 31.12.2022
Equities		36.4	8.0	44.4	42.2
Total equities 31.12.2023		**36.4**	**8.0**	**44.4**	
Total equities 31.12.2022		36.1	6.1		42.2
Loans to customers - retail market			351.3	351.3	318.8
Total loans to customers 31.12.2023			**351.3**	**351.3**	
Total loans to customers 31.12.2022			318.8		318.8
Government and government guaranteed bonds		670.1		670.1	495.4
Mortgage and asset backed bonds		2,681.5		2,681.5	1,618.5
Total interest-bearing securities 31.12.2023		**3,351.6**		**3,351.6**	
Total interest-bearing securities 31.12.2022		2,113.9			2,113.9
Interest derivatives		27.5		27.5	-14.8
Total derivatives 31.12.2023		**27.5**		**27.5**	
Derivatives with a positive fair value		89.9		89.9	52.7
Derivatives with a negative fair value		-62.3		-62.3	-67.5
Total derivatives 31.12.2022		-14.8			-14.8

There have not been any changes between quoted prices and observable assumptions on the various financial instruments during the year..

Valuation of financial instruments at fair value through other comprehensive income (FVOCI)

NOK million	Level 1 Quoted prices	Level 2 Observable assumptions	Level 3 Non-observable assumptions	Book value 31.12.2023	Book value 31.12.2022
Loans to customers - corporate market					3.0
Loans to customers - retail market			58,882.2	58,882.2	49,153.0
Total loans to customers			**58,882.2**	**58,882.2**	**49,156.0**

Financial instruments at fair value - Level 3

NOK million	2023		
	Equities	Loans to customers at fair value through profit and loss	Loans to customers at fair value through other comprehensive income (OCI)
Book value 01.01.2023	6.1	318.8	49,156.0
Net gains/losses on financial instruments	1.9	3.1	-10.7
Supply / disposal		98.2	29,154.8
Sales / due settlements		-68.9	-19,417.9
Book value 31.12.2023	**8.0**	**351.3**	**58,882.2**

NOK million	2022		
	Equities	Loans to customers at fair value through profit and loss	Loans to customers at fair value through other comprehensive income (OCI)
Book value 01.01.2022	11.2	489.4	38,094.8
Net gains/losses on financial instruments	-5.1	-22.3	-8.0
Supply / disposal		99.3	30,536.7
Sales / due settlements		-247.7	-19,467.4
Book value 31.12.2022	**6.1**	**318.8**	**49,156.0**

Valuation of financial instruments at amortised cost

NOK million	Level 1 Quoted prices	Level 2 Observable assumptions	Level 3 Non-observable assumptions	Fair value 31.12.2023	Book value 31.12.2023	Fair value 31.12.2022	Book value 31.12.2022
Financial assets							
Loans to and deposits with credit institutions			1,137.9	1,137.9	1,137.9	108.5	108.5
Loans to customers - retail market			375.6	375.6	375.6	451.6	451.6
Interest-bearing securities		6,002.2		6,002.2	6,010.4	4,265.8	4,281.0
Total financial assets 31.12.2023		**6,002.2**	**1,513.6**	**7,515.8**	**7,523.9**		
Total financial assets 31.12.2022		4,265.8	560.1			4,826.0	4,841.1
Financial liabilities							
Loans and deposits from credit institutions		5,918.5		5,918.5	283.2	403.0	403.0
Deposits from and due to customers		23,948.2		23,948.2	23,948.2	19,477.8	19,477.8
Debt securities issued		40,164.1		40,164.1	40,154.1	32,279.5	32,290.0
Subordinated loans		817.1		817.1	828.6	799.0	828.0
Total financial liabilities 31.12.2023		**70,847.8**		**70,847.8**	**65,214.0**		
Total financial liabilities 31.12.2022		52,959.3				52,959.3	52,998.8

The fair value of interest-bearing securities, debt securities issued and subordinated loans is based on normal valuation techniques. Cash flows are discounted over the remaining term with the current discount factor. The discount factor used is based on a swap rate (mid swap) with a maturity that corresponds to the maturity of the underlying financial instrument.

For the items loans to and deposits with credit institutions and loans to customers fair value is amortised cost with deduction of expected credit loss. For the items loans to and deposits from credit institurions and deposits from and due to customers fair value is approximately equal to amortised cost

Sensitivity analysis financial instruments at fair value

Loans to customers at fair value through other comprehensive income (OCI)
The value of home loans with a floating interest rate are valued at nominal value less expected credit loss. Loans without any substantially higher credit risk than at initial recognition are valued at nominal value. Loans where there has been a significant increase in credit risk since initial recognition or loans where there is objective evidence of loss, are valued at nominal value less expected credit loss over the lifetime of the loan.

Equities
This item consist of shares in VN Norge AS. At the end of the year, the value of the shares is calculated on the basis of the price of the shares in VISA Inc. and the exchange rate USD / NOK. The value has also been adjusted for a liquidity and general uncertainty discount of 14%.

	Floating loans to customers Fair value through other comprehensive income (OCI)		Floating loans to customers Fair value through other comprehensive income (OCI)		Equities	
	Change in market spread		Change in market spread		Change in value	
NOK million	+ 10 bp	- 10 bp	+ 25 bp	- 25 bp	+ 25 bp	- 25 bp
Increase/reduction in fair value at 31.12.2023	-6.8	6.8	-16.9	16.9	9.1	-9.1
Increase/reduction in fair value at 31.12.2022	-5.7	5.7	-14.1	14.1	7.1	-10.2

Note 10 - Net income from financial instruments

Net interest income

NOK million	2023	2022
Interest on loans to credit institutions	28.1	10.1
Interest on loans to customers - loans valued at amortised cost	57.2	54.6
Interest on loans to customers - loans valued at fair value with change in value through other comprehensive income (OCI)	2,663.7	1,203.2
Interest on interest-bearing securities valued at amortised cost	209.4	73.5
Total interest income calculated by using the effective interest method	**2,958.5**	**1,341.4**
Interest on loans to customers - loans valued at fair value with change in value through profit and loss	13.1	11.1
Interest on interest-bearing securities valued at fair value with change in value through profit and loss	117.9	43.4
Interest on derivatives	4.2	4.4
Total other interest income	**135.1**	**58.8**
Total interest income	**3,093.6**	**1,400.2**
Interest on loans from credit institutions	-12.6	-3.8
Interest on deposits from customers	-503.1	-126.2
Interest on debt securities issued	-1,582.2	-609.1
Interest on subordinated loans	-43.9	-24.3
Total interest expenses calculated by using the effective interest method	**-2,141.8**	**-763.4**
Interest on derivatives	-10.6	-5.4
Other interest expenses	-24.2	-21.1
Total other interest expenses	-34.7	-26.5
Total interest expenses	**-2,176.5**	**-789.9**
Net interest income	**917.1**	**610.4**

Net change in fair value and gain/loss on foreign exchange and financial instruments

NOK million	2023	2022
Realised gain/loss on loans and receivable		
Unrealised gain/loss on loans and receivable	-2,1	-37,0
Net change in value and gain/loss on loans and receivables	**-2,1**	**-37,0**
Realised gain/loss on interest-bearing securities	1,8	1,0
Unrealised gain/loss on interest-bearing securities	0,6	-0,2
Net change in value and gain/loss on interest-bearing securities	**2,4**	**0,7**
Realised gain/loss on equity instruments	0,2	
Unrealised gain/loss on equity instruments	5,2	-2,8
Net change in value and gain/loss on equity instruments	**5,4**	**-2,8**
Realised gain/loss on financial liabilities	-4,8	-2,1
Unealised gain/loss on financial liabilities	-2,0	44,4
Net change in value and gain/loss on financial liabilities (except financial derivatives)	**-6,8**	**42,4**
Realised gain/loss on foreign exchange and financial derivatives	-76,3	-18,6
Unrealised gain/loss on foreign exchange and financial derivatives	75,3	-19,3
Net change in value and gain/loss on foreign exchange and financial derivatives	**-1,0**	**-37,9**
Total change in value and net gain/loss on financial instruments	**-1,9**	**-34,6**

Note 11 - Net commission income

NOK million	2023	2022
Fees related to banking operations	59.4	53.3
Fees from and management of loans	68.8	71.2
Total fees and commissions receivable *)	**128.1**	**124.5**
Fees and commissions payable relating to banking operations	-31.1	-25.1
Other fees and commissions payable	-1.2	-1.2
Total fees and commissions payable **)	**-32.3**	**-26.3**
Net commission income	**95.8**	**98.2**

*) Of which total fees and commission income on book value of financial assets and liabilities that are not at fair value through the profit and loss account	59.4	53.3
**) Of which total fees and commission expense on book value of financial assets and liabilities that are not at fair value through the profit and loss account	-32.3	-26.3

Note 12 - Remuneration paid to auditors

Remuneration including value added tax:

NOK 1000	2023	2022
Statutory audit	-1,052	-766
Other reporting duties	-381	-335
Other non-audit services	-168	-160
Total	**-1,601**	**-1,261**

Note 13 - Operating expenses

NOK 1000	2023	2022
Ordinary wages and salaries	-139.8	-129.7
Employer's social security contributions	-28.9	-26.1
Pension cost (see note 14)	-19.5	-17.8
Other staff expenses	-10.2	-6.8
Total staff expenses	**-198.4**	**-180.4**
IT expenses	-108.5	-74.9
Office operation and other general administration expenses	-1.0	-1.9
Operating expenses on rented premises	-6.7	-17.1
Foreign services (see note 12)	-13.3	-17.7
Inter-company charges for services [1]	-181.1	-158.5
Sold services to group companies	79.3	94.5
Other operating expenses	-11.6	-10.8
Total other operating expenses	**-243.0**	**-186.5**
Depreciations	-16.6	-16.5
Total depreciation and write-downs of non-financial assets	**-16.6**	**-16.5**
Total operating expenses	**-457.9**	**-383.5**

1) Services purchased from the group contain expenses relating to bank production, IT services, joint administrative functions, financial and legal services, marketing activities, HR and skills development, purchasing, information services and savings advice.

Note 14 - Pensions

Storebrand is obliged to have an occupational pension scheme pursuant to the Mandatory Occupational Pension Act. The company's pension schemes meet the requirements of the law.

Storebrand Group has country-specific pension schemes.

Storebrand's employees in Norway have e defined-contribution pension scheme. In a defined-contribution scheme, the company allocates an agreed contribution to a pension account. The future pension depends upon the amount of the contributions and the return on the pension account. When the contributions have been paid, the company has no further payment obligations relating to the defined-contribution pension and the payment to the pension account is charged as an expense on an ongoing basis. For regulatory reasons, there can be no savings in the defined-contribution pension for salaries that exceed 12G (G = National Insurance Scheme basic amount). Storebrand has pension savings in the savings product Extra Pension for employees with salaries exceeding 12G.

The premiums and content of the defined-contribution pension scheme are as follows:
- Saving starts from the first krone of salary
- Savings rate of 7 per cent of salary from 0 to 12 G (the National Insurance basic amount "G" was NOK 111,620 at 31 December 2023)
- In addition, 13 per cent of salary between 7.1 and 12 G is saved.
- Savings rate in Extra Pension for salary over 12 G is 20 per cent.

The Norwegian companies participate in the Joint Scheme for Collective Agreement Pensions (AFP). The private AFP scheme provides a lifelong supplement to an ordinary pension and is a multi-employer pension scheme, but there is no reliable information available for inclusion of this liability on the statement of financial position. The scheme is financed by means of an annual premium that is defined as a percentage of salaries from 1 G to 7.1 G, and the premium rate was 2.67 % in 2023 and it will increase to 2.7% in 2024.

There are also pension liabilities for the defined-benefit scheme related to direct pensions for certain former employees and former board members.

Reconciliation of pension assets and liabilities in the statement of financial position

NOK million	2023	2022
Present value of insured pension liabilities incl. employer's NI contribution	4.2	6.3
Fair value of pension assets	-4.6	-7.5
Net pension liabilities/assets insured scheme	**-0.5**	**-1.2**
Asset ceiling - asset adjustment	0.5	1.2
Present value of unsecured liabilities	1.4	1.7
Net pension liabilities recognised in statement of financial position	**1.4**	**1.7**

Includes employer contributions on net under-financed liabilities in the gross liabilities

Booked in statement of financial position

NOK million	2023	2022
Pension assets		
Pension liabilities	1.4	1.7

Changes in the net defined benefit pension liabilities in the period

NOK million	2023	2022
Net pension liabilities 01.01 incl. provision for employer's NI contribution	8.1	10.6
Interest expenses on the pension liability	0.3	0.2
Estimate deviations	-2.5	-2.6
Pensions paid	-0.3	-0.1
Net pension liabilities 31.12	**5.6**	**8.1**

Changes in the fair value of pension assets

NOK million	2023	2022
Pension assets at fair value 01.01	7.5	7.6
Expected return	0.3	0.1
Estimate deviation	-3.1	-0.3
Premiums paid	0.1	0.2
Pensions paid	-0.2	
Net pension assets 31.12	**4.6**	**7.5**
Expected premium payments (pension assets) in 2024:	0.1	
Expected premium payments (contributions) in 2024:	13.3	
Expected AFP early retirement scheme payments in 2024:	4.0	
Expected payments from operations (uninsured scheme) in 2024:	0.1	

Pension assets are based on the financial assets held by Storebrand Livsforsikring composed at 31.12.

	2023	2022
Real estate	15 %	14 %
Bonds at amortised cost	48 %	43 %
Loans	14 %	16 %
Equities and units	6 %	5 %
Bonds	18 %	20 %
Other short-term financial assets		1 %
Total	**100 %**	**100 %**
The table shows the percentage asset allocation of pension assets at year-end managed by Storebrand Life Insurance.		
Realised return on assets	0.8 %	0.5 %

Net pension cost booked to profit and loss account, specified as follows:

NOK million	2023	2022
Net interest cost/expected return		0.1
Total for defined benefit schemes		**0.1**
The period's payment to contribution scheme	16.7	15.1
The period's payment to contractual pension	2.8	2.6
Net pension cost recognised in profit and loss account in the period	**19.5**	**17.8**

Net pension cost includes payroll tax of employer contribution and is included in operating expenses. See note 13.

Analysis of actuarial loss (gain) in the period

NOK million	2023
Actuarial loss (gain) - change in discount rate	-0.1
Actuarial loss (gain) - experienced DBO	-2.4
Loss (gain) - experience Assets	3.0
Investment management cost	0.1
Asset ceiling - asset adjustment	-0.7
Remeasurements loss (gain) in the period	**-0.1**

Main assumptions used when calculating net pension liability	31.12.2023	31.12.2021
Discount rate	3.8 %	3.8 %
Expected return	3.5 %	3.5 %
Expected earnings growth	0.0 %	0.0 %
Expected annual increase in pensions payment	3.5 %	3.5 %
Disability table	KU	KU
Mortality table	K2013BE	K2013BE

Financial assumptions:

The financial assumptions have been determined on the basis of the rules in IAS 19. Long term assumptions such as future inflation, real interest rates, real wage growth and adjustment of the basic amount are particularly subject to a high degree of uncertainty.

In Norway, a discount rate based on covered bonds is used. Based on the market and volume trends observed, and in Storebrand's opinion, the Norwegian covered bond market must be perceived as a deep market.

Specific company conditions including expected direct wage growth are taken into account when determining the financial assumptions.

Actuarial assumptions:
In Norway, there are standardised assumptions for mortality/disability trends, and other demographic factors, that have been prepared by Finance Norway. A new mortality basis K2013 for group pension insurance in life insurance companies and pension funds was introduced effective from 2014. Storebrand has used the mortality table K2013BE (best estimate) for the actuarial calculations as at 31 December 2023.

Note 15 - Losses on loans, guarantees and unused credits

NOK million	2023		
	Loans and securities valued at amortisert cost and loans valued at fair value through other comprehensive income (OCI)	Guarantees and unused credit limits	Total
The periods change in impairment losses stage 1	2.4	0.3	2.7
The periods change in impairment losses stage 2	-1.7	-3.0	-4.8
The periods change in impairment losses stage 3	-26.1		-26.1
Realised losses	-28.8		-28.8
Recoveries on previously realised losses	3.6		3.6
Other changes	-0.2		-0.2
Loss expense for the period	**-50.9**	**-2.7**	**-53.6**

The Storebrand Bank Group has NOK 5.6 million in outstanding contractual amounts for realised losses during 2023 that are still subject to enforcement activities.

NOK million	2022		
	Loans and securities valued at amortisert cost and loans valued at fair value through other comprehensive income (OCI)	Guarantees and unused credit limits	Total
The periods change in impairment losses stage 1	-2.2	-0.1	-2.2
The periods change in impairment losses stage 2	-8.0	-0.8	-8.9
The periods change in impairment losses stage 3	-8.3	-0.2	-8.5
Realised losses	-12.0		-12.0
Recoveries on previously realised losses	17.7		17.7
Other changes	-0.4		-0.4
Loss expense for the period	**-13.1**	**-1.1**	**-14.2**

The Storebrand Bank Group has NOK 1.0 million in outstanding contractual amounts for realised losses during 2022 that are still subject to enforcement activities.

Note 16 - Tax

Tax charge for the year

NOK million	2023	2022
Tax payable	-104.4	-54.0
Changes in deferred tax/deferred tax asset	-14.7	-13.2
Change in tax earlier years	-0.5	-0.4
Total tax cost	**-119.6**	**-67.6**

Tax payable in the balance sheet

NOK million	2023	2022
Tax payable	-97.6	-50.8
- tax effect of group contribution paid		
Tax payable in the balance sheet	**-97.6**	**-50.8**

Reconciliation of expected and actual tax charge

NOK million	2023	2022
Ordinary pre-tax profit	499.5	281.3
Expected tax on income at nominal rate	-124.9	-70.3
Tax effect of:		
Realised shares	1.3	0.5
Permanent differences	4.2	2.7
Effect of devalued deferred tax / tax assets	0.4	-0.1
Changes earlier years	-0.5	-0.4
Tax charge	**-119.5**	**-67.6**

Analysis of the tax effect of temporary differences and tax losses carried forward

NOK million	2023	2022
Tax-increasing temporary differences		
Financial instruments	137.8	66.4
Total tax-increasing temporary differences	**137.8**	**66.4**
Tax-reducing temporary differences		
Pensions	-1.4	-1.7
Fixed assets	2.2	-2.0
Provisions	-20.7	-16.2
Total tax-reducing temporary differences	**-19.9**	**-19.9**
Base for deferred tax/tax assets	117.9	46.5
Temporary differences not included in calculation for defered tax/deferred tax assets	4.2	5.8
Net base for deferred tax and deferred tax asset	**122.2**	**52.3**
Net deferred asset/liability in the balance sheet	**24.4**	**9.7**

When capitalising deferred tax/ deferred tax assets in the consolidated financial statements, the company tax rate that applies for the individual companies is used (22 or 25 per cent).

Analysis of tax payable and deferred tax applied into Other comprehensive income (OCI)	2023	2022
Pension experience adjustments	-0.1	-0.1
Tax on change in value on loans to fair value through other comprehensive income (OCI)		-0.2
Total	**-0.1**	**-0.3**

Pillar two – minimum taxation

During December 2023 and January 2024, both Swedish and Norwegian authorities adopted changes to tax legislation with effect from the income year 2024. The new legislation introduces a supplementary tax, a global minimum taxation which is intended to prevent profit movement between countries, and ensure an effective tax rate of at least 15 percent.

Storebrand is covered by the new regulations. The group is working on the introduction of a supplementary tax, and has not yet finished analyzing the effects. The Group does not operate in countries with a corporate tax rate below 15 per cent. So far, it seems that the tax consequences will be minimal for Storebrand. Deferred tax related to the new regulation has not been recognised in the 2023 financial statements.

Note 17 - Classification of financial assets and liabilities

NOK million	Amortised cost	Fair value through profit and loss	Fair value through other comprehensive income (OCI)	Total book value 2023	Total book value 2022
Financial assets					
Cash and deposits with central banks	6.2			6.2	7.5
Loans to and deposits with credit institutions	1,137.9			1,137.9	108.5
Equity instruments		44.4		44.4	42.2
Interest-bearing securities	6,010.4	3,351.6		9,362.0	6,394.9
Derivatives		89.9		89.9	52.7
Lending to customers	375.6	351.3	58,882.2	59,609.1	49,926.4
Other current assets	50.0			50.0	67.2
Total financial assets 2023	**7,580.2**	**3,837.1**	**58,882.2**	**70,299.4**	
Total financial assets 2022	4,915.8	2,527.7	49,156.0		56,599.5
Financial liabilities					
Loans and deposits from credit institutions	283.2			283.2	403.0
Deposits from and due to customers	23,948.2			23,948.2	19,477.8
Debt securities issued	40,154.1			40,154.1	32,290.0
Derivatives		62.3		62.3	67.5
Other liabilities	187.3			187.3	130.0
Subordinated loans	828.6			828.6	828.0
Total financial liabilities 2023	**65,401.3**	**62.3**		**65,463.7**	
Total financial liabilities 2022	53,128.8	67.5			53,196.3

Note 18 - Interest-bearing securities at fair value through profit and loss account

NOK million	2023 Fair value	2022 Fair value
Sovereign and Government Guaranteed bonds	670.1	495.4
Mortgage and asset backed bonds	2,681.5	1,618.5
Total interest-bearing securities at fair value	**3,351.6**	**2,113.9**
Modified duration	0.17	0.16
Average effective yield per 31.12.	4.94 %	3.47 %

The portfolio is mainly denominated in NOK. Calculated effective yields are weighted to give an average effective yield on the basis of each asset's share of the total interest rate sensitivity.

Note 19 - Interest-bearing securities at amortised cost

	2023		2022	
NOK million	Book value	Fair value	Book value	Fair value
Public issuers and Government Guaranteed Bonds	3,540.7	3,530.9	3,320.0	3,307.5
Mortgage and asset backed bonds	2,469.6	2,471.4	961.0	958.3
Total interest-bearing securities at amortised cost	**6,010.4**	**6,002.2**	**4,281.0**	**4,265.8**
Modified duration		0.13		0.13
Average effective yield per 31.12.		4.97 %		3.26 %

The portfolio is mainly denominated in NOK. Calculated effective yields are weighted to give an average effective yield on the basis of each asset's share of the total interest rate sensitivity.

Note 20 - Buyback agreements (repo agreements)

NOK million	2023 Book value	2022 Book value
Bonds received as collateral	1,009.4	
Asset related to repo agreements	1,009.4	

Storebrand Bank ASA has entered into two repo agreements as of 31 December 2023.
Bonds received as collateral are not recognised as all risk and return on the securities are retained by the counterparty.

Note 21 - Equity instruments

NOK million Name of the company	Organisation number	No. of shares	Ownership interest	2023 Book value	2022 Book value
VN Norge AS	821083052	10,138,359,344,595,400	1.014 %	8.1	6.1
Other Norwegian companies				0.5	0.5
Scandinavisk Datacenter AS		55,699	3.21 %	34.6	34.5
Other foreign companies				1.3	1.2
Total equity instruments				**44.4**	**42.2**

Note 22 - Financial derivatives

Financial derivatives are linked to underlying amounts which are not carried on the balance sheet. In order to quantify the volume of derivatives, reference is made to such underlying amounts as underlying principal, nominal volume, etc. Different calculation methods are applied to nominal volume for different types of financial derivatives, and this figure expresses the scope of risk and positions of financial derivatives.

Gross nominal volume primarily provides information on scope, while net nominal volume provides a certain expression of risk positions. However, the nominal volume for different instruments is not necessarily comparable, considering the risk exposure. As opposed to gross nominal volume, the calculation of net nominal volume also takes into account the sign for the instrument's market risk exposure, by differing between so-called asset positions and liability positions.

An asset position in a share derivative implies a positive change in value if share prices rise. For interest derivatives, an asset position implies a positive change in value if interest rates are reduced – as is the case with bonds. An asset position in a currency derivative generates a positive change in value if the exchange rate against the NOK sees an increase. The average gross nominal volume is based on daily calculations of gross nominal volume.

NOK million	Gross nom. volume [1]	Gross recognised financial assets	Gross recognised debt	Net financial assets/debt in the balance sheet	Net amounts taken into account netting agreements		Net amount
					Fin. assets	Fin. debt	
Interest derivatives [2]	2,086.8	89.8	62.3				27.5
Currency derivatives	5.9						
Total derivatives 31.12.2023	**2,092.7**	**89.9**	**62.3**				**27.5**
Total derivatives 31.12.2022	1,843.2	52.7	67.5				-14.8

1) Values as at 31.12:
2) Interest derivatives include accrued, not due, interest.

Investments subject to netting agreements /CSA

NOK million	Recognised assets	Recognised liabilities	Net assets	Collateral		Net exposure
				Cash (+/-)	Securities (+/-)	
Investments subject to netting agreements	69.4	62.3	7.0	55.3	-150.0	101.7
Investments not subject to netting agreements	20.5		20.5			
Total 2023	**89.8**	**62.3**	**27.5**			
Total 2022	52.7	67.5	-14.8			

Note 23 - Foreign exchange risk

Financial assets and liabilities in foreign currency

NOK million	Balance sheet items excluding currency deivatives Net in the balance sheet	Currency forwards Net sales	Net position 2023 in currency	Net position 2023 in NOK	Net position 2022 in NOK
CHF				0.1	
DKK	-0.2	0.2			-0.2
EUR	-0.1	0.2		0.1	0.1
GBP				-0.1	
JPY	-0.1		-0.1		
SEK	-0.8	0.8			0.1
USD	0.2	-0.2			0.1
Other	-0.6	0.8	0.2		
Total net currency positions				**0.2**	**0.0**

The permitted limit for the bank's foreign exchange position is 0.30% of primary capital, which is approximately NOK 16 million at present.

Note 24 - Loans, guarantees and unused credits

NOK million	2023 Book value	2022 Book value
Loans to customers at amortised cost	422.9	484.1
Loans to customers at fair value through profit and loss (PL)	351.3	318.8
Loans to customers at fair value through other comprehensive income (OCI)	58,927.8	49,191.0
Total gross loans to customers	**59,702.0**	**49,993.9**
Provision for expected loss stage 1	-6.4	-8.7
Provision for expected loss stage 2	-20.6	-18.8
Provision for expected loss stage 3	-66.0	-40.0
Net loans to customers	**59,609.1**	**49,926.4**

See note 25 for analysis of engagement by customer group and geographical area and note 26 for specification of loan loss provisions.

Change in gross loans to customers valued at amortised cost

	2023			
NOK million	Stage 1	Stage 2	Stage 3	Total gross loans
Gross loans 01.01.2023	346.0	106.8	31.4	484.1
Transfer to stage 1	5.7	-5.0	-0.7	0.0
Transfer to stage 2	-26.7	27.1	-0.4	0.0
Transfer to stage 3	-7.3	-8.6	15.9	0.0
New loans	92.2	13.5	21.7	127.4
Derecognition	-110.3	-49.4	-13.8	-173.5
Other changes	-9.0	-6.4	0.2	-15.1
Gross loans 31.12.2023	**290.6**	**78.0**	**54.3**	**422.9**

	2022			
NOK million	Stage 1	Stage 2	Stage 3	Total gross loans
Gross loans 01.01.2022	331.8	88.7	18.0	438.5
Transfer to stage 1	15.1	-14.8	-0.2	0.0
Transfer to stage 2	-29.4	29.4	0.0	0.0
Transfer to stage 3	-5.7	-7.4	13.1	0.0
New loans	150.2	37.4	9.7	197.3
Derecognition	-112.4	-28.6	-7.9	-148.9
Other changes	-3.5	2.1	-1.3	-2.8
Gross loans 31.12.2022	**346.0**	**106.8**	**31.4**	**484.1**

Change in gross loans to customers valued at fair value through other comprehensive income (OCI)

NOK million	2023			
	Stage 1	Stage 2	Stage 3	Total gross loans
Gross loans 01.01.2023	45,685.6	3,438.4	67.0	49,191.0
Transfer to stage 1	772.8	-770.1	-2.7	0.0
Transfer to stage 2	-2,643.3	2,644.3	-1.0	0.0
Transfer to stage 3	-141.3	-122.3	263.7	0.0
New loans	23,990.1	1,753.0	35.2	25,778.3
Derecognition	-14,155.0	-895.0	-36.2	-15,086.2
Other changes	-891.2	-59.3	-4.7	-955.2
Gross loans 31.12.2023	**52,617.7**	**5,988.9**	**321.3**	**58,927.8**

NOK million	2022			
	Stage 1	Stage 2	Stage 3	Total gross loans
Gross loans 01.01.2022	36,359.5	1,703.1	59.1	38,121.7
Transfer to stage 1	472.6	-470.4	-2.1	0.0
Transfer to stage 2	-1,426.0	1,428.9	-2.9	0.0
Transfer to stage 3	-7.1	-18.9	26.0	0.0
New loans	23,802.7	1,470.5	0.0	25,273.2
Derecognition	-12,710.1	-654.2	-12.8	-13,377.0
Other changes	-806.0	-20.6	-0.3	-826.9
Gross loans 31.12.2022	**45,685.6**	**3,438.4**	**67.0**	**49,191.0**

Change in maximum exposure for guarantees and unsued credits

NOK million	2023			
	Stage 1	Stage 2	Stage 3	Total exposure
Maximum exposure 01.01.2023	3,612.5	124.5	0.3	3,737.3
Transfer to stage 1	23.0	-22.9	-0.1	0.0
Transfer to stage 2	-90.8	90.8		0.0
Transfer to stage 3	-0.4	-0.3	0.7	0.0
New guarantees and unused credits	1,671.1	42.7		1,713.8
Dereceognition	-514.9	-16.0	-0.1	-530.9
Other changes	-5.0	-31.0	-0.5	-36.5
Maximum exposure 31.12.2023	**4,695.5**	**187.9**	**0.3**	**4,883.7**

NOK million	2022			
	Stage 1	Stage 2	Stage 3	Total exposure
Maximum exposure 01.01.2022	3,225.6	96.4	0.3	3,322.3
Transfer to stage 1	33.6	-33.4	-0.1	0.0
Transfer to stage 2	-79.6	79.6		0.0
Transfer to stage 3	-0.2	-0.2	0.4	0.0
New guarantees and unused credits	939.2	22.2		961.4
Dereceognition	-480.6	-11.7		-492.3
Other changes	-25.4	-28.4	-0.3	-54.1
Maximum exposure 31.12.2022	**3,612.5**	**124.5**	**0.3**	**3,737.3**

Total commitments amount by remaining term to maturity

NOK million	2023					
	Loans to customers at amortised cost	Loans to customers at fair value through other comprehensive income (OCI)	Loans to customers at fair value through profit and loss	Guarantees	Undrawn credit limits	Total commitments
Up to 1 month		31.6			7.1	38.7
From 1 month up to 3 months	4.1	355.2			30.5	389.8
From 3 months up to 1 year	15.0	1,259.4			68.0	1,342.3
From 1 year to 5 years	79.9	1,012.6	0.1		467.1	1,559.8
More than 5 years	323.8	56,269.0	351.2	0.3	4,310.8	61,255.1
Total	**422.9**	**58,927.8**	**351.3**	**0.3**	**4,883.4**	**64,585.7**

NOK million	2022					
	Loans to customers at amortised cost	Loans to customers at fair value through other comprehensive income (OCI)	Loans to customers at fair value through profit and loss	Guarantees	Undrawn credit limits	Total commitments
Up to 1 month	5.6	41.3				47.0
From 1 month up to 3 months	3.5	367.5			95.1	466.2
From 3 months up to 1 year	34.5	1,015.4			131.1	1,181.0
From 1 year to 5 years	102.0	1,162.3			387.1	1,651.4
More than 5 years	338.6	46,604.3	318.8	0.3	3,123.7	50,385.7
Total	**484.1**	**49,191.0**	**318.8**	**0.3**	**3,737.0**	**53,731.2**

Note 25 - Engagement by customer group and geographical area

Engagement by customer group

	2023					
NOK million	Loans to customers at amortised cost	Loans to customers at fair value through other comprehensive income (OCI)	Loans to customers at fair value through profit and loss	Guarantees	Undrawn credit limits	Total engagements
Service providers	0.1			0.3	0.2	0.5
Wage-earners	420.5	58,789.7	308.8		4,865.1	64,384.1
Other	2.3	138.2	42.4		18.2	201.1
Total	**422.9**	**58,927.8**	**351.3**	**0.3**	**4,883.4**	**64,585.7**
Provision for expected loss stage 1	-3.1	-3.2			-3.8	-10.1
Provision for expected loss stage 2	-6.4	-14.1			-8.3	-28.9
Provision for expected loss stage 3	-37.7	-28.3			-0.4	-66.4
Total loans, guarantees and undrawn credit limits	**375.6**	**58,882.2**	**351.3**	**0.3**	**4,870.9**	**64,480.2**
Distribution by geographical area						
Eastern Norway	285.0	51,647.9	333.3	0.3	4,180.8	56,447.3
Western Norway	70.9	4,083.5	1.8		441.3	4,597.5
Southern Norway	14.1	689.7	1.0		61.9	766.7
Mid-Norway	23.9	1,230.0			93.3	1,347.2
Northern Norway	27.3	997.8	6.2		77.2	1,108.5
Rest of world	1.7	278.9	9.0		29.0	318.6
Total	**422.9**	**58,927.8**	**351.3**	**0.3**	**4,883.5**	**64,585.8**
Provision for expected loss stage 1	-3.1	-3.2			-3.8	-10.1
Provision for expected loss stage 2	-6.4	-14.1			-8.3	-28.9
Provision for expected loss stage 3	-37.7	-28.3			-0.4	-66.4
Total loans, guarantees and undrawn credit limits	**375.6**	**58,882.1**	**351.3**	**0.3**	**4,871.0**	**64,480.3**

2022						
NOK million	**Loans to customers at amortised cost**	**Loans to customers at fair value through other comprehensive income (OCI)**	**Loans to customers at fair value through profit and loss**	**Guarantees**	**Undrawn credit limits**	**Total engagements**
Sale and operation of real estate		15.9				15.9
Service providers		3.9			0.2	4.2
Wage-earners	481.5	48,866.8	275.6		3,714.3	53,338.3
Other	2.6	304.3	43.2	0.3	22.6	372.9
Total	**484.1**	**49,191.0**	**318.8**	**0.3**	**3,737.0**	**53,731.2**
Provision for expected loss stage 1	-4.3	-4.5			-4.1	-12.9
Provision for expected loss stage 2	-6.4	-12.4			-5.3	-24.1
Provision for expected loss stage 3	-21.8	-18.1			-0.3	-40.3
Total loans, guarantees and undrawn credit limits	**451.6**	**49,156.0**	**318.8**	**0.3**	**3,727.3**	**53,653.9**
Distribution by geographical area						
Eastern Norway	316.9	41,949.6	296.0	0.3	3,129.5	45,692.3
Western Norway	82.3	4,085.5	6.4		403.0	4,577.3
Southern Norway	19.5	719.5	1.1		49.5	789.5
Mid-Norway	26.1	1,092.8	0.0		72.6	1,191.6
Northern Norway	37.2	1,111.3	6.4		63.1	1,217.9
Rest of world	2.0	232.2	9.0		19.3	262.6
Total	**484.1**	**49,191.0**	**318.8**	**0.3**	**3,737.0**	**53,731.2**
Provision for expected loss stage 1	-4.3	-4.5			-4.1	-12.9
Provision for expected loss stage 2	-6.4	-12.4			-5.3	-24.1
Provision for expected loss stage 3	-21.8	-18.1			-0.3	-40.3
Total loans, guarantees and undrawn credit limits	**451.6**	**49,156.0**	**318.8**	**0.3**	**3,727.3**	**53,653.9**

Undrawn credit limits relate to the unused portion of credit limits approved on overdraft accounts and credit cards, as well as the unused portion of lending limits on flexible mortgages.

The classification into customer groups is based on Statistics Norway's standard for sector and business classification. The individual customer's classification is determined by the customer's primary activity.

Note 26 - Loan loss provisions of loans, guarantees and unused credits

NOK million	2023			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL - no objective evidence of impairment	Stage 3 Lifetime ECL - objective evidence of impairment	Total
Loan loss provisions 01.01.2023	12.9	24.1	40.3	77.3
Transfer to stage 1 (12-month ECL)	3.1	-2.6	-0.5	0.0
Transfer to stage 2 (lifetime ECL - no objective evidence of impairment)	-1.4	1.7	-0.3	0.0
Transfer to stage 3 (lifetime ECL - objective evidence of impairment)	-0.3	-3.1	3.4	0.0
Net remeasurement of loan losses	-2.9	6.9	30.0	34.0
New financial assets originated or purchased	4.2	8.3	17.5	30.0
Financial assets that have been derecognised	-3.5	-5.7	-2.0	-11.2
ECL changes of balances on financial assets without changes in stage in the period	-1.8	-0.3	-1.1	-3.2
Financial assets written off during the period	-0.1	-0.4	-20.9	-21.4
Loan loss provisions 31.12.2023	**10.1**	**28.9**	**66.4**	**105.4**
Loan loss provisions on loans to customers valued at amortised cost	3.1	6.4	37.7	47.3
Loan loss provisions on loans to customers valued at fair value through other comprehensive income (OCI)	3.2	14.1	28.3	45.7
Loan loss provisions on guarantees and unused credit limits	3.8	8.3	0.4	12.5
Total loan loss provisions	**10.1**	**28.9**	**66.4**	**105.4**

NOK million	2022			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL - no objective evidence of impairment	Stage 3 Lifetime ECL - objective evidence of impairment	Total
Loan loss provisions 01.01.2022	10.6	15.3	31.9	57.7
Transfer to stage 1 (12-month ECL)	4.3	-4.1	-0.2	0.0
Transfer to stage 2 (lifetime ECL - no objective evidence of impairment)	-1.5	1.6	0.0	0.0
Transfer to stage 3 (lifetime ECL - objective evidence of impairment)	-0.1	-1.0	1.1	0.0
Net remeasurement of loan losses	-3.7	6.1	8.7	11.0
New financial assets originated or purchased	6.5	10.1	6.8	23.4
Financial assets that have been derecognised	-2.6	-3.8	-2.5	-8.9
ECL changes of balances on financial assets without changes in stage in the period	-0.5	0.1	-0.5	-0.9
Financial assets written off during the period		-0.1	-4.9	-4.9
Loan loss provisions 31.12.2022	**12.9**	**24.1**	**40.3**	**77.3**
Loan loss provisions on loans to customers valued at amortised cost	4.3	6.4	21.8	32.6
Loan loss provisions on loans to customers valued at fair value through other comprehensive income (OCI)	4.5	12.4	18.1	35.0
Loan loss provisions on guarantees and unused credit limits	4.1	5.3	0.4	9.8
Total loan loss provisions	**12.9**	**24.1**	**40.3**	**77.3**

Periodical changes in individual impairments and expected credit loss on loans, unused credits and guarantees are shown above. Storebrand Bank Group has not any expected loan loss provisions related to loans to the central bank, credit institutions and interest-bearing securities. Recognised losses on loans, unused credits and guarantees in the profit and loss account are shown in note 15.

Loan loss provions by customer group

NOK million	2023			
	Stage 1	Stage 2	Stage 3	Total
Wage-earners	10.0	28.3	66.1	104.5
Other	0.1	0.6	0.3	1.0
Total loan loss provions 31.12.2023	**10.1**	**28.9**	**66.4**	**105.4**

NOK million	2022			
	Stage 1	Stage 2	Stage 3	Total
Sale and operation of real estate			12.9	12.9
Wage-earners	12.6	23.6	27.0	63.2
Other	0.2	0.6	0.4	1.2
Total loan loss provions 31.12.2022	**12.9**	**24.1**	**40.3**	**77.3**

Note 27 - Distribution of loan loss provisions and exposure on secured and unsecured retail exposures

Distribution of loan loss provisions

NOK million	2023			
	Stage 1	Stage 2	Stage 3	Total loan loss provisions
Retail exposures secured by mortgages on immovable property	3.3	14.2	27.3	44.8
Unsecured retail exposures including credit cards exposures	6.8	14.7	38.0	59.6
Other exposures including SME exposures			1.1	1.1
Total loan loss provisions	**10.1**	**28.9**	**66.4**	**105.4**

NOK million	2022			
	Stage 1	Stage 2	Stage 3	Total loan loss provisions
Retail exposures secured by mortgages on immovable property	4.5	12.4	4.2	21.1
Unsecured retail exposures including credit cards exposures	8.3	11.7	22.2	42.2
Other exposures including SME exposures			14.0	14.0
Total loan loss provisions	**12.9**	**24.1**	**40.3**	**77.3**

Distribution of exposure incl. unused credit limits and guarantees

NOK million	2023			
	Stage 1	Stage 2	Stage 3	Total exposure
Retail exposures secured by mortgages on immovable property	56,658.5	6,099.7	323.9	63,082.1
Unsecured retail exposures including credit cards exposures	1,253.1	194.4	54.6	1,502.0
Other exposures including SME exposures	0.3	0.1	1.1	1.5
Total exposure	**57,911.9**	**6,294.2**	**379.5**	**64,585.7**

NOK million	2022			
	Stage 1	Stage 2	Stage 3	Total exposure
Retail exposures secured by mortgages on immovable property	48,631.9	3,512.2	50.0	52,194.1
Unsecured retail exposures including credit cards exposures	1,318.3	169.7	31.6	1,519.6
Other exposures including SME exposures	0.3	0.2	17.0	17.5
Total exposure	**49,950.5**	**3,682.1**	**98.6**	**53,731.2**

Note 28 - Non-performing and loss-exposed loans

NOK million	2023	2022
Non-performing loans		
Non-performing loans without evidence of impairment	267.2	73.3
Loss-exposed loans with evidence of impairment	112.0	25.0
Gross non-performing and loss-exposed loans	**379.2**	**98.3**
Loan loss provisions stage 3	-66.0	-40.0
Net non-performing and loss-exposed loans	**313.3**	**58.4**

Non-performing loans per customer group

NOK million	2023				
	Non-performing loans without evidence of impairment	Loss-exposed loans with evidence of impairment	Gross non-performing and loss-exposed loans	Loan loss provisions stage 3 *)	Net non-performing and loss-exposed loans
Wage-earners	266.8	112.0	378.9	65.7	313.1
Other	0.4		0.4	0.3	0.1
Total	**267.2**	**112.0**	**379.2**	**66.0**	**313.3**

*) Individual and model based provisions are included. Only provisions on defaulted loans with and without impairment.

NOK million	2022				
	Non-performing loans without evidence of impairment	Loss-exposed loans with evidence of impairment	Gross non-performing and loss-exposed loans	Loan loss provisions stage 3 *)	Net non-performing and loss-exposed loans
Sale and operation of real estate		15.9	15.9	12.9	3.0
Wage-earners	72.7	9.1	81.9	26.7	55.2
Other	0.6		0.6	0.4	0.2
Total	**73.3**	**25.0**	**98.3**	**40.0**	**58.4**

*) Individual and model based provisions are included. Only provisions on defaulted loans with and without impairment.

Non-performing and loss-exposed loans by geographical area

NOK million	2023				
	Non-performing loans without evidence of impairment	Loss-exposed loans with evidence of impairment	Gross non-performing and loss-exposed loans	Expected loan loss provisions stage 3 *)	Net non-performing and loss-exposed loans
Eastern Norway	223.3	72.6	295.9	40.7	255.3
Western Norway	20.7	24.3	45.0	13.1	31.9
Southern Norway	4.9	14.5	19.4	3.8	15.6
Mid-Norway	8.9	0.5	9.5	4.3	5.2
Northern Norway	9.3		9.3	4.1	5.2
Rest of world	0.1		0.1	0.1	0.0
Total	**267.2**	**112.0**	**379.2**	**66.0**	**313.3**

*) Individual and model based provisions are included. Only provisions on defaulted loans with and without impairment.

NOK million	2022				
	Non-performing loans without evidence of impairment	Loss-exposed loans with evidence of impairment	Gross non-performing and loss-exposed loans	Expected loan loss provisions stage 3 *)	Net non-performing and loss-exposed loans
Eastern Norway	38.5	18.5	57.0	25.7	31.3
Western Norway	22.7	6.0	28.6	7.6	21.0
Southern Norway	2.3		2.3	1.6	0.7
Mid-Norway	4.9	0.5	5.4	1.6	3.8
Northern Norway	4.7		4.7	3.3	1.4
Rest of world	0.3		0.3	0.2	0.1
Total	**73.3**	**25.0**	**98.3**	**40.0**	**58.4**

*) Individual and model based provisions are included. Only provisions on defaulted loans with and without impairment.

Age distribution of overdue commitments without impairment

NOK million	Loans to customers at amortised cost	Loans to customers at fair value through other comprehensive income (OCI)	Loans to customers at fair value through profit and loss	Guarantees	Undrawn credit limits	Total commitments
	2023					
Overdue 1 - 30 days	44.1	216.2			1.5	261.7
Overdue 31 - 60 days	9.5	83.6			0.5	93.6
Overdue 61- 90 days	5.0	16.4				21.4
Overdue more than 90 days *)	54.2	209.3	3.7		0.3	267.5
Total	**112.8**	**525.5**	**3.7**		**2.3**	**644.2**
Commitments overdue more than 90 days by geographical area:						
Eastern Norway	30.0	189.7	3.7		0.2	223.5
Western Norway	11.0	9.7			0.1	20.7
Southern Norway	2.0	2.9				4.9
Mid-Norway	5.3	3.7				8.9
Northern Norway	5.8	3.5				9.3
Rest of world	0.1					0.1
Total	**54.2**	**209.3**	**3.7**		**0.3**	**267.5**

*) Only non-performing and loss-exposed loans are classified by geographical area in this overview.

NOK million	Loans to customers at amortised cost	Loans to customers at fair value through other comprehensive income (OCI)	Loans to customers at fair value through profit and loss	Guarantees	Undrawn credit limits	Total commitments
	2022					
Overdue 1 - 30 days	54.8	58.3			1.3	114.5
Overdue 31 - 60 days	10.4	28.7			2.0	41.1
Overdue 61- 90 days	9.5	20.8				30.3
Overdue more than 90 days *)	31.3	42.0			0.3	73.6
Total	**106.0**	**149.9**			**3.6**	**259.6**
Commitments overdue more than 90 days by geographical area:						
Eastern Norway	16.2	22.3			0.2	38.7
Western Norway	6.4	16.3				22.7
Southern Norway	2.3					2.3
Mid-Norway	1.4	3.5				4.9
Northern Norway	4.7					4.8
Rest of world	0.3					0.3
Total	**31.3**	**42.0**			**0.3**	**73.6**

*) Only non-performing and loss-exposed loans are classified by geographical area in this overview.

Overview of loan loss provisions and securities on loans in stage 3

NOK million	2023				
	Gross amount	Loan loss provisions	Net value	Value of collateral	Type of collateral
Non-performing loans without evidence of impairment					
- retail exposures secured by mortgages on immovable property	213.0	-7.0	206.0	339.8	residential property
- unsecured retail exposures including credit cards exposures	54.2	-38.0	16.2		
- other exposures including SME exposures					
Total non-performing loans without evidence of impairment	**267.2**	**-45.0**	**222.2**		
Loss-exposed loans with evidence of impairment					
- retail exposures secured by mortgages on immovable property	110.9	-20.3	90.6	137.0	residential property
- other exposures including SME exposures	1.1	-1.1			
Total loss-exposed loans with evidence of impairment	**112.0**	**-21.4**	**90.6**		

The bank group has loans of NOK 112.2 million in stage 3 where no loan loss provisions have been made due to the value of collateral.

NOK million	2022				
	Gross amount	Loan loss provisions	Net value	Value of collateral	Type of collateral
Non-performing loans without evidence of impairment					
- retail exposures secured by mortgages on immovable property	42.0	-1.3	40.7	84.0	residential property
- unsecured retail exposures including credit cards exposures	31.3	-22.1	9.1		
Total non-performing loans without evidence of impairment	**73.3**	**-23.5**	**49.9**		
Loss-exposed loans with evidence of impairment					
- retail exposures secured by mortgages on immovable property	8.0	-2.9	5.1	23.2	residential property
- unsecured retail exposures including credit cards exposures	0.1				
- other exposures including SME exposures	17.0	-14.0	3.0		
Total loss-exposed loans with evidence of impairment	**25.0**	**-16.8**	**8.2**		

The bank group has loans of NOK 20.1 million in stage 3 where no loan loss provisions have been made due to the value of collateral.

Note 29 - Forbearance

Loans with payment forbearance are loans where relief has been granted as the customer has payment problems, and the bank would not have granted these terms in an ordinary loan issue.

	31.12.2023			31.12.2022		
NOK million	Stage 2	Stage 3	Total	Stage 2	Stage 3	Total
Loans to customers secured:						
Forbearance loans to customers, gross	351.0	2.5	353.5	254.4	1.0	255.4
Expected credit loss (ECL)	-0.3		-0.4	-0.2	-0.1	-0.4
Forbearance loans to customers (secured loans), net	**350.7**	**2.5**	**353.2**	**254.2**	**0.9**	**255.0**
Loans to customers unsecured:						
Forbearance loans to customers, gross	13.2	4.8	18.0	10.1	0.8	10.9
Expected credit loss (ECL)	-0.8	-3.5	-4.3	-0.6	-0.7	-1.3
Forbearance loans to customers (unsecured loans), net	**12.4**	**1.3**	**13.7**	**9.5**	**0.1**	**9.6**
Total loans to customers:						
Forbearance loans to customers, gross	364.2	7.3	371.5	264.5	1.8	266.3
Expected credit loss (ECL)	-1.2	-3.5	-4.7	-0.8	-0.9	-1.7
Forbearance loans to customers (secured and unsecured loans), net	**363.0**	**3.8**	**366.8**	**263.7**	**1.0**	**264.6**

In exceptional cases, the Bank grants relief for commitments with mortgages in the form of a grace period for loans with a loan-to-value ratio above 60%. Short-term grace periods are also granted for consumer loans.

Note 30 - Intangible assets

NOK million	IT-systems	Book value 2023	Book value 2022
Acquisition cost at 01.01	165.0	165.0	161.1
Additions in the period:			
Purchased separately	14.2	14.2	8.5
Disposals in the period	-1.8	-1.8	-4.7
Acquisition cost at 31.12	**177.4**	**177.4**	**165.0**
Accumulated depreciation and write-downs at 01.01	-133.3	-133.3	-116.8
Depreciation in the period	-16.6	-16.6	-16.5
Accumulated depreciation and write-downs at 31.12	**-149.9**	**-149.9**	**-133.3**
Book value at 31.12	**27.6**	**27.6**	**31.7**
For each class of intangible assets:			
Depreciation method	linear		linear
Economic life	2 - 10 years		2 - 10 years
Rate of depreciation	10.0% -50.0%		10.0% -50.0%

IT systems in this note refers to the development of systems, data warehouses, user licenses to systems, etc. All capitalised expenses in respect of systems development relate to work carried out by external resources. The estimate of economic lifetime are reviewed annually.

Note 31 - Deposits from and due to customers

NOK million	2023 Book value	2022 Book value
Deposits from customers without agreed maturity	17,624.8	18,087.1
Term loans and deposits from customers with agreed maturity	6,323.4	1,390.7
Total deposits from customers	**23,948.2**	**19,477.8**

Deposits with agreed maturity relate to deposits for a contractually agreed period. Deposits without agreed maturity relates to deposits with no fixed period where the customer has unrestricted access to the deposit.

Deposits from customers per sector and industry classification and geographical distribution

NOK million	2023 Book value	2022 Book value
Sector and industry classification		
Development of building projects	56.2	25.6
Sale and operation of real estate	627.0	664.0
Service providers	831.6	921.2
Wage-earners	20,399.7	16,609.8
Other	2,033.7	1,257.2
Total	**23,948.2**	**19,477.8**
Geographic distribution		
Eastern Norway	17,386.9	14,478.7
Western Norway	3,582.9	2,648.9
Southern Norway	547.1	459.0
Mid-Norway	885.0	722.8
Northern Norway	1,212.9	818.5
Rest of world	333.3	349.8
Total	**23,948.2**	**19,477.8**

Note 32 - Hedge accounting

The Storebrand Bank Group complies with IFRS 9 for hedge accounting. The Storebrand Bank Group's interest rate risk strategy is defined in the interest rate risk policy, which sets frameworks for limiting the company's interest rate risk exposure. The group uses fair value hedging to reduce the interest rate risk on borrowings with fixed interest terms. The risk that is hedged in accordance with the interest rate risk policy is Nibor. This entails that separate credit risk is not hedged by keeping the credit spread constant as when established. Hedged risk accounts for approximately 90% of the total interest rate risk exposure in the loans. Fair value hedging of the hedged item is interest rate hedged by entering into an interest rate swap in which we swap from fixed to variable interest to reduce the risk associated with future changes in interest rates. The hedging satisfies the requirements for hedge accounting at individual transaction level by a hedging instrument being directly linked to a hedged item and the hedging relationship being adequately documented.

All hedging relationships are established with an identical fixed interest profile, i.e. fixed interest, principal, coupon dates and maturity, both in the object and the instrument. The instrument swaps from fixed interest to variable interest quoted on Nibor three months. The fixed leg is between 2% to 4%. The hedging relationship is expected to be highly effective in counteracting the effect of changes in fair value due to changes in interest rates. Net recognised changes in value of fair value hedges are due to changes in value resulting from changed market interest rates, i.e. hedged risk. This is entered in the accounts under "Net unrealised changes in value of financial instruments". The hedging efficiency is measured based on the basic "Dollar Offset" method with regard to prospective efficiency.

Storebrand Bank has identified the following sources of inefficiency:
- Change in value of the short leg (Nibor 3 months).
- Credit risk for counterparty.

It is not expected that these factors will create significant inefficiency. No other sources of inefficiency were identified during the financial year.

NOK million	2023				2022			
	Contract/ nominal value		Fair value 1)		Contract/ nominal value		Fair value 1)	
	0-4 years	7-10 years	Assets	Liabilities	0-4 years	7-10 years	Assets	Liabilities
Interest rate swaps	250.0	480.0		48.1	250.0	480.0		49.8
Total interest rate derivatives	**250.0**	**480.0**		**48.1**	**250.0**	**480.0**		**49.8**
Total derivatives	**250.0**	**480.0**		**48.1**	**250.0**	**480.0**		**49.8**

NOK million	Contract/ nominal value		Hedging value 1)		Contract/ nominal value		Hedging value 1)	
	0-4 years	7-10 years	Assets	Liabilities	0-4 years	7-10 years	Assets	Liabilities
Total underlying items	250.0	480.0		682.1	250.0	480.0		680.4
Hedging effectiveness - prospective				99.7 %				100.8 %

Gain/loss on fair value hedging: 2)

NOK million	2023 Gain/loss	2022 Gevinst / tap
On hedging instruments	-2.5	-46.4
On items hedged	2.3	44.4

1) Book value at 31.12.
2) Amounts included in the line "Net change in fair value and gain/loss on financial liabilites ".

Note 33 - Other liabilities

NOK million	2023 Book value	2022 Book value
Money transfers	45.3	34.2
Accrued expenses and prepaid income	28.7	23.8
Accounts payable	21.5	9.4
Collateral	55.3	20.5
Other debt	36.5	42.2
Total other liabilities	**187.3**	**130.0**

Note 34 - Off balance sheet liabilities and contingent liabilities

NOK million	2023	2022
Guarantees	0.3	0.3
Undrawn credit limits	4,883.3	3,737.0
Loan commitments retail market	2,607.0	3,246.4
Total contingent liabilities	**7,490.6**	**6,983.7**

Guarantees are mainly payment guarantees and contract guarantees. See also note 25. Undrawn credit limits relate to the unused portion of credit limits approved on overdraft accounts and credit cards, as well as the unused portion of lending limits on flexible mortgages.

Note 35 - Collateral

Received and issued collateral

NOK million	2023	2022
Received collateral in connection with trade of derivatives	55.3	20.5
Issued collateral		
Total	**55.3**	**20.5**

Collateral and security pledged

NOK million	2023	2022
Booked value of bonds pledged as collateral for the bank's lending from Norges Bank	1,428.6	1,589.8
Booked value of securities pledged as collateral in other financial institutions	152.3	151.0
Total	**1,580.9**	**1,740.8**

Securities pledged as collateral are linked to lending access in Norges Bank for which, pursuant to regulations, the loans must be fully guaranteed with collateral in interest-bearing securities and/or the bank's deposits in Norges bank.

Loan security at Storebrand Boligkreditt AS

Of the total volume of home mortgages of NOK 59.2 billion in the bank group, NOK 44.9 billion is loans in Storebrand Boligkreditt AS. The loans in Storebrand Boligkreditt AS have been mortgaged in connection with the issuing of covered bonds (covered bond rate) in Storebrand Boligkreditt AS. Storebrand Boligkreditt AS has over-collateralisation (OC) of 24.3 per cent. The company must maintain the applicable OC that the rating agency requires if the company wishes to retain the current AAA rating. At the end of 2023 the requirement was 6.1 per cent. The statutory OC is 5 per cent. Storebrand Boligkreditt AS has security that is NOK 6.3 billion more than what the present rating requires. Storebrand Bank ASA therefore considers the security to be adequate.

Note 36 - Capital adequacy

Capital adequacy calculations are subject to special consolidation rules in accordance with the regulation on consolidated application of the capital adequacy rules etc. (the "Consolidation Regulation"). The Storebrand Bank Group is defined pursuant to Section 5 of the Consolidation Regulation as a financial group comprising solely or mainly undertakings other than insurance companies. Profit for the year has been added to net primary capital.

Net primary capital

NOK million	2023	2022
Share capital	968.1	963.6
Other equity	3,759.1	2,397.3
Total equity	**4,727.2**	**3,360.9**
Additional Tier 1 capital included in total equity	-404.8	-325.0
Accrued interest on capital instruments included in total equity	-3.4	-1.9
Total equity included in Core Equity Tier 1 (CET1)	**4,319.0**	**3,033.9**
Deductions:		
AVA adjustments	-63.5	-51.8
Intangible assets	-27.6	-31.7
Provision for group contribution to Storebrand ASA	-297.4	-156.7
Addition:		
Group contribution received from Storebrand ASA	297.0	407.0
Core Equity Tier 1 (CET1)	**4,227.5**	**3,200.7**
Additional Tier 1 capital:		
Capital instruments eligible as Tier 1 capital	404.8	325.0
Capital instruments not eligible as Tier 1 capital	-54.2	
Tier 1 capital	**4,577.5**	**3,525.7**
Tier 2 capital		
Subordinated loans	825.0	825.0
Additional Tier 2 capital		
Eligible capital (Tier 1 capital + Tier 2 capital)	**5,402.5**	**4,350.7**

Minimum capital requirement

NOK million	2023	2022
Credit risk	1,867.3	1,542.0
Of which:		
Local and regional authorities	4.8	4.6
Institutions	10.8	2.3
Loans secured in residential real estate *	1,653.9	1,392.6
Retail market	108.8	68.5
Loans past-due	31.5	7.9
Covered bonds	41.2	20.6
Other	16.3	45.5
Total minimum requirement for credit risk	**1,867.3**	**1,542.0**
Total minimum requirement for market risk		
Operational risk	115.3	92.5
CVA risk	1.8	1.2
Minimum requirement for net primary capital	**1,984.3**	**1,635.7**

*According to the Capital Requirements Regulation (CRR), exposures to corporates are secured lending transactions where real estate is used as collateral.

Capital adequacy

NOK million	2023	2022
Capital ratio	21.8 %	21.3 %
Tier 1 capital ratio	18.5 %	17.2 %
Core equity Tier 1 (CET1) capital ratio	17.0 %	15.7 %

The standard method is used for credit risk and market risk and the basis method is used for operational risk. The systemic risk buffer requirement has increased by 1.5 percent as of 31 December 2023. Total requirement to Core Equity Tier 1 (CET1) and eligible capital (Tier 1 capital + Tier 2 capital) are 14.7 per cent and 18.8 per cent respectively. The Pillar 2 requirement for Storebrand Bank is 1.3 per cent. As of 31 December 2023, 0.73 per cent of the Pillar 2 requirement must be covered with Core Equity Tier 1 (CET1) capital.

Basis of calculation (risk-weighted volume)

NOK million	2023	2022
Credit risk	23,341.2	19,275.2
Of which:		
Local and regional authorities	60.2	57.5
Institutions	135.3	28.8
Loans secured in residential real estate *	20,674.0	17,407.9
Retail market	1,360.1	855.9
Loans past-due	393.6	98.9
Covered bonds	514.8	257.8
Other	203.2	568.4
Total minimum requirement for credit risk	**23,341.2**	**19,275.2**
Total minimum requirement for market risk		
Operational risk	1,440.9	1,156.1
CVA risk	22.2	14.6
Minimum requirement for net primary capital	**24,804.3**	**20,445.9**

* According to the Capital Requirements Regulation (CRR), exposures to corporates are secured lending transactions where real estate is used as collateral.

Leverage ratio

NOK million	2023	2022
Tier 1 capital	4,577.5	3,525.7
Total Leverage ratio exposure measure	72,197.5	58,234.8
Leverage ratio	6.34 %	6.05 %

Leverage ratio requirement is 3.0 percentage points as per 31.12.2023.

Note 37 - Related parties

Transactions with group companies

NOK million	2023 Other group companies [1]	2022 Other group companies [1]
Services sold	181.1	94.6
Services purchased	79.9	159.3
Due from	297.4	407.3
Liabilities to	399.0	211.1

1) Other group companies are companies in other sub-groups within the Storebrand Group.

Transactions with group companies are based on the principle of transactions at arm's length.

Loans sold to Storebrand Livsforsikring AS

Storebrand Bank ASA has sold mortgages to sister company Storebrand Livsforsikring AS. In 2023, there has been sold loans of total NOK 6.5 billion. The home mortgage portfolio managed on behalf of Storebrand Livsforsikring AS as of 31.12.2023 is NOK 17 billion. As the buyer, Storebrand Livsforsikring AS, has acquired both cash flows and most of the risk and control. The loans were therefore derecognised in the bank's balance sheet i n accordance with IFRS 9. Storebrand Bank ASA receives management fees for the work being done with the sold portfolio. The bank has recognised NOK 67.4 million as revenue in the accounts for 2023.

Other related parties

Storebrand Bank ASA conducts transactions with related parties as part of its normal business activities. The terms for transactions with senior employees and related parties are stipulated in notes 40 for Storebrand Bank ASA.

Loans to employees

NOK million	2023	2022
Loans to employees of Storebrand Bank ASA	528.1	350.9
Loans to employees of Storebrand group excl. Storebrand Bank ASA	4,039.6	2,387.6

Employees can borrow up to 7 million kroner at subsidized prices while excess loan amounts follow market interest rates.

Number of employees

	2023	2022
Number of employees 31.12	167	169
Average number of employees	167	168
Number of person-years 31.12	166	168
Average number of person-years	165	166

Income statement

Storebrand Bank ASA

1 January - 31 December

NOK million	Note	2023	2022
Interest income and similar income			
Interest income calculated by using the effective interest method		1,140.2	585.9
Other interest income		172.7	54.2
Total interest income and similar income	**10**	**1,312.9**	**640.1**
Interest expenses and similar expenses			
Interest expenses calculated by using the effective interest method		-703.4	-231.2
Other interest expenses		-18.6	-22.0
Total interest expenses and similar expenses	**10**	**-722.0**	**-253.2**
Net interest income	**10**	**590.9**	**386.8**
Fee and commission income from banking services	11	284.9	241.0
Fee and commission expense for banking services	11	-32.0	-26.1
Income fra shares, units and other equity instruments			5.0
Income from ownership interests in group companies	18	59.9	32.1
Net change in fair value and gain/loss on foreign exchange and financial instruments	10, 34	0.3	-37.4
Total other operating income		**313.1**	**214.6**
Staff expenses	13, 14	-198.1	-180.2
Other operating expenses	12, 13	-241.5	-185.6
Depreciation of non-financial assets	13, 31	-16.6	-16.5
Total operating expenses excl. credit loss on loans, etc.		**-456.2**	**-382.3**
Profit before credit loss on loans, etc.		**447.8**	**219.1**
Credit loss on loans, guarantees and interest-bearing securities	15	-44.3	-8.3
Profit before tax for continued operations		**403.5**	**210.9**
Tax on profit from continued operations	16	-98.4	-51.5
Profit incl. tax from continued operations		**305.1**	**159.4**
Profit incl, tax from discontinued operations'			
Profit before other comprehensive income		**305.1**	**159.4**
Other comprehensive income			
Other income and expenses not to be reclassified to profit/loss			
Change in unrealised gain/loss on loans valued at fair valute through other comprehen-sive income (OCI)		0.1	1.1
Tax			-0.3
Total other income and expenses that may be reclassified to profit/loss			
Total other income and expenses that may be reclassified to profit/loss		**0.1**	**0.8**

NOK million	Note	2023	2022
Other income and expenses that may be reclassified to profit/loss			
Change in unrealised gain/loss on loans valued at fair valute through other comprehensive income (OCI)			
Total other income and expenses that may be reclassified to profit/loss			
Total other income and expenses		**0.1**	**0.8**
Total comprehensive income for the period		**305.2**	**160.2**
Total comprehensive income for the period is attributable to:			
Portion attributable to shareholders		277.9	146.1
Portion attributable to additional Tier 1 capital holders		27.3	14.1
Total comprehensive income		**305.2**	**160.2**

Statement of financial position

Storebrand Bank ASA

31 December

NOK million	Note	2023	2022
Cash and deposits with central banks	5, 17	6.2	7.5
Loans to and deposits with credit institutions	5, 9, 17, 21	6,703.7	6,992.1
Loans to customers at fair value	4, 9, 17, 25, 26, 27, 28, 29, 30	14,539.7	12,456.1
Interest-bearing securities	9, 17, 19, 20, 21	8,703.0	5,261.5
Financial derivatives	5, 9, 17, 23, 34	36.8	37.8
Equity instruments	9, 17, 22	44.4	42.2
Ownership interests in group companies	18	3,391.5	2,794.8
Intangible assets	31	27.6	31.7
Deferred tax assets	16	23.2	16.7
Other current assets	17, 32	397.4	495.3
Total assets		**33,873.5**	**28,135.9**
Loans and deposits from credit institutions	5, 9, 17	338.4	423.5
Deposits from and due to customers	9, 17, 33	23,948.2	19,477.8
Debt securities issued	5, 9, 17, 34	3,632.3	3,317.4
Financial derivatives	5, 9, 17, 23, 34	19.6	22.0
Other current liabilities	5, 17, 35	608.6	611.0
Pensions	14	1.4	1.7
Provisions for guarantees and unused credit facilities	27	12.5	9.8
Other provisions		0.3	2.1
Subordinated loans	5, 9, 17	828.6	828.0
Total liabilities		**29,389.9**	**24,693.3**
Share capital		968.1	963.6
Share premium		1,298.5	628.0
Additional Tier 1 capital		408.2	326.9
Other paid in equity		1,683.6	1,386.6
Total paid in equity		**4,358.4**	**3,305.1**
Other equity		125.2	137.4
Total retained earnings		**125.2**	**137.4**
Total equity	38	4,483.6	3,442.5
Total liabilities and equity		**33,873.5**	**28,135.9**

Lysaker, 6 February 2024
The Board of Directors of Storebrand Bank ASA

Translation - not to be signed

Heidi Skaaret Board Chair	Trygve Saue Håkedal	Beate Steen Kolstø
Jan Birger Penne	Gro Opsanger Rebbestad	Maria Skotnes
Joachim Collett Thue		Camilla Leikvoll CEO

Statement of changes in equity

Storebrand Bank ASA

NOK million	Paid in equity					Other equity		
	Share capital	Share premium	Additional Tier 1 capital	Other paid in equity	Total paid in equity	Other equity	Total retained earnings	Total equity
Equity at 31.12.2021	962.1	404.5	225.7	979.6	2,571.9	144.7	144.7	**2,716.6**
Profit for the period			14.1		14.1	145.3	145.3	159.4
Total other income and expenses not to be classified to profit/loss						0.8	0.8	0.8
Total other income and expenses that may be classified to profit/loss						0.0	0.0	0.0
Total other comprehensive income						**0.8**	**0.8**	**0.8**
Total comprehensive income for the period			**14.1**		**14.1**	**146.1**	**146.1**	**160.2**
Equity transactions with owners:								
Capital injection	1.5	223.5			225.0			225.0
Additional Tier 1 capital classified as equity			100.0		100.0	3.5	3.5	103.5
Payment to additional Tier 1 holders			-12.9		-12.9			-12.9
Group contribution received				407.0	407.0			407.0
Provision for group contribution						-156.9	-156.9	-156.9
Equity at 31.12.2022	**963.6**	**628.0**	**326.9**	**1,386.6**	**3,305.1**	**137.4**	**137.4**	**3,442.5**
Profit for the period			27.3	0.0	27.3	277.8	277.8	305.1
Total other income and expenses not to be classified to profit/loss						0.1	0.1	0.1
Total other income and expenses that may be classified to profit/loss								
Total other comprehensive income						**0.1**	**0.1**	**0.1**
Total comprehensive income for the period			**27.3**	**0.0**	**27.3**	**277.9**	**277.9**	**305.2**
Equity transactions with owners:								
Capital injection	4.5	670.5			675.0			675.0
Additional Tier 1 capital classified as equity			79.8		79.8	6.8	6.8	86.6
Payment to additional Tier 1 holders			-25.8		-25.8			-25.8
Group contribution received				297.0	297.0			297.0
Provision for group contribution					0.0	-296.9	-296.9	-296.9
Equity at 31.12.2023	**968.1**	**1,298.5**	**408.2**	**1,683.6**	**4,358.4**	**125.2**	**125.2**	**4,483.6**

The entire share capital of NOK 968.1 million made up of 64,537,182 shares (of nominal value NOK 15) is owned by Storebrand ASA.

The equity changes with the result for the individual period, equity transactions with the owners and items that are entered directly to total comprehensive income. Share capital, the share premium reserve and other equity is evaluated and managed together. The share premium and other equity may be used in accordance with the provisions of the Public Limited Liabilities Company Act.

Storebrand Bank ASA actively manages the level of equity in the company and the group. The capital level is tailored to the economic risk and capital requirements in which the composition of its business areas and their growth will be an important driver. The goal of the capital management is to ensure an effective capital structure and secure an appropriate balance between internal goals in relation to regulatory and the rating companies' requirements. If there is a need for new capital, this must be issued by the holding company Storebrand ASA.

Storebrand Bank ASA is a financial group subject to statutory requirements regarding primary capital under the capital adequacy regulations. Primary capital encompasses both equity and subordinated loan capital. For Storebrand Bank ASA, these legal requirements are most important in its capital management.

For further information on the group's fulfilment of the capital requirements, see note 38.

Statement of Cash flow

Storebrand Bank ASA

1 January - 31 December

NOK million	Note	2023	2022
Cash flow from operating activities			
Receipts of interest, commissions and fees from customers		1,220.7	760.5
Payments of interest, commissions and fees to customers		-535.7	-152.3
Net disbursement/payments on customer loans		-2,065.1	104.3
Net receipts/payments of deposits from banking customers		4,470.4	2,239.0
Net receipts/payments - securities		-3,084.0	3,022.3
Payments of operating costs		-436.9	-382.2
Net cash flow from operating activities		**-430.7**	**5,591.5**
Cash flow from investing activities			
Net payments on purchase/capitalisation of subsidiaries		-550.0	-900.0
Net payments on purchase/sale of fixed assets etc.	31	-12.4	-3.9
Net cash flow from investing activities		**-562.4**	**-903.9**
Cash flow from financing activities			
Payments - repayments of loans and issuing of bond debt	5	-895.0	-1,025.0
Receipts - new loans and issuing of bond debt	5	1,200.0	950.0
Payments - interest on loans		-157.7	-78.3
Receipts - subordinated loans			400.0
Payments - repayments of subordinated loans			-150.0
Payments - interest on subordinated loans		-43.3	-22.2
Receipts - Tier 1 capital		250.0	100.0
Payments - repayments of Tier 1 capital		-170.2	
Payments - interest on additional Tier 1 capital		-25.8	-12.9
Receipts - new loans from credit institutions	5	12,139.8	16,710.6
Payments - repayment of loans to credit institutions	5	-12,224.7	-16,789.3
Receipts - issuing of share capital and other equity		675.0	225.0
Receipts - group contribution		435.4	139.5
Payments - group contribution / dividends		-480.1	-266.8
Net cash flow from financing activities		**703.4**	**180.5**
Net cash flow in the period		**-289.7**	**4,868.1**
Cash and bank deposits at the start of the period		6,999.7	2,131.6
Cash and bank deposits at the end of the period		**6,709.9**	**6,999.7**
Cash and deposits with central banks		6.2	7.5
Loans to and deposits with credit institutions		6,703.7	6,992.1
Total cash and bank deposits in the balance sheet		**6,709.9**	**6,999.7**

See note 36 for information regarding undrawn credit limits.

Notes

Storebrand Bank ASA

Note 1 - Company information and accounting policies

1. Company information

Storebrand Bank ASA is a Norwegian public limited company with bonds listed on the Oslo Stock Exchange. The financial statements for Storebrand Bank ASA for 2023 were approved by the Board of Directors on 6 February 2024.

Storebrand Bank ASA is an online bank that offers traditional bank products to the Norwegian retail market. These services include home loans, consumer loans, instant access accounts and cards, a variety of savings accounts, as well as mobile and internet banking. Storebrand Bank ASA is headquartered at Professor Kohts vei 9, Lysaker.

2. Essential accounting policies

2.1. Basis for preparation of the accounts

The accounting policies applied in the company's financial statements are described below. The policies are applied consistently to similar transactions and to other events involving similar circumstances.

Storebrand Bank ASA's financial statements are prepared in accordance with the annual accounts regulations of banks, mortgage and finance companies § 1-4, 2nd paragraph b), as well as other Norwegian disclosure requirements laid down in legislation and regulations. This means that measurement and recognition are fully in accordance with IFRS® Accounting Standards as adopted by the EU, with the exception that the board's proposed dividends and group contributions are recognised as debt on the balance sheet date.

Subsidiaries are recognised according to the cost method in the parent company.

Use of estimates in preparing the annual financial statements.

The preparation of the annual financial statements in accordance with IFRS requires the management to make judgements, estimates and assumptions that affect assets, liabilities, revenue, expenses, the notes to the financial statements and information on potential liabilities. Actual amounts may differ from these estimates. See Note 2 for further information.

2.2. Changes in accounting policies

The bank has implemented the amendments to IAS 1.117 regarding material disclosures of accounting principles. Beyond that, no new accounting standards have been implemented in 2023 that have had a material effect on Storebrand Bank ASA's financial statements. For changes in estimates, see note 2 for further discussion.

There are no new standards or changes to standards that have not been made applicable in the preparation of the 2023 financial statements that are expected to have a material effect on the bank's accounts.

2.3. Income recognition

Net interest income

Income recognition of interest according to the effective interest method is used for interest-bearing balance sheet items that are valued at amortised cost and balance sheet items that are valued at fair value through other income and costs. The effective interest rate is the interest rate that causes the present value of future cash flows within the loan's expected term to be equal to the book value of the loan on initial recognition. Cash flows include start-up fees, as well as any residual value at the end of the expected term. Interest income on commitments that are credit impaired is calculated using the effective interest rate on impaired value. Interest income on commitments that have not been impaired by credit is calculated using the effective interest rate on gross amortised cost (amortised cost before provision for expected losses).

For interest-bearing balance sheet items that are valued at fair value through profit or loss, interest income is recognised based on nominal interest.

2.4. Financial assets and liabilities

2.4.1. Recognition

Ordinary purchases and sales of financial assets are booked on the transaction date and financial liabilities are booked on the settlement date.

2.4.2. Fair value

Fair value is the amount for which an asset could be exchanged between well-informed, willing parties in an arm's length transaction. The fair value of financial assets listed on a stock exchange or on another regulated market in which regular trading takes place is determined as the bid price on the last trading day up to and including the reporting date.

If a market for a financial instrument is not active, fair value is determined by using recognised valuation techniques. Such valuation techniques make use of recent arm's length market transactions between knowledgeable and independent parties, where available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis, and options pricing models. If a valuation technique is in common use by participants in the market for pricing the instrument and this method has proved to provide reliable estimates of prices actually achieved in market transactions, this method is used.

When calculating the fair value of loans, the current market rate on similar loans is used. Changes in credit risk are taken into account.

2.4.3. Classification and measurement of financial assets and financial liabilities

Financial assets are classified and measured into one of the following categories:

- Financial assets measured at amortised cost
- Financial assets measured at fair value with change in value through other income and costs with a reclassification of accumulated gains and losses for the profit or loss.
- Financial assets measured at fair value through profit or loss

Financial assets classified and measured at amortised cost

A financial asset is classified and measured at amortised cost if it is:

- primarily procured or established to hold the asset in order to collect contractual cash flows, which are only payment of principal and interest on given dates.

Financial assets measured at amortised cost are recognised at amortised cost using the effective interest method.

Storebrand Bank ASA uses this category for claims on the central bank, lending to credit institutions, credit cards, credit accounts and consumer loans to customers, interest-bearing securities in a long-term investment portfolio, shares in subsidiaries and all items included in Other Assets.

Financial assets classified and measured at fair value through other comprehensive income, with a reclassification of accumulated gains and losses for the profit or loss

A significant share of the Storebrand Bank ASA's financial instruments is classified under the category of fair value through other comprehensive income. A financial asset is classified and measured at fair value through other comprehensive income if the following condition is met:

- primarily procured or established to hold the asset in order to collect contractual cash flows, which are only payment of principal and interest on given dates and for sale.

Financial assets in this category are recognised at fair value with change in value through other comprehensive income. Associated interest income, foreign currency translation differences and any impairments are recognised in the ordinary profit or loss.

The Storebrand Bank ASA uses this category for all mortgages to customers with variable interest rates.

Financial assets classified and measured at fair value through profit or loss

Storebrand Bank ASA has financial instruments that are classified under the category of fair value through profit or loss for the following reasons:

- the financial assets are included in a portfolio that is continuously measured and reported at fair value,
- the financial assets have cash flows generated not only by interest and instalments on the principal, or that
- such classification reduces the mismatch in the measurement or recognition that would otherwise arise as a result of the different rules for measuring assets and liabilities.

Interest income is recognised as income based on nominal interest, while other changes in value are presented as "Net change in value and gains/losses on currency and financial instruments".

Storebrand Bank ASA uses this category for all mortgages to customers with fixed interest rates, derivatives, shares and interest-bearing securities that are part of a short-term liquidity portfolio.

Financial liabilities
After initial recognition, all financial liabilities at amortised cost are measured by an effective interest rate method,

See also classification of financial instruments in note 17.

2.4.4. Impairment
Pursuant to IFRS 9, loss provisions are recognised based on expected credit loss (ECL).
To estimate expected credit loss, models have been developed to calculate three indicators: probability of default (PD), loss given default (LGD) and exposure at default (EAD). These models have been derived from similar models used for internal assessments of capital needs. The models used for IFRS 9 purposes are based on the current macroeconomic situation and forecasts, and the models for PD, LGD and EAD are thus point in time (PIT) models, as opposed to through the cycle (TTC) models, which are used for capital needs purposes. The risk parameters in IFRS 9 have also been calibrated to be more forward-looking. Since the future is always uncertain, different future scenarios are used to compute PD, LGD and EAD for the bank's financial instruments. The various future scenarios have different weights determined by their position in the economic cycle and the forecasts of future events and economic conditions. The final expected credit loss per financial instrument will be a weighted average of the expected credit losses in the various scenarios. Total expected credit loss for the portfolio is the sum of the weighted credit losses per financial instrument.

In the PD model, financial circumstances are a significant predictor, combined with behavioural data on the individual customer. The model is a statistical model based on logistic regression. Loan-to-value ratio is a significant factor in the LGD model. For EAD, the most significant factors are loan size for downpayment loans and credit limit for lines of credit. The models are validated annually.

Forecasts affect the PD and LGD estimates in particular.

Storebrand Bank ASA uses future scenarios to calculate expected credit losses. Storebrand Bank ASA bases its future scenarios on the future scenarios presented by Norges Bank in its Financial Stability Report and assessments by Statistics Norway. The scenarios build on the current macroeconomic situation, economic forecasts, and the impact the macroeconomic situation is expected to have on the credit risk of the bank's financial instruments. These expectations affect the probability of default, exposure at default, and loss given default.

Among other things, PD is affected by unemployment, wage growth and interest rates. Higher unemployment and interest rates result in weaker capacity to service debt in the portfolio, and lower wage growth also entails weaker capacity to service debt and thus increased probability of default. Macrovariables will have different effects on the risk parameters, and the impact will vary significantly for the individual customers in the portfolio. Average PD will increase during periods of economic downturn.

Periods of economic downturn will, in isolation, result in weaker growth in house prices, which will in turn impact the loan-to-value ratio and thus also LGD. For many financial instruments, the losses will be very small, given the existing market prices. The increase in loss given default as a result of falling house prices is greater than the reduction in loss given default when house prices are rising. Nonlinearities in expected credit loss are taken into account by estimating expected credit loss in a variety of scenarios.

Stress tests and sensitivity tests are used in the assessment of expected credit loss. Sensitivity assessments of stage migration are carried out by assessing the change in expected credit losses if certain commitments migrate from stage 1 to stage 2. Sensitivity analyses are carried out in ICAAP on a regular basis.

The portfolio's ECL is considered to be sensitive to changes in observed default, loss and expected maturity of the financial assets. There is also model uncertainty associated with the individual estimates. Among other things, the uncertainty relates to estimates of size and development of different macrovariables in the future in each macro-scenario, as well as the impact the different outlooks have on individual parameters.

Definition of default
Storebrand Bank ASA has determined the definition of default in line with the recommendation given in the European Banking Authority's (EBA's) guide to implementing the default definition in accordance with Article 178 (EU Regulation 575/2013).

The definition of default is applied at debtor level with absolute and relative thresholds for arrears/overdrafts. Arrears/overdrafts for each individual commitment are measured in relation to the total debtor exposure. The absolute threshold is set at NOK 1,000 (per commitment), and the relative threshold is 1% of total debtor exposure. Joint commitments (commitments with multiple debtors) are defined as a separate risk point and are not included in the overall exposure for the respective individual customers.

Default occurs after 90 days with arrears/overdrafts above both absolute and relative thresholds. All debtor commitments are considered defaulted if default has occurred for at least one of these. In line with the guidance provided by the European Banking Authority (EBA), a probation period of 3 months is used. The probation period starts when default criteria are no longer in place. For the probation period to end, the arrears/overdrafts must be below the threshold values for the entire probation period.

A customer is deemed to be in default if one of the following criteria is met (unlikeliness to pay (UTP) criteria):
- the customer is in personal bankruptcy,
- the customer is in or has been placed in debt settlement proceedings,
- the bank has conducted an enforced sale of the customer's security,
- the customer no longer has an income that will adequately service the loan.

Definition of credit loss
Credit loss is a loss that arises from a credit risk where the loss is the difference between the value of the contractual cash flow and the expected cash flow discounted by the original effective interest rate.

The expected credit loss is the difference between the present value of the contractual cash flow and the expected probability-weighted cash flow.

An expected credit loss is estimated either by means of an individual assessment (individual impairment) or by using statistical models (model-based impairment) to calculate the expected probability-weighted cash flow.

An individual assessment with subsequent booking of individual impairments is carried out for commitments with objective evidence of loss and that the loss reduces the future cash flows of the commitment. Individually assessed commitments are moved to stage 3 (see a more detailed description of stage 3 below). Objective loss incidents can be significant financial problems involving a debtor, defaults, debt and/or bankruptcy proceedings for the debtor, or that this is likely, or forbearance caused by financial problems. The calculation of cash flow and the impairments are assessed based on the expected values.

For other commitments, expected credit loss is estimated using model-based impairment. The commitments are divided into different stages (see the section below on calculating expected credit loss). Model-based impairment depends on the stage to which the commitment belongs, parameter estimates for PD, EAD, LGD and expected maturity.

Calculating expected credit losses
The classification and changing of stages are described below.

Stage 1
The starting point for all financial assets is stage 1. Stage 1 encompasses all financial assets that do not have substantially higher credit risk than at initial recognition. Financial assets with low credit risk can be exempted and will still always be in Stage 1 even if the credit risk is significantly higher.
Storebrand Bank does not currently apply this exemption rule. In stage 1, expected credit loss is calculated over 12 months.

Stage 2
Stage 2 consists of financial assets where there has been a significant increase in credit risk since initial recognition, but that are not in default or where there is objective evidence of loss. For financial assets in stage 2, expected credit loss is calculated over the expected term of the loan. The expected term deviates from the contractual term and is estimated on the basis of historically observed performance.

Stage 3
Stage 3 includes financial assets that are in default and/or which have objective evidence of loss. For commitments that have objective evidence of loss, an assessment of whether there must be individual impairment is carried out. For other commitments without individual impairment, the expected credit loss is calculated over the expected maturity of the asset.

Migrating to a lower stage
A commitment that no longer meets the criterion for stage 2 is moved to stage 1. The risk models ensure that there has been a sufficiently long period of payment before reducing and returning the risk to stage 1. A commitment in stage 3 can be moved both to stage 2, if stage-2 criteria are met, or directly to stage 1 once the criteria for stage 3 are no longer met.

Substantial increase in credit risk
Substantial increase in credit risk is assessed on the basis of the financial instrument's probability of default (PD) at the time of measurement compared with at initial recognition. The assessment is based on both changes in probability of default during the expected lifetime (lifetime PD) and changes in probability of default in the next 12 months (12 months PD). The assessments are based on absolute changes and relative changes.

For commitments where the 12-month probability of default (PD) upon initial recognition is less than 0.5 per cent, both a relative and an absolute criterion must be satisfied for the commitment to be considered to have a significant increase in credit risk. The relative criterion is a relative increase in lifetime PD of 150 per cent or more from initial recognition until the measurement date. The criterion is equivalent to the lifetime PD at the measurement date being greater than 2.5 multiplied by the lifetime PD at the recognition date. The absolute criterion is that the 12-month PD at the measurement date is 0.6 percentage points higher than the 12-month PD upon initial recognition.

For commitments where the 12-month probability of default (PD) upon initial recognition is more than or equal to 0.5 per cent, either a relative or an absolute criterion must be satisfied for the commitment to be considered to have a significant increase in credit risk. The relative criterion is identical to that stated above, i.e. an increase in lifetime PD of 150 per cent or more from initial recognition until the measurement date. The absolute criterion is that 12-month PD at the measurement date is 1.5 percentage points higher than 12-month PD upon initial recognition.

Commitments for which scheduled payment is overdue by 30 days or more are assessed, irrespective of whether this has caused a significant increase in the credit risk. The same applies to commitments for which forbearance has been granted on the basis of the customers' deteriorating financial situation, however is not serious enough to classify commitments as credit impaired.

Expected maturity
Expected maturity is estimated for various financial instruments. Expected maturity is significant because for commitments with a substantial increase in credit risk, i.e. commitments in stage 2, expected credit loss shall be calculated over the expected maturity of the commitments. The overall probability of default increases over the time horizon being measured, and the expected credit loss over the expected maturity of the commitment is therefore higher than the expected credit loss over one year, provided that the loan's remaining expected maturity is more than 12 months.

For stage 3 commitments, the agreed (contractual) maturity is used to measure expected losses.

Expected maturity is calculated for different products. Expected maturity is estimated at around five years for downpayment loans and six years for lines of credit. The expected maturity at the time of loan approval is estimated at 9 years for credit cards and 9 years for credit accounts. Expected maturity is also contractual maturity for top-up loans (loan share greater than LTV of 70%), building credit and bridging loans. Expected maturity is reassessed and validated regularly.

For ongoing commitments, expected maturity is adjusted by a maturity coefficient: The maturity coefficient is the ratio of expected maturity to contractual maturity. The remaining expected maturity is the expected maturity of the product multiplied by the maturity coefficient.

Categorisation into portfolios
Storebrand Bank ASA only has a retail portfolio, which is divided into:

i) Housing loans and housing credit
ii) Credit cards
iii) Other credits

2.4.5. Derivatives
Derivatives that do not meet the criteria for hedging are classified and measured at fair value through profit or loss. The fair value of such derivatives is classified as either an asset or a liability with changes in fair value through profit or loss.

The majority of the derivatives used routinely for asset management fall into this category.

2.4.6. Hedge accounting
Fair value hedging
Storebrand Bank ASA uses fair value hedging. The items hedged are financial assets and financial liabilities measured at amortised cost. Derivatives are recognised at fair value through profit or loss. Changes in the value of the hedged item that are attributable to the hedged risk adjust the carrying amount of the hedged item and are recognised through profit or loss.

2.4.7. Statement of cash flows
The statement of cash flows is prepared using the direct method and shows cash flows grouped according to sources and uses. Cash is defined as cash, receivables from central banks and receivables from credit institutions with no agreed period of notice. The statement of cash flows is classified according to operating, investing and financing activities

Note 2 - Key accounting estimates and judgements

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

The company's critical estimates and judgments that could result in material adjustment of recognised amounts are discussed below.

High inflation and associated higher key rates have influenced the macroeconomic situation in Norway in recent years. Many Norwegians, including our customers, have faced greater challenges in coping with higher prices and borrowing rates, but a favourable labour market and low unemployment have meant that the private financial situation has nevertheless been manageable for the vast majority. The housing market held up surprisingly well in the first half of 2023, but stagnated in the second half with associated reduced turnover and falling prices. In 2024, it is expected that the key policy rate will begin to be cut later in the year, that inflation will decline and that unemployment will only increase slightly.

When assessing impairment, overall evaluations have been made of future prospects, which have considered factors such as interest rates, inflation and high energy prices. Prospects of tighter liquidity among our customers due to higher costs of living and interest rate burden, have been taken into account in the macro adjustment of the probability of default. Developments in non-performing loans, loans in arrears and loans with grace periods are being closely monitored.

Loan loss provisions

For loans valued at amortised cost or at fair value through other comprehensive income, loss provisions are recognised based on the Expected Credit Loss (ECL) in accordance with the general method. The models in IFRS9 are based on present values ("Point In Time") of PD and LGD, which are estimated based on default and loss history. In the projections, PD and LGD are adjusted according to three scenarios. The three scenarios are weighted by a specified percentage:

- "base case" scenario that is expected development, 60 percent probability,
- "worst-case" scenario which is economic downturn, 20 percent probability,
- "best case" that is better than expected developments, 20 percent probability.

The models used for IFRS 9 are based on the current macroeconomic situation and forecasts, and the models for probability of default (PD), loss given default (LGD) and exposure at default (EAD) are thus point in time (PIT) models. Future scenarios are used to calculate PD, LGD and EAD for the commitments.

Forecasts affect the PD and LGD estimates in particular.

Among other things, PD is affected by unemployment, wage growth and interest rates. Periods of economic downturn will, in isolation, result in weaker growth in house prices, which will in turn impact the loan-to-value ratio and thus also LGD.

Scenario-adjusted PD and LGD are included in the expected loss (ECL) calculation.

The portfolio's ECL is considered to be sensitive to changes in observed default, loss and expected maturity of the financial assets. There is also model uncertainty associated with the individual estimates. Among other things, the uncertainty relates to estimates of size and development of different macro variables in the future in each macro-scenario, as well as the impact the different outlooks have on individual parameters.

A sensitivity analysis has been carried out of the expected loss for commitments in stages 1 and 2 in the event of a change in all 12-month PD estimates. If all 12-month PD estimates had increased by 10 per cent, expected losses would have increased by approximately 18 per cent. Similarly, with a 10 per cent reduction of all 12-month PD estimates, expected losses would have been reduced by about 14 per cent.

A sensitivity analysis of expected losses for stage 2 commitments was also conducted. If the agreed maturity had been used instead of expected maturity, stage 2 expected losses would have increased by approximately 9 per cent.

See also section 2.4.4. of Note 1 - Company information and accounting policies, for more information regarding impairment.

Financial instruments at fair value
There will be some uncertainty associated with the pricing of financial instruments not priced in an active market. This is particularly true of the types of securities priced on the basis of non-observable assumptions. Various valuation techniques are applied to these investments to determine the fair value. They include fixed-rate loans and other financial instruments where theoretical models are used for pricing. Any changes to the assumptions could affect recognised amounts.

Reference is also made to Note 9 in which the valuation of financial instruments at fair value is described in more detail.

Contingent liabilities
Storebrand Bank ASA can be a party in legal disputes. Contingent liabilities are assessed in each case and will be based on legal considerations.

Note 3 - Risk management

Continuous monitoring and active risk management are core areas of the bank's activities and organisation. The strategy and planning process provides guidance for the business for the next few years. Strategy and plans are determined by the Board. The board determines the risk appetite and risk limits for the different forms of risk on an annual basis.

Organisation of Risk Management
The board of Storebrand Bank ASA has ultimate responsibility for monitoring and managing the organisation's risks. The board determines the annual risk appetite and risk strategy as well as ceilings and guidelines for the risks taken by the business, receives reports of actual risk levels and provides a forward assessment of risks.

The CEO is responsible for the bank's operating within the risk limits stipulated by the board. The CEO is responsible for operating the risk management and internal control system, including ensuring that the bank is within the risk limits set by the Board. The CEO has overall responsibility for implementing risk management routines.
The CEO has an advisory management group and the individual units are responsible for risk management in their respective areas.

The bank has a balance sheet management committee (BSK) in which the CEO, treasury, CRO and the finance department participate. BSK discusses and assesses financing, liquidity and market situation, including forecasts, and developments in balance sheet items that entail changes in the liquidity and funding situation. BSK meets regularly. ICAAP and ILAAP are also discussed in BSK, both for preliminary discussions, and prior to board deliberations. The Committee is also an advisory body for expected credit losses according to IFRS 9.

The Storebrand Group's organisation of risk management responsibility follows a model based on three lines of defence. The objective of the model is to safeguard the responsibility for risk management at both company and group level.

<u>First line of defence</u>
At the Storebrand Group, responsibility for risk management and internal control is an integral part of management responsibility. Managers at all levels of the company are responsible for risk management within their own area of responsibility. Good risk management requires clear mandate and division of responsibilities, targeted work on objectives, strategies and action plans, identification and assessment of risks and events, documentation of processes and routines, prioritisation and implementation of improvement measures, and good communication, information and reporting.

A high level of awareness of risks and risk management are vital elements of the group's culture.

The CEO and the managament group at the bank, the CEO of Storebrand Boligkreditt AS and managers in the Storebrand group's areas that provide services for the bank, submit annual confirmation documenting the unit's risk management activities and internal control.

<u>Second line of defence</u>
Storebrand Bank ASA has independent control functions for the company's risk management (Chief Risk Officer, CRO) and for compliance (Chief Compliance Officer, CCO). The CRO and CCO are directly subordinate to the CEO and both report directly to the bank's board. CCO also holds the role of compliance officer according to money laundering regulations (AML). The CRO and CCO prepare regular reports to the Board. In terms of function the independent control functions are affiliated with the Governance Risk & Compliance (GRC) in the Storebrand Group, where CRO in Storebrand ASA is responsible to the Group CEO and reports to the board of Storebrand ASA.

Third line of defence
Internal auditing is under the direct authority of the board and is intended to give the board confirmation of the appropriateness and effectiveness of the organisation's risk management, including how the lines of defence are functioning.

Note 4 - Credit risk

Credit risk is the risk of loss associated with customers or counterparties not fulfilling their debt obligations. The risk includes risk associated with lending to customers and counterparty risk on loans to credit institutions and the central bank, securities and financial derivatives. Credit risk includes potential concentration risk in the loan portfolio. Credit risk is the most significant risk in Storebrand Bank ASA. Credit risk for loans, guarantees and unused credits is most important both in terms of volume and risk level in general. This risk is discussed in the tables below. There is limited credit risk in connection with other exposure. See notes 19 and 20 for more information on the composition of the liquidity portfolio and note 22 for information on derivatives

Risk Management
The risk strategy reflects how much credit risk the bank is willing to accept. The willingness to accept risk is adjusted to the bank's risk appetite and goals regarding risk profile, capital adequacy and growth. Credit policies establish general principles for granting credit. The bank's routines for credit management are set forth in the credit manual. The credit manual are primarily designed for account managers and others who are involved in case management processes. The credit manual contain common guidelines for the bank's credit activities, and are intended to ensure uniform and consistent credit management practices.

Credit risk is assessed in relation to the capacity and willingness of customers, including any co-participants, to service debt and potential security. The bank uses credit risk models to conduct risk classifications of customers with regard to probability of default (PD) and loss given default (LGD) and expected exposure resulted in default (EAD). The credit assessments are mainly assessed in automated and semi-automated processes with automatic calculations

The credit manuals and adopted routines provide specific criteria for monitoring non-performance, loan covenants, loss assessments and the annual loan review. Furthermore, the models ensure uniform portfolio risk assessment classifications and reporting on risk development. The models are also used in assessing expected credit losses (ECL) in IFRS 9.
There are functions for depot unit, loan establishment and administration of the customer portfolio. Credit is granted in accordance with an authorisation structure determined by the Board.

The loan portfolio is assessed in terms of sustainability risk on the basis of double materiality, i.e. where risk is assessed both for the bank and for the rest of the world. Environmental risk is considered to be the Bank's greatest sustainability risk, and it is climate risk that is assessed highest in the environmental risk. Climate risk is divided into physical risk and transition risk. For physical risk, the safety objects are assessed in relation to physical climate risk. For transition risk, energy classification is assessed, as well as estimated energy consumption and CO2 consumption.

Treasury has the credit risk for its exposures in the liquidity portfolio. Permitted exposures and the composition of the portfolio are set out in the bank's counterparty risk policy.

Exposures with loans to credit institutions and the central bank, securities and financial derivatives with counterparties is included under credit risk and is managed according to a specific policy on the basis of an assessment of the counterparty's repayment capacity, rating and amount under management. Financial derivatives permitted by the bank are outlined in policy documents.

Risk control
Credit risk control is carried out directly in models and processes in various units in the first line, as well as with controls from the second line to ensure compliance with internal and external regulations. Exposure relating to trade in financial derivatives for customers is monitored by Back Office. Price development is monitored in respect of the customer's situation, cleared lines and breach clauses. The Middle Office conducts running spot checks with regard to this.

Trades made by Treasury are checked by the Middle Office in accordance with dedicated procedures and work descriptions.

The Chief Risk Officer (CRO) reports to the board on credit risk trends on an ongoing basis.

Maximum credit exposure

NOK million	Book value	Guarantees, unused credits and loan commitments	2023 Maximum credit exposure	2022 Maximum credit exposure
Cash and deposits with the central bank	6.2		6.2	313.0
Loans to and deposits with credit institutions	6,703.7		6,703.7	1,818.6
Loans to customers at amortised cost	375.6	2,472.6	2,848.2	2,780.0
Interest-bearing securities at amortised cost	5,906.4		5,906.4	3,258.1
Total financial instruments at amortised cost	**12,992.0**	**2,472.6**	**15,464.6**	**8,169.7**
Equities	44.4		44.4	40.1
Loans to customers at fair value through profit and loss	351.3		351.3	489.4
Interest-bearing securities at fair value through profit and loss	2,796.5		2,796.5	4,932.9
Interest swaps	36.8		36.8	53.9
Total financial instruments at fair value through profit and loss	**3,229.0**		**3,229.0**	**5,516.4**
Loans to customers at fair value through other comprehensive income (OCI)	13,812.8	2,607.0	16,419.7	15,180.7
Total financial instruments at fair value through other comprehensive income (OCI)	**13,812.8**	**2,607.0**	**16,419.7**	**15,180.7**
Total exposure for credit risk 1), 2), 3)	**30,033.7**	**5,079.5**	**35,113.3**	**28,866.8**
1) of which financial assets in stage 1:				
Cash and deposits with the central bank	6.2		6.2	313.0
Loans to and deposits with credit institutions	6,703.7		6,703.7	1,818.6
Loans to customers	12,250.5	4,935.9	17,186.4	17,175.3
Interest-bearing securities	5,906.4		5,906.4	3,258.1
Total exposure to credit risk on financial assets in stage 1	**24,866.9**	**4,935.9**	**29,802.8**	**22,565.0**
2) of which financial assets in stage 2:				
Loans to customers	1,836.0	143.7	1,979.7	762.7
Total exposure to credit risk on financial assets in stage 2	**1,836.0**	**143.7**	**1,979.7**	**762.7**
3) of which financial assets in stage 3:				
Loans to customers	101.9	-0.1	101.8	22.6
Total exposure to credit risk on financial assets in stage 3	**101.9**	**-0.1**	**101.8**	**22.6**

Storebrand Bank ASA has no financial assets that are purchased or originated credit-impaired financial assets.

Credit exposure for lending activities

Retail market

Retail customers are evaluated according to their capacity and intent to repay the loan. In addition to their capacity to service debt, the customers are checked regarding policy regulations and the customers are scored using a scoring model. For other retail market customers, the overall loan to value ratio and debt servicing capability (as determined by the bank's credit policy for the segment) that apply to the portfolio are used as a basis. The securities for the portfolio are principally in properties for the retail market portfolio.

Storebrand Bank ASA has developed internal models for classifying home loans. The models estimate a loan's Probability of Default (PD), Loss Given Default (LGD), and Exposure at Default (EAD). PD estimates are based on a logistical regression model where late payment notices, reminders, overdrafts and information about assets are key explanatory variables when predicting defaults. When estimating the LGD, the loan-to-value ratio is the most important explanatory variable. Home loans are classified according to the bank's master scale, consisting of 11 risk classes from A to K, with A indicating the lowest default probability and K containing non-performing loans. The classification of home loans is automatically updated on a monthly basis. As at the end of 2023, 44.3% of the EAD was linked to home loans in risk class A, while 5.4% of the EAD was in risk classes G to J. The models are validated on an annual basis, with the accuracy of the models compared to actual outcomes.

When entering into loan commitments, Storebrand Bank ASA collects information of significance to the value of the residential property. Each quarter, the bank obtains an updated, independent valuation of residential properties from Eiendomsverdi AS. For homes where Eiendomsverdi AS does not have an up-to-date valuation (such as housing cooperative apartments, owner-tenant apartments and some leisure properties) the most recent updated market value is used until further notice. Where Eiendomsverdi AS cannot determine the market value of a property with a high degree of certainty, a "haircut" is used so as to reduce the risk of giving an inflated estimate of market value. If Eiendomsverdi AS has never received information regarding the property's market value, the value recorded at the time of entering into the contract (the deposit value) will be used. Loans such as those mentioned here constitute just under 1% of the total portfolio exposure.

In the retail market, most of the loans are secured by way of home mortgages. NOK 14.2 billion has been lent in home loans, with a further NOK 1.4 billion in undrawn credit lines. Total commitments in residential property are therefore approximately NOK 15.6 billion.
The weighted average loan-to-value ratio is just over 75% for home loans. Approximately 49% of loans have a loan-to-value ratio within 80% and about 96% have a loan-to-value ratio within 100%. Approximately 23% of the home loans have a loan-to-value ratio within 60%. The portfolio is regarded as having a low to moderate credit risk in accordance with the bank's risk appetite.

The security for non-performing loans without impairment among retail customers is essentially satisfactory. The average loan-to-value ratio for these loans is about 4783%. Home loans/residential mortgages that are part of the volume of non-performing loans total NOK 50 million. The security is also good on home loans/residential mortgages between 1 and 90 days past due. Assets pledged as collateral are sold in the retail market. They are not taken over by the bank.

In the credit card and account credit portfolio, approximately NOK 195 million has been drawn, and NOK 1.1 billion is available as unused credit facilities. The consumer loan portfolio is approximately NOK 210 million.

Storebrand Bank ASA had a volume of NOK 112 million of loans with forbearance at the end of 2023. In exceptional cases, the bank grants relief for commitments with mortgages in the form of a grace period for loans with a loan-to-value ratio above 60%. Short-term grace periods are also granted for consumer loans. At the end of 2023, there was approximately NOK 18 million in consumer loans registered with grace periods, and thus forbearance.

	2023			
NOK million	**Distribution in per cent**	**Book value (gross)**	**Unused credit limits**	**Total commitments**
0% - 40%	10.9 %	679.4	1,025.0	1,704.4
40% - 60%	18.2 %	2,557.2	276.0	2,833.2
60% - 80%	24.2 %	3,708.8	66.5	3,775.2
80% - 90%	33.8 %	5,262.0	11.6	5,273.6
90% - 100%	9.3 %	1,442.8	1.9	1,444.7
> 100%	3.6 %	556.7	6.7	563.3
Total secured loans	**100 %**	**14,206.9**	**1,387.6**	**15,594.5**
Loan commitments and financing certificates, secured			2,607.0	2,607.0
Total secured loans incl. loan commitments and financing certificates		**14,206.9**	**3,994.6**	**18,201.5**

NOK million	2022			
	Distribution in per cent	Book value (gross)	Unused credit limits	Total commitments
0% - 40%	9.4 %	757.1	494.9	1,251.9
40% - 60%	28.9 %	3,230.3	626.4	3,856.7
60% - 80%	30.5 %	3,948.6	124.2	4,072.8
80% - 90%	26.7 %	3,546.6	20.8	3,567.4
90% - 100%	3.2 %	411.9	13.3	425.2
> 100%	1.3 %	159.6	10.9	170.4
Total secured loans	**100 %**	**12,054.1**	**1,290.3**	**13,344.4**
Loan commitments and financing certificates, secured			3,246.4	3,246.4
Total secured loans incl. loan commitments and financing certificates		**12,054.1**	**4,536.8**	**16,590.9**

Risk related to secured loans

NOK million	2023			
	Distribution in per cent	Book value (gross)	Unused credit limits	Total commitments
Low risk	82.9 %	11,564.8	1,362.1	12,926.9
Medium risk	15.2 %	2,351.4	25.6	2,376.9
High risk	1.2 %	186.0		186.0
Non-performing and loss-exposed loans incl. loans with evidence of impairment	0.7 %	104.8		104.8
Total secured loans	**100 %**	**14,206.9**	**1,387.6**	**15,594.5**
Loan commitments and financing certificates, secured			2,607.0	2,607.0
Total secured loans incl. loan commitments and financing certificates		**14,206.9**	**3,994.6**	**18,201.5**

NOK million	2022			
	Distribution in per cent	Book value (gross)	Unused credit limits	Total commitments
Low risk	85.6 %	10,177.0	1,247.5	11,424.5
Medium risk	13.4 %	1,748.6	42.8	1,791.4
High risk	0.9 %	115.8		115.9
Non-performing and loss-exposed loans incl. loans with evidence of impairment	0.1 %	12.7		12.7
Total secured loans	**100 %**	**12,054.1**	**1,290.3**	**13,344.4**
Loan commitments and financing certificates, secured			3,246.4	3,246.4
Total secured loans incl. loan commitments and financing certificates		**12,054.1**	**4,536.8**	**16,590.9**

Financial assets at fair value through profit and loss

NOK million	Loans to customers 2023	Loans to customers 2022	Liquidity portfolio 2023	Liquidity portfolio 2022
Book value maximum exposure for credit risk	351.3	318.8	2,796.5	1,439.9
Book value of related credit derivatives that reduce credit risk				
Collateral				
Net credit risk	**351.3**	**318.8**	**2,796.5**	**1,439.9**
This year's change in fair value of financial assets due to change in credit risk			1.1	0.2
Accumulated change in fair value of financial assets due to change in credit risk			1.2	1.3
This year's change in value of related credit derivatives				
Accumulated change in value of related credit derivatives				

Lending to customers is measured at fair value based on valuation techniques. The valuation techniques use interest rate curves from Reuters and credit spreads for equivalent new loans as per the end of December.

Financial assets are designated at fair value through the profit and loss account (FVTPL) the first time they are recognised where another measurement would result in an inconsistency in the profit and loss account. Objective market prices are used for securities where these exist. Valuation techniques involving the use of interest rate curves from Reuters and credit spreads from external providers are used for the remaining securities.

Note 5 - Liquidity risk

Liquidity risk is the risk that the company will be unable to refinance its obligations (refinancing risk) or that the company will not be able to refinance its obligations without incurring substantial additional expenses (price risk).

Risk Management

The risk strategy establishes overall limits for how much liquidity risk the bank group is willing to accept given a goal of having the lowest possible financing costs (price). The policy for liquidity risk describes principles for liquidity- and financing management and specifies stress testing, minimum liquidity holdings and indicators for measuring liquidity and financing risk. In addition, the Treasury department draws up an annual funding strategy and funding plan that set out the overall limits for the bank group's funding activities.

Stress tests are used to illustrate the expected effects of various scenarios on the statement of financial position and cash flows. Results of the stress tests are applied when assessing the framework for liquidity risk. A contingency plan is drawn up annually to safeguard proper management of the liquidity situation during stressful periods.

The Treasury function is responsible for the bank's liquidity management, and the Middle Office monitors and reports on the utilisation of limits pursuant to the liquidity policy. Risk management prepares liquidity forecasts.

Risk Control

Risk control of liquidity and financing risk is carried out, among other things, through monthly liquidity forecasts, reporting of liquidity and financing indicators and maturity profile. Both are included in the CRO's ongoing reporting to the board. Indicators that are followed are described in the liquidity risk policy. The Middle Office performs checks on trades undertaken by Treasury to ensure conformance with the applicable policy rules.

Non-discounted cash flows - financial liabilities

NOK million	0 - 6 months	7 - 12 months	2 - 3 years	4 - 5 years	More than 5 years	Total	Book value 2023	Book value 2022
Loans and deposits from credit institutions	338.4					407.2	338.4	423.5
Deposits from and due to customers	23,611.5	10.2	133.4	53.7	139.5	15,248.0	23,948.2	19,477.8
Debt securities issued	1,041.5	659.2	2,139.2	0.0	0.0	3,180.2	3,632.3	3,317.4
Derivatives	-6.5	5.3	-11.6	-5.3	-2.3	-20.4	19.6	22.0
Other liabilities	608.6					608.6	608.6	611.0
Subordinated loans	24.8	23.1	484.1	408.6		940.7	828.6	828.0
Undrawn credit limits	2,485.0					2,485.0		
Loan commitments	2,607.0					2,607.0		
Total financial liabilities 2023	**30,710.4**	**697.7**	**2,745.1**	**457.0**	**137.2**	**25,456.3**	**29,375.7**	
Total financial liabilities 2022	26,196.5	530.6	2,650.7	1,071.2	154.2	30,603.1		24,679.7

The overview of non-discounted cash flows includes interest. Implicit forward interest rates based on the yield curve on 31 December 2023 are used to calculate interest costs for lending with FRN conditions. The call date is used as the maturity date on subordinated loans. The maturity overview does not take account of the fact that the issued bonds have extended maturity date, i.e. the original maturity date is used. Deposits from and liabilities to customers are on call deposits or deposits locked in for less than 6 months.

Specification of loans and deposits from credit institutions

NOK million	Book value 2023	Book value 2022
Total loans and deposits from credit institutions without fixed maturity	**58.3**	**43.3**
F-loans, maturity 2023		380.2
F-loans, maturity 2024	280.1	
Total loans and deposits from credit institutions with fixed maturity	**280.1**	**380.2**
Total loans and deposits from credit institutions	**338.4**	**423.5**

Specification of debt securities issued

NOK million ISIN code	Issuer	Net nominal value	Currency	Interest	Maturity	Book value 2023	Book value 2022
Commercial papers							
NO0013095588	Storebrand Bank ASA	600.0	NOK	Floating	06.12.2024	602.3	
Seniort bonds							
NO0010881386	Storebrand Bank ASA	300.0	NOK	Floating	04.05.2023		302.1
NO0010891344	Storebrand Bank ASA	450.0	NOK	Floating	25.08.2023		451.8
NO0012626953	Storebrand Bank ASA	250.0	NOK	Fixed	19.02.2026	254.6	252.0
NO0010931819	Storebrand Bank ASA	955.0	NOK	Floating	15.02.2024	961.3	1105.1
NO0011146359	Storebrand Bank ASA	500.0	NOK	Floating	05.02.2025	503.9	502.8
NO0012617697	Storebrand Bank ASA	700.0	NOK	Floating	15.08.2025	705.0	703.7
NO0012981630	Storebrand Bank ASA	600.0	NOK	Floating	07.08.2026	605.1	
Total debt securities issued						**3,632.3**	**3,317.4**

Specification of subordinated loans

NOK million ISIN code	Issuer	Net nominal value	Currency	Interest	Call-date	Book value 2023	Book value 2022
Dated subordinated loans							
NO0010843519	Storebrand Bank ASA	125.0	NOK	Floating	27.02.2025	125.8	125.6
NO0011104077	Storebrand Bank ASA	300.0	NOK	Floating	23.09.2026	300.2	300.3
NO0012446428	Storebrand Bank ASA	400.0	NOK	Floating	27.02.2027	402.6	402.0
Total subordinated loans						**828.6**	**828.0**

Financing activities - changes during the year

NOK million	2023		
	Subordinated loans	Liabilities to credit institutions	Commercial papers and bonds issued
Book value 01.01.2023	828.0	423.5	3,317.4
New loans / bond debt issued		12,139.8	1,200.0
Repayment of loans/liabilities		-12,224.7	-895.0
Changes in accrued interest		-0.1	11.7
Other			-1.9
Book value 31.12.2023	**828.6**	**338.4**	**3,632.3**

NOK million	2022		
	Subordinated loans	Liabilities to credit institutions	Commercial papers and bonds issued
Book value 01.01.2022	575.9	502.0	3,379.9
New loans / bond debt issued	400.0	16,710.6	950.0
Repayment of loans/liabilities	-150.0	-16,789.3	-1,025.0
Changes in accrued interest	2.1	0.2	13.9
Other			-1.3
Book value 31.12.2022	**828.0**	**423.5**	**3,317.4**

Note 6 - Market risk

Market risk is risk of a change in value due to financial market prices (such as interest rates, exchange rates, credit spreads) or volatility differing from what was expected.

Risk Management

The risk strategy sets general limits for market risk. Storebrand Bank ASA's market risk mostly are related to spread risk in the liquidity portfolio and interest rate risk. The bank is exposed to market risk in equity instruments and currency to a lesser degree.

Market risk policies specify limits for market risk that the bank is willing to accept. The bank's market risk is primarily managed and controlled through daily monitoring of risk exposure pursuant to the policy and continuous analyses of outstanding positions. Credit spread risk is regulated through ceilings on credit spread risk and indirectly through ceilings on investments.

The exposure limits are reviewed and renewed by the board at least once a year. The size of these limits is set on the basis of stress tests and analyses of market movements.

Risk Control

The Middle Office is responsible for the ongoing, independent monitoring of market risk. Risk control of market risk is carried out, among other things, through monthly reports of indicators for market risk. Market risk indicators that are followed are described in the interest rate risk policy, counterparty policy (incl. credit spread risk) and currency risk policy and are included in the CRO's ongoing reporting to the board.

For changes in market risk that occur during the first year, the effect on the result and equity will be as shown below based on the balance sheet as at 31 December 2023:

Effect on accounting income

NOK million	2023	2022
Interest rate -2,0%	-71.7	-61.6
Interest rate +2,0%	71.7	61.6

Effect on accounting result/equity [1)]

NOK million	2023	2022
Interest rate -2,0%	-71.7	-61.6
Interest rate +2,0%	71.7	61.6

1) Before tax

Financial interest rate risk

NOK million	2023	2022
Interest rate -2,0%	19.0	-24.9
Interest rate +2,0%	-19.0	24.9

The note shows the accounting effects over a 12 month period, as well as the immediate financial effect of an immediate parallel interest rate change of + 2.0 percentage points and - 2.0 percentage point respectively. In calculating the accounting risk, note has been taken of the one-off effect such an immediate rate change has on the items that are recognised at fair value and the value of the security, and the effect that the change in interest rates would have on the net profit for the remaining duration of the interest rate before the change in interest rates has an effect on income and expenses. Items that would be affected by the one-time effect and are recorded at fair value are the investment portfolio, fixed interest rate loans and derivatives. Items that would be affected by the one-time effects and which are recorded using hedging accounting are borrowings with fixed interest rate. In calculating the financial effect, account has been taken of changes in market value of all items on the balance sheet that such an immediate interest rate change will lead to.

See also note 24 regarding foreign exchange risk.

Note 7 - Operational risk

Operational risk

The assessment of operational risks is linked to the ability to achieve targets and to implement plans. Operational risk is defined as the risk of financial loss or damaged reputation due to inadequate or failing internal processes, control routines, systems, human error, or external events.

Risk Management

Operational risk is being controlled and reduced through an effective system for internal control with (1) clear descriptions of responsibilities, (2) clear routines, and (3) documented powers of attorney/authority. Risks are followed-up through the management's risk review, with documentation of risks, measures and follow-up of incidents. The bank has prepared contingency plans which are updated regularly. In addition, internal audit carries out an independent control in accordance with audit projects adopted by the board.

Risk Control

The CRO supports the risk review process and is responsible for compiling and reporting the area's risk scenario, following up on improvement measures and checking that risk registration is up to date in the central sysem. The results of the process are reported to the board.

In order to be able to identify problem areas internally, the bank has implemented routines for ongoing reporting of events to the CRO, who is responsible for logging and follow-up of reported events. The CRO reviews significant events with the board.

In connection with monthly, quarterly and annual accounts, the bank's staff functions perform various checks and reconciliations so as to control and reduce operational risk. In addition to this, the compliance function and internal auditor carry out spot checks in a number of the most important work processes. The results are reported to the bank's management and the board.

Compliance risk

Compliance risk is the risk of the company incurring public sanctions, financial losses, claims for damages and/or loss of reputation as a result of non compliance with external or internal rules.

Risk Management

The compliance risk in Storebrand Bank ASA is managed through instructions for the compliance function. The function's main responsibility is to support the company's board and management in their efforts to comply with relevant laws and regulations by independently identifying, evaluating, monitoring and reporting compliance risks. The function shall work preventively by advising and ensuring that effective processes have been established for information and the implementation of current and new regulations. The compliance function shall have a risk-based approach.

Risk Control

The compliance function performs control activities in order to ensure actual compliance.

Note 8 - Climate risk

The Storebrand Bank Group's lending activities primarily consist of mortgages and almost the entire lending portfolio is secured by way of property mortgages. Based on this, we launched "boliglån fremtid" (mortgage future) in 2016. Boliglån fremtid is a mortgage with favourable interest, which gives customers tips and motivation to make smart energy choices for their homes. Storebrand Bank has identified the following climate risks:

Lower demand for loans and other banking services

A rapid transition to low emissions will affect the Norwegian economy in particular. Storebrand Bank has no direct exposure to the fossil fuel sector. The labour, housing and property markets and macroeconomic conditions in general are dependent on the fossil fuel sector. The transition may contribute to a recession and a long period of low interest rates in Norway. Demand for credit is lower during economic downturns and recessions.

Increased losses on lending as a result of climate change or the transition to low emissions

The macroeconomic situation in some areas/regions is weaker, particularly as a result of transition risks. The debtor risk increases as a result of this. The value of securities develops at a relatively weaker rate than other items due to physical risk (market values develop weaker in areas where, for example, there is a greater risk of floods, landslides, rainfall than the market in general) and/or the transition risk (market values fall more in areas with a higher transition risk due to weaker economic development). The risk can materialise in increased loan losses. Climat risk is not measureable and has not affected loan loss provisions in the 2023 accounts.

Green mortgages give low profitability

Storebrand Bank's focus on green mortgages meets low interest and demand. The investment then yields a weak return. A large investment in green mortgages may result in other initiatives receiving lower priority, and these initiatives may have greater demand among households, which cover the needs of other banks.

Regulatory risk from non-compliance with new requirements for climate adaptation or reporting

The risk is considered low, however the large number of new and comprehensive regulations require follow-up and reporting. The greatest challenge is a lack of consistency in customer communication and marketing. The risks include reputational risk.

Own objectives for climate adaptation are not achieved or the ambitions are too low

The risks include late/delayed issuing of green bonds/covered bonds in comparison with competitors. The risk is considered low, but it is important that the objectives are increased in line with higher expectations.

Note 9 - Valuation of financial instruments

Storebrand Bank ASA conducts a comprehensive process to ensure that financial instruments are valued as closely as possible to their market value. Publicly listed financial instruments are valued on the basis of the official closing price on stock exchanges, supplied by Reuters and Bloomberg. Bonds are generally valued based on prices collected from Reuters, Bloomberg and Nordic Bond Pricing. Bonds that are not regularly quoted will normally be valued using recognised theoretical models. The latter is particularly applicable to bonds denominated in Norwegian kroner. Discount rates composed of the swap rates plus a credit premium are used as a basis for these types of valuations. The credit premium will often be specific to the issuer, and will normally be based on a consensus of credit spreads quoted by a selected brokerage firm.

Unlisted derivatives, including primarily interest rate and foreign exchange instruments, are also valued theoretically. Money market rates, swap rates, exchange rates and volatilities that form the basis for valuations are supplied by Reuters, Bloomberg and Norges Bank.

Storebrand Bank ASA carries out continual checks to safeguard the quality of market data that has been collected from external sources. These types of checks will generally involve comparing multiple sources as well as controlling and assessing the likelihood of unusual changes.

The Storebrand Group categorises financial instruments valued at fair value into three different levels which are described in more detail below. The levels express the differing degrees of liquidity and different measurement methods used. The company has established valuation models to gather information from a wide range of well-informed sources with a view to minimising the uncertainty of valuations.

Level 1: Financial instruments valued on the basis of quoted prices in active markets for identical assets
Bonds, certificates or equivalent instruments issued by nation states are generally classified as level 1. When it comes to derivatives, standardised stock index futures and interest rate futures will also be included at this level.

Level 2: Financial instruments valued on the basis of observable market information not covered by level 1
This category encompasses financial instruments that are valued based on market information that can be directly observable or indirectly observable. Market information that is indirectly observable means that the prices can be derived from observable related markets. Level 2 includes shares or equivalent equity instruments for which market prices are available, but where the volume of transactions is too limited to fulfil the criteria in level 1. Shares in this level will normally have been traded during the last month. Bonds and equivalent instruments are generally classified in this level. Moreover, interest rate and foreign exchange swaps, non-standardised interest rate and foreign exchange derivatives are classified in level 2.

Level 3: Financial instruments valued on the basis of information that is not observable according to the definition for level 2
Financial instruments classified as level 3 includes all loans to customers, loans to and deposits with credit institutions and the investment in VN Norge AS.

The value of fixed-rate loans is determined by discounting the agreed cash flows over the remaining maturity by the current discount rate adjusted for market spread. The discount rate that is used is based on a swap interest rate (mid swap) with a maturity that corresponds to the remaining lock-in period for the underlying loans. The market spread that is used on the date of the balance sheet is determined by assessing the market conditions, market price and the associated swap interest rate.

The value of home loans with a floating interest rate are valued at nominal value less expected credit loss. Loans without any substantially higher credit risk than at initial recognition are valued at nominal value. Loans where there has been a significant increase in credit risk since initial recognition or loans where there is objective evidence of loss, are valued at nominal value less expected credit loss over the lifetime of the loan.

Under equities, it is primarily the investment in VN Norge AS. The value of the shares is calculated on the basis of the price of the shares in VISA Inc. and the exchange rate USD / NOK. The value has also been adjusted for a liquidity and general uncertainty discount of 14%.

Valuation of financial instruments at fair value

Valuation of financial instruments at fair value through profit and loss (FVTPL)

NOK million	LEVEL 1 Quoted prices	LEVEL 2 Observable assumptions	LEVEL 3 Non-observable assumptions	Book value 31.12.2023	Book value 31.12.2022
Equities		36.4	8.0	44.4	42.2
Total equities 31.12.2023		**36.4**	**8.0**	**44.4**	
Total equities 31.12.2022		36.1	6.1		42.2
Loans to customers - retail market		0.0	351.3	351.3	318.8
Total loans to customers 31.12.2023			**351.3**	**351.3**	
Total loans to customers 31.12.2022			318.8		318.8
Government and government guaranteed bonds		670.1		670.1	495.4
Mortgage and asset backed bonds		2,126.5		2,126.5	944.5
Total interest-bearing securities 31.12.2023		**2,796.5**		**2,796.5**	
Total interest-bearing securities 31.12.2022		1,439.9			1,439.9
Interest derivatives		17.2		17.2	15.8
Total derivatives 31.12.2023		**17.2**		**17.2**	
Derivatives with a positive fair value		36.8		36.8	37.8
Derivatives with a negative fair value		-19.6		-19.6	-22.0
Total derivatives 31.12.2022		15.8			15.8

There have not been any changes between quoted prices and observable assumptions on the various financial instruments during the year.

Valuation of financial instruments at fair value through other comprehensive income (FVOCI)

NOK million	LEVEL 1 Quoted prices	LEVEL 2 Observable assumptions	LEVEL 3 Non-observable assumptions	Book value 31.12.2023	Book value 31.12.2022
Loans to customers - corporate market					3.0
Loans to customers - retail market			13,812.8	13,812.8	11,682.7
Total loans to customers			**13,812.8**	**13,812.8**	**11,685.7**

Financial instruments at fair value - Level 3

NOK million	2023		
	Equities	Loans to customers at fair value through profit and loss	Loans to customers at fair value through other comprehensive income (OCI)
Book value 01.01.2023	6.1	318.8	11,685.7
Net gains/losses on financial instruments	1.9	3.1	-1.3
Supply / disposal		98.2	9,634.0
Sales / due settlements		-68.9	-7,505.7
Book value 31.12.2023	**8.0**	**351.3**	**13,812.8**

NOK million	2022		
	Equities	Loans to customers at fair value through profit and loss	Loans to customers at fair value through other comprehensive income (OCI)
Book value 01.01.2022	11.2	489.4	11,664.8
Net gains/losses on financial instruments	-5.1	-22.3	-2.0
Supply / disposal		99.3	9,667.3
Sales / due settlements		-247.7	-9,644.4
Book value 31.12.2022	**6.1**	**318.8**	**11,685.7**

Valuation of financial assets at amortised cost

NOK million	LEVEL 1 Quoted prices	LEVEL 2 Observable assumptions	LEVEL 3 Non-observable assumptions	Fair value 31.12.2023	Book value 31.12.2023	Fair value 31.12.2022	Book value 31.12.2022
Financial assets							
Loans to and deposits with credit institutions			6,703.7	6,703.7	6,703.7	6,992.1	6,992.1
Loans to customers - retail market			375.6	375.6	375.6	451.6	451.6
Interest-bearing securities		5,898.8		5,898.8	5,906.4	3,806.5	3,821.6
Total financial assets 31.12.2023		**5,898.8**	**6,703.7**	**12,978.2**	**12,985.7**		
Total financial assets 31.12.2022		3,806.5	7,443.7			11,250.2	11,265.4
Financial liabilities							
Loans and deposits from credit institutions		338.4		338.4	338.4	423.5	423.5
Deposits from and due to customers		23,948.2		23,948.2	23,948.2	19,477.8	19,477.8
Debt securities issued		3,641.4		3,641.4	3,632.3	3,308.3	3,317.4
Subordinated loans		817.1		817.1	828.6	799.0	828.0
Total financial liabilities 31.12.2023		**28,745.0**		**28,745.0**	**28,747.5**		
Total financial liabilities 31.12.2022		24,008.6				24,008.6	24,046.7

The fair value of interest-bearing securities, debt securities issued and subordinated loans is based on normal valuation techniques. Cash flows are discounted over the remaining term with the current discount factor. The discount factor used is based on a swap rate (mid swap) with a maturity that corresponds to the maturity of the underlying financial instrument.

For the items loans to and deposits with credit institutions and loans to customers fair value is amortised cost with deduction of expected credit loss. For the items loans to and deposits from credit instituruons and deposits from and due to customers fair value is approximately equal to amortised cost

Sensitivity analysis on financial instruments at fair value

Loans to customers at fair value through other comprehensive income (OCI)
The value of home loans with a floating interest rate are valued at nominal value less expected credit loss. Loans without any substantially higher credit risk than at initial recognition are valued at nominal value. Loans where there has been a significant increase in credit risk since initial recognition or loans where there is objective evidence of loss, are valued at nominal value less expected credit loss over the lifetime of the loan.

Equities
This item consist of shares in VN Norge AS. At the end of the year, the value of the shares is calculated on the basis of the price of the shares in VISA Inc. and the exchange rate USD / NOK. The value has also been adjusted for a liquidity and general uncertainty discount of 14%.

NOK million	Floating loans to customers Fair value through other comprehensive income (OCI) Change in market spread		Floating loans to customers Fair value through other comprehensive income (OCI) Change in market spread		Equities Change in value	
	+ 10 bp	- 10 bp	+ 25 bp	- 25 bp	+ 25 bp	- 25 bp
Increase/reduction in fair value at 31.12.2023	-1.6	1.6	-4.0	4.0	9.1	-9.1
Increase/reduction in fair value at 31.12.2022	-1.3	1.3	-3.4	3.4	7.1	-10.2

Note 10 - Net income from financial instruments

Net interest income

NOK million	2023	2022
Interest on loans to credit institutions	137.0	85.8
Interest on loans to customers - loans valued at amortised cost	57.2	54.6
Interest on loans to customers - loans valued at fair value with change in value through other comprehensive income (OCI)	744.6	378.7
Interest on interest-bearing securities valued at amortised cost	201.4	66.7
Total interest income calculated by using the effective interest method	**1,140.2**	**585.9**
Interest on loans to customers valued at fair value with change in value through profit and loss	11.8	11.1
Interest on interest-bearing securities valued at fair value with change in value through profit and loss	156.7	38.7
Interest on derivatives	4.2	4.4
Total other interest income	**172.7**	**54.2**
Total interest income	**1,312.9**	**640.1**
Interest on loans from credit institutions	-11.6	-3.8
Interest on deposits from customers	-503.1	-126.2
Interest on debt securities issued	-144.8	-77.0
Interest on subordinated loans	-43.9	-24.3
Total interest expenses calculated by using the effective interest method	**-703.4**	**-231.2**
Interest on derivatives	-0.1	-4.8
Other interest expenses	-18.5	-17.3
Total other interest expenses	**-18.6**	**-22.0**
Total interest expenses	**-722.0**	**-253.2**
Net interest income	**590.9**	**386.8**

Net change in fair value and gain/loss on foreign exchange and financial instruments

NOK million	2023	2022
Realised gain/loss on loans and receivable		
Unrealised gain/loss on loans and receivable	-1.9	-36.8
Net change in value and gain/loss on loans and receivables	**-1.9**	**-36.8**
Realised gain/loss on interest-bearing securities	-2.2	-18.0
Unrealised gain/loss on interest-bearing securities	-1.4	3.0
Net change in value and gain/loss on interest-bearing securities	**-3.6**	**-14.9**
Realised gain/loss on equity instruments	0.2	
Unrealised gain/loss on equity instruments	5.2	-2.8
Net change in value and gain/loss on equity instruments	**5.4**	**-2.8**
Realised gain/loss on financial liabilities	-0.2	0.1
Unealised gain/loss on financial liabilities	2.1	1.6
Net change in value and gain/loss on financial liabilities (except financial derivatives)	**1.9**	**1.7**
Realised gain/loss on foreign exchange and financial derivatives	2.7	4.9
Unrealised gain/loss on foreign exchange and financial derivatives	-4.4	10.7
Net change in value and gain/loss on foreign exchange and financial derivatives	**-1.6**	**15.5**
Total change in value and net gain/loss on financial instruments	**0.3**	**-37.4**

Note 11 - Net commission income

NOK million	2023	2022
Fees related to banking operations	59.4	53.3
Fees from and management of loans	225.5	187.7
Total fees and commissions receivable *)	**284.9**	**241.0**
Fees and commissions payable relating to banking operations	-31.1	-25.1
Other fees and commissions payable	-0.9	-1.0
Total fees and commissions payable **)	**-32.0**	**-26.1**
Net commission income	**252.9**	**214.8**
*) Of which total fees and commission income on book value of financial assets and liabilities that are not at fair value through the profit and loss account	59.4	53.3
**) Of which total fees and commission expense on book value of financial assets and liabilities that are not at fair value through the profit and loss account	-32.0	-26.1

Note 12 - Remuneration paid to auditor

Remuneration incl. value added tax:

NOK 1000	2023	2022
Statutory audit	-810	-590
Other reporting duties	-7	-236
Other non-audit services	-50	
Total	**-867**	**-826**

Note 13 - Operating expenses

NOK million	2023	2022
Ordinary wages and salaries	-139.8	-129.7
Employer's social security contributions	-28.9	-26.1
Pension cost (see note 14)	-19.5	-17.8
Other staff expenses	-10.0	-6.6
Total staff expenses	**-198.1**	**-180.2**
IT costs	-108.2	-74.7
Office operation and other general administration expenses	-1.0	-1.9
Operating expenses on rented premises	-6.7	-17.1
Foreign services (see note 12)	-12.4	-17.2
Inter-company charges for services [1)]	-181.1	-158.5
Services sold to companies within the group	79.3	94.5
Other operating expenses	-11.5	-10.6
Total other operating expenses	**-241.5**	**-185.6**
Depreciations	-16.6	-16.5
Total depreciation and write-downs of non-financial assets	**-16.6**	**-16.5**
Total operating expenses	**-456.2**	**-382.3**

1) Services purchased from the group contain expenses relating to bank production, IT services, joint administrative functions, financial and legal services, marketing activities, HR and skills development, purchasing, information services and savings advice.

Note 14 - Pensions

Storebrand is obliged to have an occupational pension scheme pursuant to the Mandatory Occupational Pension Act. The company's pension schemes meet the requirements of the law.

Storebrand Group has country-specific pension schemes.

Storebrand's employees in Norway have e defined-contribution pension scheme. In a defined-contribution scheme, the company allocates an agreed contribution to a pension account. The future pension depends upon the amount of the contributions and the return on the pension account. When the contributions have been paid, the company has no further payment obligations relating to the defined-contribution pension and the payment to the pension account is charged as an expense on an ongoing basis. For regulatory reasons, there can be no savings in the defined-contribution pension for salaries that exceed 12G (G = National Insurance Scheme basic amount). Storebrand has pension savings in the savings product Extra Pension for employees with salaries exceeding 12G.

The premiums and content of the defined-contribution pension scheme are as follows:

- Saving starts from the first krone of salary
- Savings rate of 7 per cent of salary from 0 to 12 G (the National Insurance basic amount "G" was NOK 118,620 at 31 December 2023)
- In addition, 13 per cent of salary between 7.1 and 12 G is saved.
- Savings rate in Extra Pension for salary over 12 G is 20 per cent.

The Norwegian companies participate in the Joint Scheme for Collective Agreement Pensions (AFP). The private AFP scheme provides a lifelong supplement to an ordinary pension and is a multi-employer pension scheme, but there is no reliable information available for inclusion of this liability on the statement of financial position. The scheme is financed by means of an annual premium that is defined as a percentage of salaries from 1 G to 7.1 G, and the premium rate was 2.6 % in 2023 and it will increase to 2.7% in 2024.

There are also pension liabilities for the defined-benefit scheme related to direct pensions for certain former employees and former board members.

Reconciliation of pension assets and liabilities in the statement of financial position

NOK million	2023	2022
Present value of insured pension liabilities	4.2	6.3
Fair value of pension assets	-4.6	-7.5
Net pension liabilities/assets insured scheme	**-0.5**	**-1.2**
Asset ceiling - asset adjustment	0.5	1.2
Present value of unsecured liabilities	1.4	1.7
Net pension liabilities recognised in statement of financial position	**1.4**	**1.7**

Includes employer contributions on net under-financed liabilities in the gross liabilities

Booked in statement of financial position

NOK million	2023	2022
Pension assets		
Pension liabilities	1.4	1.7

Changes in the net defined benefit pension liabilities in the period

NOK million	2023	2022
Net pension liabilities 01.01	8.1	10.6
Interest expenses on the pension liability	0.3	0.2
Estimate deviations	-2.5	-2.6
Pensions paid	-0.3	-0.1
Net pension liabilities 31.12	**5.6**	**8.1**

Changes in the fair value of pension assets

NOK million	2023	2022
Pension assets at fair value 01.01	7.5	7.6
Expected return	0.3	0.1
Estimate deviation	-3.1	-0.3
Premiums paid	0.1	0.2
Pensions paid	-0.2	
Net pension assets 31.12	**4.6**	**7.5**
Expected premium payments (pension assets) in 2024:	0.1	
Expected premium payments (contributions) in 2024:	13.3	
Expected AFP early retirement scheme payments in 2024:	4.0	
Expected payments from operations (uninsured scheme) in 2024:	0.1	

Pension assets are based on the financial assets held by Storebrand Life Insurance composed at 31.12:

	2023	2022
Real estate	15 %	14 %
Bonds at amortised cost	48 %	43 %
Loans	14 %	16 %
Equities and units	6 %	5 %
Bonds	18 %	20 %
Other short-term financial assets		1 %
Total	**100 %**	**100 %**
The table shows the percentage asset allocation of pension assets at year-end managed by Storebrand Life Insurance AS. Financial instruments are valued on three differendt levels.		
Realised return on assets	0.8 %	0.5 %

Net pension cost booked to profit and loss account, specified as follows:

NOK million	2023	2022
Net interest cost/expected return		0.1
Total for defined benefit schemes		**0.1**
The period's payment to contribution scheme	16.7	15.1
The period's payment to contractual pension	2.8	2.6
Net pension cost recognised in profit and loss account in the period	**19.5**	**17.8**

Net pension cost includes payroll tax of employer contribution and is included in operating expenses. See note 13.

Analysis of actuarial loss (gain) in the period

NOK million	2023
Actuarial loss (gain) - change in discount rate	-0.1
Actuarial loss (gain) - experience DBO	-2.4
Loss (gain) - experience Assets	3.0
Investment management cost	0.1
Asset ceiling - asset adjustment	-0.7
Remeasurements loss (gain) in the period	**-0.1**

Main assumptions used when calculating net pension liability	31.12.2023	31.12.2022
Discount rate	3.8 %	3.8 %
Expected return	3.5 %	3.5 %
Expected earnings growth	0.0 %	0.0 %
Expected annual increase in pensions payment	3.5 %	3.5 %
Disability table	KU	KU
Mortality table	K2013BE	K2013BE

Financial assumptions:

The financial assumptions have been determined on the basis of the rules in IAS 19. Long term assumptions such as future inflation, real interest rates, real wage growth and adjustment of the basic amount are particularly subject to a high degree of uncertainty.

In Norway, a discount rate based on covered bonds is used. Based on the market and volume trends observed, the Norwegian covered bond market must be perceived as a deep market.

Specific company conditions including expected direct wage growth are taken into account when determining the financial assumptions.

Actuarial assumptions:

In Norway, there are standardised assumptions for mortality/disability trends, and other demographic factors, that have been prepared by Finance Norway. A new mortality basis K2013 for group pension insurance in life insurance companies and pension funds was introduced effective from 2014. Storebrand has used the mortality table K2013BE (best estimate) for the actuarial calculations as at 31 December 2023.

Note 15 - Losses on loans, guarantees and unused credits

NOK million	2023		
	Loans and securities valued at amortisert cost and loans valued at fair value through other comprehensive income (OCI)	Guarantees and unused credit limits	Total
The periods change in impairment losses stage 1	1.8	0.3	2.2
The periods change in impairment losses stage 2	-1.6	-3.0	-4.6
The periods change in impairment losses stage 3	-16.3		-16.3
Realised losses	-28.8		-28.8
Recoveries on previously realised losses	3.6		3.6
Other changes	-0.3		-0.3
Loss expense for the period	**-41.6**	**-2.6**	**-44.3**

Storebrand Bank ASA has NOK 5.6 million in outstanding contractual amounts for realised losses during 2023 that are still subject to enforcement activities.

NOK million	2022		
	Loans and securities valued at amortisert cost and loans valued at fair value through other comprehensive income (OCI)	Guarantees and unused credit limits	Total
The periods change in impairment losses stage 1	-1.0	-0.1	-1.1
The periods change in impairment losses stage 2	-4.1	-0.8	-5.0
The periods change in impairment losses stage 3	-7.3	-0.2	-7.5
Realised losses	-12.0		-12.0
Recoveries on previously realised losses	17.7		17.7
Other changes	-0.5		-0.5
Loss expense for the period	**-7.2**	**-1.1**	**-8.3**

Storebrand Bank ASA has NOK 1 million in outstanding contractual amounts for realised losses during 2022 that are still subject to enforcement activities.

Note 16 - Tax

Tax charge for the year

NOK million	2023	2022
Tax payable in profit/loss	-104.4	-54.0
Change in deferred tax assets	6.5	2.9
Change in tax earlier years	-0.5	-0.4
Total tax charge for the year	**-98.4**	**-51.5**

Tax basis for the year

NOK million	2023	2022
Profit before taxes	**403.5**	**210.9**
+ Group contribution received, difference between the carrying amount and the tax base	-7.2	-3.4
+/- Share of results realted to additional Tier 1 capital holders	-27.3	-14.1
- Dividend on shares within EEA		-5.0
+/- Accounting realised gains/losses shares EEA	-5.0	2.8
+/- Tax-realised gain shares EEA		0.2
Other permanent differences	1.8	-0.3
Changes in temporary differences	24.4	12.0
Tax basis for the year	**390.3**	**203.0**
Reduction for tax deductible loss		
- Application of tax loss carryforward		
Tax basis for the year for current taxes 1)	**390.3**	**203.0**
Tax rate	25 %	25 %

1) Allocated group contribution with tax effect

Reconciliation of expected and actual tax charge

NOK million	2023	2022
Ordinary pre-tax profit	403.5	210.9
Expected tax on income at nominal rate	-100.9	-52.7
Tax effect of:		
Realised shares	1.3	0.5
Permanent differences	-0.4	0.3
Group contribution received	1.8	0.9
Effect of devalued deferred tax / tax assets	0.4	-0.1
Change of tax assessment earlier years	-0.5	-0.4
Tax charge	**-98.4**	**-51.5**
Effective tax rate	24 %	24 %

Tax payable in the balance sheet

NOK million	2023	2022
Tax payable in profit & loss	-104.4	-54.0
Tax payable in the equity	6.8	3.5
Tax payable in other comprehensive income		-0.3
- tax effect of group contribution paid	97.6	50.8
Tax payable in the balance sheet	**0.0**	**0.0**

NOK million	2023	2022
Tax-increasing temporary differences		
Financial instruments	-90.8	-62.5
Total tax-increasing temporary differences	**-90.8**	**-62.5**
Tax-reducing temporary differences		
Pensions	-1.4	-1.7
Fixed assets	2.2	-2.0
Provisions	-7.1	-6.4
Total tax-reducing temporary differences	**-6.3**	**-10.2**
Base for deferred tax and deferred tax asset	-97.1	-72.6
Temporary differences not included in the calculaion of deferred tax	4.2	5.8
Net base for deferred tax and deferred tax asset	**-92.8**	**-66.8**
Net deferred tax/tax asset in the balance sheet	**-23.2**	**-16.7**

Storebrand Bank ASA is subject to financial tax and has a tax rate of 25 per cent.

Analysis of tax payable and deferred tax applied to OCI:	2023	2022
Tax on pension experience adjustments		-0.3
Tax on change in value on loans to fair value through other comprehensive income (OCI)		
Total		**-0.3**

Pillar two – minimum taxation

During December 2023 and January 2024, both Swedish and Norwegian authorities adopted changes to tax legislation with effect from the income year 2024. The new legislation introduces a supplementary tax, a global minimum taxation which is intended to prevent profit movement between countries, and ensure an effective tax rate of at least 15 percent.

Storebrand is covered by the new regulations. The group is working on the introduction of a supplementary tax, and has not yet finished analyzing the effects. The Group does not operate in countries with a corporate tax rate below 15 per cent. So far, it seems that the tax consequences will be minimal for Storebrand. Deferred tax related to the new regulation has not been recognised in the 2023 financial statements.

Note 17 - Classification of financial assets and liabilities

NOK million	Amortised cost	Fair value through profit and loss	Fair value through other comprehensive income (OCI)	Total book value 2023	Total book value 2022
Financial assets					
Cash and deposits with central banks	6.2			6.2	7.5
Loans to and deposits with credit institutions	6,703.7			6,703.7	6,992.1
Equity instruments		44.4		44.4	42.2
Interest-bearing securities	5,906.4	2,796.5		8,703.0	5,261.5
Derivatives		36.8		36.8	37.8
Lending to customers	375.6	351.3	13,812.8	14,539.7	12,456.1
Other current assets	397.4			397.4	495.3
Total financial assets 2023	**13,389.4**	**3,229.0**	**13,812.8**	**30,431.2**	
Total financial assets 2022	11,768.2	1,838.7	11,685.7		25,292.6
Financial liabilities					
Deposits from and due to credit institutions	338.4			338.4	423.5
Deposits from and due to customers	23,948.2			23,948.2	19,477.8
Debt securities issued	3,632.3			3,632.3	3,317.4
Derivatives		19.6		19.6	22.0
Other liabilities	608.6			608.6	611.0
Subordinated loans	828.6			828.6	828.0
Total financial liabilities 2023	**29,356.1**	**19.6**		**29,375.7**	
Total financial liabilities 2022	24,657.7	22.0			24,679.7

Note 18 - Ownership interests in group companies

Ownership interests in group companies

NOK million	Business registration number	Registered office	Ownership interest	Share of votes	Share capital	Acquisition cost	Book value 31.12.2023	Book value 31.12.2022
Storebrand Boligkreditt AS	990645515	Lysaker	100 %	100 %	496.8	3,391.5	3,391.5	2,794.8
Total investments in subsidiaries						**3,391.5**	**3,391.5**	**2,794.8**

Income from ownership interests in group companies

NOK million	2023	2022
Received group contribution from Storebrand Boligkreditt AS	59.9	32.1
Total income from ownership interests in group companies	**59.9**	**32.1**

Note 19 - Interest-bearing securities at fair value through profit and loss

NOK million	2023 Fair value	2022 Fair value
Sovereign and Government Guaranteed bonds	670.1	495.4
Mortgage and asset backed bonds	2,126.5	944.5
Total bonds and other fixed-income securities at fair value through profit and loss	**2,796.5**	**1,439.9**
Modified duration	0.17	0.17
Average effective yield per 31.12.	4.91 %	3.49 %

The portfolio is mainly denominated in NOK. Calculated effective yields are weighted to give an average effective yield on the basis of each asset's share of the total interest rate sensitivity.

Note 20 - Interest-bearing securities at amortised cost

	2023		2022	
NOK million	Book value	Fair value	Book value	Fair value
Public issuers and Government Guaranteed Bonds	3,436.8	3,427.5	2,860.7	2,848.2
Mortgage and asset backed bonds	2,469.6	2,471.4	961.0	958.3
Total bonds at amortised cost	**5,906.4**	**5,898.8**	**3,821.6**	**3,806.5**
Modified duration		0.13		0.14
Average effective yield per 31.12.		4.97 %		3.29 %

All securities are denominated in NOK. The effective yield for each asset is calculated using the observed market price. Calculated effective yields are weighted to give an average effective yield on the basis of each asset's share of the total interest rate sensitivity.

Note 21 - Buyback agreements (repo agreements)

NOK million	2023 Book value	2022 Book value
Bonds received as collateral	1,009.4	
Asset related to repo agreements	1,009.4	

Storebrand Bank ASA has entered into two repo agreements as of 31 December 2023.
Bonds received as collateral are not recognised as all risk and return on the securities are retained by the counterparty.

Note 22 - Equity instruments

NOK million Name of the company	Organisation number	No. of shares	Ownership interest	2023 Book value	2022 Book value
VN Norge AS	821083052	10,138,359,344,595,400	1.014 %	8.1	6.1
Other Norwegian companies				0.5	0.5
Scandinavisk Datacenter AS		55,699	3.21 %	34.6	34.5
Other foreign companies				1.3	1.2
Total equity instruments				**44.4**	**42.2**

Note 23 - Financial derivatives

Financial derivatives are linked to underlying amounts which are not carried on the balance sheet. In order to quantify the volume of derivatives, reference is made to such underlying amounts as underlying principal, nominal volume, etc. Different calculation methods are applied to nominal volume for different types of financial derivatives, and this figure expresses the scope of risk and positions of financial derivatives.

Gross nominal volume primarily provides information on scope, while net nominal volume provides a certain expression of risk positions. However, the nominal volume for different instruments is not necessarily comparable, considering the risk exposure. As opposed to gross nominal volume, the calculation of net nominal volume also takes into account the sign for the instrument's market risk exposure, by differing between so-called asset positions and liability positions.

An asset position in a share derivative implies a positive change in value if share prices rise. For interest derivatives, an asset position implies a positive change in value if interest rates are reduced – as is the case with bonds. An asset position in a currency derivative generates a positive change in value if the exchange rate against the NOK sees an increase. The average gross nominal volume is based on daily calculations of gross nominal volume.

NOK million	Gross nominal volume [1]	Gross recognised financial assets	Gross recognised debt	Net financial assets/debt in the balance sheet	Net amounts taken into account netting agreements		Net amount
					Financial assets	Financial debt	
Interest derivatives [2]	1,045.0	36.8	19.6				17.2
Currency derivatives	5.9						
Total derivatives 31.12.2023	**1,050.9**	**36.8**	**19.6**				**17.2**
Total derivatives 31.12.2022	996.1	37.8	22.0				15.8

1) Values as at 31.12:
2) Interest derivatives include accrued, not due, interest.

Investments subject to netting agreements /CSA

NOK million	Recognised assets	Recognised liabilities	Net assets	Collateral		Net exposure
				Cash (+/-)	Securities (+/-)	
Investments subject to netting agreements/CSA	16.3	19.6	-3.3		-150.0	146.7
Investments not subject to netting agreements/ CSA	20.5		20.5			
Total 2023	**36.8**	**19.6**	**17.2**			
Total 2022	37.8	22.0	15.8			

Note 24 - Foreign exchange risk

Financial assets and liabilities in foreign currency.

NOK million	Balance sheet items excluding currency derivatives Net in the balance sheet	Currency forwards Net sales	Net position 2023 in currency	Net position 2023 in NOK	Net position 2022 in NOK
CHF				0.1	
DKK	-0.2	0.2			-0.2
EUR	-5.1	0.2	-4.9	-55.2	-20.4
JPY	-0.1		-0.1		
SEK	-0.8	0.8			0.1
USD	0.2	-0.2			0.1
Other	-0.6	0.8	0.2		
Total net currency positions				**-55.1**	**-20.5**

The permitted limit for the bank's foreign exchange position is 0.30% of primary capital, which is approximately NOK 16 million at present.

Note 25 - Loans, guarantees and unused credits

NOK million	2023 Book value	2022 Book value
Loans to customers at amortised cost	422.9	484.1
Loans to customers at fair value through profit and loss (PL)	351.3	318.8
Loans to customers at fair value through other comprehensive income (OCI)	13,838.3	11,709.9
Total gross lending to customers	**14,612.5**	**12,512.9**
Provision for expected loss stage 1	-4.7	-6.5
Provision for expected loss stage 2	-14.1	-12.5
Provision for expected loss stage 3	-54.1	-37.9
Net lending to customers	**14,539.7**	**12,456.1**

See note 26 for analysis of engagement by customer group and geographical area and note 27 for specification of loan loss provisions.

Change in gross loans to customers valued at amortised cost

NOK million	2023			
	Stage 1	Stage 2	Stage 3	Total gross loans
Gross loans 01.01.2023	346.0	106.8	31.4	484.1
Transfer to stage 1	5.7	-5.0	-0.7	0.0
Transfer to stage 2	-26.7	27.1	-0.4	0.0
Transfer to stage 3	-7.3	-8.6	15.9	0.0
New loans	92.2	13.5	21.7	127.4
Derecognition	-110.3	-49.4	-13.8	-173.5
Other changes	-9.0	-6.4	0.2	-15.1
Gross loans 31.12.2023	**290.6**	**78.0**	**54.3**	**422.9**

NOK million	2022			
	Stage 1	Stage 2	Stage 3	Total gross loans
Gross loans 01.01.2022	331.8	88.7	18.0	438.5
Transfer to stage 1	15.1	-14.8	-0.2	0.0
Transfer to stage 2	-29.4	29.4		0.0
Transfer to stage 3	-5.7	-7.4	13.1	0.0
New loans	150.2	37.4	9.7	197.3
Derecognition	-112.4	-28.6	-7.9	-148.9
Other changes	-3.5	2.1	-1.3	-2.8
Gross loans 31.12.2022	**346.0**	**106.8**	**31.4**	**484.1**

Change in gross loans to customers valued at fair value through other comprehensive income (OCI)

	2023			
NOK million	Stage 1	Stage 2	Stage 3	Total gross loans
Gross loans 01.01.2023	10,699.4	981.4	29.2	11,709.9
Transfer to stage 1	104.8	-104.8		0.0
Transfer to stage 2	-570.9	570.9		0.0
Transfer to stage 3	-52.5	-29.3	81.8	0.0
New loans	8,759.5	859.2	15.3	9,634.0
Derecognition	-6,856.8	-486.1	-21.4	-7,364.3
Other changes	-119.0	-19.2	-3.1	-141.4
Gross loans 31.12.2023	**11,964.6**	**1,772.0**	**101.7**	**13,838.3**

	2022			
NOK million	Stage 1	Stage 2	Stage 3	Total gross loans
Gross loans 01.01.2022	11,060.6	582.3	44.2	11,687.1
Transfer to stage 1	47.7	-47.6	-0.1	0.0
Transfer to stage 2	-253.1	253.2	-0.1	0.0
Transfer to stage 3	-0.7	-1.0	1.7	0.0
New loans	9,017.8	647.1	2.3	9,667.3
Derecognition	-9,099.8	-456.8	-18.7	-9,575.3
Other changes	-73.1	4.1	-0.1	-69.1
Gross loans 31.12.2022	**10,699.4**	**981.4**	**29.2**	**11,709.9**

Change in maximum exposure for guarantees and unused credits

	2023			
NOK million	Stage 1	Stage 2	Stage 3	Total exposure
Maximum exposure 01.01.2023	2,259.9	107.9	0.3	2,368.1
Transfer to stage 1	5.2	-5.1	-0.1	0.0
Transfer to stage 2	-57.2	57.3		0.0
Transfer to stage 3	-0.3	-0.2	0.6	0.0
New guarantees and unused credits	893.7	26.8		920.5
Dereceognition	-749.7	-27.9	-0.1	-777.7
Other changes	-18.7	-6.8	-0.4	-25.9
Maximum exposure 31.12.2023	**2,332.7**	**152.0**	**0.3**	**2,485.0**

	2022			
NOK million	Stage 1	Stage 2	Stage 3	Total exposure
Maximum exposure 01.01.2022	2,276.5	95.5	0.3	2,372.3
Transfer to stage 1	27.1	-27.0	-0.1	0.0
Transfer to stage 2	-61.8	61.8		0.0
Transfer to stage 3	-0.2	-0.2	0.4	0.0
New guarantees and unused credits	786.8	19.4		806.2
Dereceognition	-736.2	-17.7		-753.9
Other changes	-32.3	-23.8	-0.3	-56.4
Maximum exposure 31.12.2022	**2,259.9**	**107.9**	**0.3**	**2,368.1**

Total commitments amount by remaining term to maturity

NOK million	2023					
	Loans to customers at amortised cost	Loans to customers at fair value through other comprehensive income (OCI)	Loans to customers at fair value through profit and loss	Guarantees	Undrawn credit limits	Total commitments
Up to 1 month		22.3				22.4
From 1 month up to 3 months	4.1	234.8			14.4	253.3
From 3 months up to 1 year	15.0	1,080.4			13.3	1,108.7
From 1 year to 5 years	79.9	261.0	0.1		151.1	492.2
More than 5 years	323.8	12,239.8	351.2	0.3	2,306.0	15,221.0
Total	**422.9**	**13,838.3**	**351.3**	**0.3**	**2,484.8**	**17,097.5**

NOK million	2022					
	Loans to customers at amortised cost	Loans to customers at fair value through other comprehensive income (OCI)	Loans to customers at fair value through profit and loss	Guarantees	Undrawn credit limits	Total commitments
Up to 1 month	5.6	39.9				45.5
From 1 month up to 3 months	3.5	277.3			27.4	308.3
From 3 months up to 1 year	34.5	845.7			59.0	939.1
From 1 year to 5 years	102.0	353.2			146.1	601.3
More than 5 years	338.6	10,193.8	318.8	0.3	2,135.3	12,986.8
Total	**484.1**	**11,709.9**	**318.8**	**0.3**	**2,367.9**	**14,881.0**

Note 26 - Engagement by customer group and geographical area

Engagement by customer group

NOK million	Loans to customers at amortised cost	Loans to customers at fair value through other comprehensive income (OCI)	Loans to customers at fair value through profit and loss	Guarantees	Undrawn credit limits	Total engagements
	2023					
Service providers	0.1			0.3	0.2	0.5
Wage-earners	420.5	13,703.4	308.8		2,466.4	16,899.2
Other	2.3	134.9	42.4		18.2	197.8
Total	**422.9**	**13,838.3**	**351.3**	**0.3**	**2,484.8**	**17,097.5**
Provision for expected loss stage 1	-3.1	-1.6			-3.8	-8.4
Provision for expected loss stage 2	-6.4	-7.6			-8.3	-22.4
Provision for expected loss stage 3	-37.7	-16.4			-0.4	-54.5
Total loans, guarantees and undrawn credit limits	**375.6**	**13,812.8**	**351.3**	**0.3**	**2,472.3**	**17,012.2**
Distribution by geographical area						
Eastern Norway	285.0	12,393.3	333.3	0.3	2,086.4	15,098.3
Western Norway	70.9	760.1	1.8		246.1	1,078.9
Southern Norway	14.1	166.1	1.0		35.3	216.5
Mid-Norway	23.9	199.3			56.3	279.5
Northern Norway	27.3	197.6	6.2		45.7	276.9
Rest of world	1.7	121.9	9.0		15.0	147.5
Total	**422.9**	**13,838.3**	**351.3**	**0.3**	**2,484.8**	**17,097.5**
Provision for expected loss stage 1	-3.1	-1.6			-3.8	-8.4
Provision for expected loss stage 2	-6.4	-7.6			-8.3	-22.4
Provision for expected loss stage 3	-37.7	-16.4			-0.4	-54.5
Total loans, guarantees and undrawn credit limits	**375.6**	**13,812.8**	**351.3**	**0.3**	**2,472.3**	**17,012.2**

NOK mill.	2022					
	Loans to customers at amortised cost	Loans to customers at fair value through other comprehensive income (OCI)	Loans to customers at fair value through profit and loss	Guarantees	Undrawn credit limits	Total engagements
Sale and operation of real estate		15.9				15.9
Service providers		0.0			0.2	0.2
Wage-earners	481.5	11,580.2	275.6		2,352.4	14,689.8
Other	2.6	113.9	43.2	0.3	15.3	175.1
Total	**484.1**	**11,709.9**	**318.8**	**0.3**	**2,367.9**	**14,881.0**
Provision for expected loss stage 1	-4.3	-2.2			-4.1	-10.6
Provision for expected loss stage 2	-6.4	-6.0			-5.3	-17.8
Provision for expected loss stage 3	-21.8	-16.0			-0.3	-38.2
Total loans, guarantees and undrawn credit limits	**451.6**	**11,685.7**	**318.8**	**0.3**	**2,358.1**	**14,814.5**
Distribution by geographical area						
Eastern Norway	316.9	10,354.5	296.0	0.3	1,993.9	12,961.5
Western Norway	82.3	709.2	6.4		233.0	1,031.0
Southern Norway	19.5	197.0	1.1		34.1	251.6
Mid-Norway	26.1	160.8	0.0		52.5	239.4
Northern Norway	37.2	182.9	6.4		42.4	268.9
Rest of world	2.0	105.6	9.0		12.0	128.7
Total	**484.1**	**11,709.9**	**318.8**	**0.3**	**2,367.9**	**14,881.0**
Provision for expected loss stage 1	-4.3	-2.2			-4.1	-10.6
Provision for expected loss stage 2	-6.4	-6.0			-5.3	-17.8
Provision for expected loss stage 3	-21.8	-16.0			-0.3	-38.2
Total loans, guarantees and undrawn credit limits	**451.6**	**11,685.7**	**318.8**	**0.3**	**2,358.1**	**14,814.5**

Undrawn credit limits relate to the unused portion of credit limits approved on overdraft accounts and credit cards, as well as the unused portion of lending limits on flexible mortgages.

The classification into customer groups is based on Statistics Norway's standard for sector and business classification. The individual customer's classification is determined by the customer's primary activity.

Note 27 - Loan loss provisions of loans, guarantees and unused credits

NOK million	2023			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL - no objective evidence of impairment	Stage 3 Lifetime ECL - objective evidence of impairment	Total
Loan loss provisions 01.01.2023	10.6	17.8	38.2	66.6
Transfer to stage 1 (12-month ECL)	1.7	-1.2	-0.5	0.0
Transfer to stage 2 (lifetime ECL - no objective evidence of impairment)	-1.1	1.4	-0.3	0.0
Transfer to stage 3 (lifetime ECL - objective evidence of impairment)	-0.2	-1.2	1.4	0.0
Net remeasurement of loan losses	-1.6	4.4	23.7	26.6
New financial assets originated or purchased	2.9	6.3	15.1	24.4
Financial assets that have been derecognised	-3.2	-5.5	-1.9	-10.6
ECL changes of balances on financial assets without changes in stage in the period	-0.7	0.8	-0.2	-0.2
Financial assets written off during the period	-0.1	-0.4	-20.9	-21.4
Loan loss provisions 31.12.2023	**8.4**	**22.4**	**54.5**	**85.3**
Loan loss provisions on loans to customers valued at amortised cost	3.1	6.4	37.7	47.3
Loan loss provisions on loans to customers valued at fair value through other comprehensive income (OCI)	1.6	7.6	16.4	25.6
Loan loss provisions on guarantees and unused credit limits	3.8	8.3	0.4	12.5
Total loan loss provisions	**8.4**	**22.4**	**54.5**	**85.3**

NOK million	2022			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL - no objective evidence of impairment	Stage 3 Lifetime ECL - objective evidence of impairment	Total
Loan loss provisions 01.01.2022	9.5	12.8	30.7	53.0
Transfer to stage 1 (12-month ECL)	3.4	-3.2	-0.2	0.0
Transfer to stage 2 (lifetime ECL - no objective evidence of impairment)	-1.3	1.3		0.0
Transfer to stage 3 (lifetime ECL - objective evidence of impairment)	-0.1	-0.8	0.9	0.0
Net remeasurement of loan losses	-3.0	3.5	7.9	8.4
New financial assets originated or purchased	4.9	7.1	6.8	18.8
Financial assets that have been derecognised	-2.7	-3.3	-2.6	-8.6
ECL changes of balances on financial assets without changes in stage in the period	-0.2	0.5	-0.4	-0.1
Financial assets written off during the period		-0.1	-4.9	-4.9
Loan loss provisions 31.12.2022	**10.6**	**17.8**	**38.2**	**66.6**
Loan loss provisions on loans to customers valued at amortised cost	4.3	6.4	21.8	32.6
Loan loss provisions on loans to customers valued at fair value through other comprehensive income (OCI)	2.2	6.0	16.0	24.3
Loan loss provisions on guarantees and unused credit limits	4.1	5.3	0.4	9.8
Total loan loss provisions	**10.6**	**17.8**	**38.2**	**66.6**

Periodical changes in individual impairments and expected credit loss on loans, unused credits and guarantees are shown above. Storebrand Bank ASA has not any expected loan loss provisions relatet to loans to the central bank, credit institutions and interest-bearing securities. Recognised losses on loans, unused credits and guarantees in the profit and loss account are shown in note 15.

Loan loss provions by customer group

NOK million	2023			
	Stage 1	Stage 2	Stage 3	Total
Wage-earners	8.3	21.8	54.2	84.4
Other	0.1	0.6	0.3	0.9
Total loan loss provions 31.12.2023	**8.4**	**22.4**	**54.5**	**85.3**

NOK million	2022			
	Stage 1	Stage 2	Stage 3	Total
Sale and operation of real estate			12.9	12.9
Wage-earners	10.4	17.3	24.9	52.6
Other	0.2	0.5	0.4	1.1
Total loan loss provions 31.12.2022	**10.6**	**17.8**	**38.2**	**66.6**

Note 28 - Distribution of loan loss provisions and exposure on secured and unsecured retail exposures

Distribution of loan loss provisions

NOK million	2023			
	Stage 1	Stage 2	Stage 3	Total loan loss provisions
Retail exposures secured by mortgages on immovable property	1.6	7.6	15.9	25.1
Unsecured retail exposures including credit cards exposures	6.8	14.7	38.0	59.6
Other exposures including SME exposures			0.6	0.6
Total loan loss provisions	**8.4**	**22.4**	**54.5**	**85.3**

NOK million	2022			
	Stage 1	Stage 2	Stage 3	Total loan loss provisions
Retail exposures secured by mortgages on immovable property	2.3	6.0	2.5	10.8
Unsecured retail exposures including credit cards exposures	8.3	11.7	22.2	42.2
Other exposures including SME exposures			13.5	13.5
Total loan loss provisions	**10.6**	**17.8**	**38.2**	**66.6**

Distribution of exposure incl. unused credit limits and guarantees

NOK million	2023			
	Stage 1	Stage 2	Stage 3	Total exposure
Retail exposures secured by mortgages on immovable property	13,642.7	1,847.1	104.8	15,594.5
Unsecured retail exposures including credit cards exposures	1,253.1	194.4	54.6	1,502.0
Other exposures including SME exposures	0.3	0.1	0.6	1.0
Total exposure	**14,896.1**	**2,041.5**	**159.9**	**17,097.5**

NOK million	2022			
	Stage 1	Stage 2	Stage 3	Total exposure
Retail exposures secured by mortgages on immovable property	12,293.1	1,038.7	12.7	13,344.4
Unsecured retail exposures including credit cards exposures	1,318.3	169.7	31.6	1,519.6
Other exposures including SME exposures	0.3	0.2	16.5	17.0
Total exposure	**13,611.7**	**1,208.5**	**60.8**	**14,881.0**

Note 29 - Non-performing and loss-exposed loans

NOK million	2023	2022
Non-performing loans		
Non-performing loans without evidence of impairment	104.2	40.6
Loss-exposed loans with evidence of impairment	55.4	19.9
Gross non-performing and loss-exposed loans	**159.6**	**60.5**
Loan loss provisions stage 3	-54.1	-37.9
Net non-performing and loss-exposed loans	**105.5**	**22.7**

Non-performing loans by customer group

NOK million	2023				
	Non-performing loans without evidence of impairment	Loss-exposed loans with evidence of impairment	Gross non-performing and loss-exposed loans	Expected loan loss provisions stage 3 *)	Net non-performing and loss-exposed loans
Wage-earners	103.8	55.4	159.2	53.8	105.4
Other	0.4		0.4	0.3	0.1
Total	**104.2**	**55.4**	**159.6**	**54.1**	**105.5**

*) Individual and model based provisions are included. Only provisions on non-performing loans without impairment and loss-exposed loans with impairment.

NOK million	2022				
	Non-performing loans without evidence of impairment	Loss-exposed loans with evidence of impairment	Gross non-performing and loss-exposed loans	Expected loan loss provisions stage 3 *)	Net non-performing and loss-exposed loans
Sale and operation of real estate		15.9	15.9	12.9	3.0
Wage-earners	40.0	4.0	44.0	24.6	19.5
Other	0.6		0.6	0.4	0.2
Total	**40.6**	**19.9**	**60.5**	**37.9**	**22.7**

*) Individual and model based provisions are included. Only provisions on non-performing loans without impairment and loss-exposed loans with impairment.

Non-performing loans by geographical area

NOK million	2023				
	Non-performing loans without evidence of impairment	Loss-exposed loans with evidence of impairment	Gross non-performing and loss-exposed loans	Expected loan loss provisions stage 3 *)	Net non-performing and loss-exposed loans
Eastern Norway	76.3	50.5	126.7	34.6	92.2
Western Norway	11.0	4.9	16.0	10.2	5.8
Southern Norway	2.0		2.0	1.4	0.6
Mid-Norway	8.9		9.0	3.8	5.2
Northern Norway	5.8		5.8	4.1	1.8
Rest of world	0.1		0.1	0.1	0.0
Total	**104.2**	**55.4**	**159.6**	**54.1**	**105.5**

*) Individual and model based provisions are included. Only provisions on non-performing loans without impairment and loss-exposed loans with impairment.

NOK million	2022				
	Non-performing loans without evidence of impairment	Loss-exposed loans with evidence of impairment	Gross non-performing and loss-exposed loans	Expected loan loss provisions stage 3 *)	Net non-performing and loss-exposed loans
Eastern Norway	18.7	18.4	37.2	25.7	11.5
Western Norway	9.7	1.4	11.1	6.0	5.1
Southern Norway	2.3		2.3	1.6	0.7
Mid-Norway	4.9	0.1	4.9	1.1	3.8
Northern Norway	4.7		4.7	3.3	1.4
Rest of world	0.3		0.3	0.2	0.1
Total	**40.6**	**19.9**	**60.5**	**37.9**	**22.7**

*) Individual and model based provisions are included. Only provisions on non-performing loans without impairment and loss-exposed loans with impairment.

Age distribution of overdue commitments without impairment

NOK million	2023					
	Loans to customers at amortised cost	Loans to customers at fair value through other comprehensive income (OCI)	Loans to customers at fair value through profit and loss	Guarantees	Undrawn credit limits	Total commitments
Overdue 1 - 30 days	44.1	127.8			1.5	173.3
Overdue 31 - 60 days	9.5	47.9				57.4
Overdue 61- 90 days	5.0	9.8				14.8
Overdue more than 90 days	54.2	46.3	3.7		0.3	104.5
Total	**112.8**	**231.7**	**3.7**		**1.9**	**350.0**
Commitments overdue more than 90 days by geographical area:						
Eastern Norway	30.0	42.7	3.7		0.2	76.5
Western Norway	11.0				0.1	11.1
Southern Norway	2.0					2.0
Mid-Norway	5.3	3.7				8.9
Northern Norway	5.8					5.8
Rest of world	0.1					0.1
Total	**54.2**	**46.3**	**3.7**		**0.3**	**104.5**

Only non-performing and loss-exposed loans are classified by geographical area in this overview.

NOK million	2022					
	Loans to customers at amortised cost	Loans to customers at fair value through other comprehensive income (OCI)	Loans to customers at fair value through profit and loss	Guarantees	Undrawn credit limits	Total commitments
Overdue 1 - 30 days	54.8	40.6			1.3	96.7
Overdue 31 - 60 days	10.4				0.1	10.6
Overdue 61- 90 days	9.5	4.0				13.4
Overdue more than 90 days	31.3	9.3			0.3	40.9
Total	**106.0**	**53.9**			**1.8**	**161.6**
Commitments overdue more than 90 days by geographical area:						
Eastern Norway	16.2	2.5			0.2	18.9
Western Norway	6.4	3.3				9.7
Southern Norway	2.3					2.3
Mid-Norway	1.4	3.5				4.9
Northern Norway	4.7					4.7
Rest of world	0.3					0.3
Total	**31.3**	**9.3**			**0.3**	**40.9**

Only non-performing and loss-exposed loans are classified by geographical area in this overview.

Overview of loan loss provisions and securities on loans in stage 3

NOK million	2023				
	Gross amount	Loan loss provisions	Net value	Value of collateral	Type of collateral
Non-performing loans without evidence of impairment					
- retail exposures secured by mortgages on immovable property	50.0	-2.1	47.8	63.2	residential property
- unsecured retail exposures including credit cards exposures	54.2	-38.0	16.2		
Total non-performing loans without evidence of impairment	**104.2**	**-40.1**	**64.1**		
Loss-exposed loans with evidence of impairment					
- retail exposures secured by mortgages on immovable property	54.8	-13.8	41.1	60.6	residential property
- unsecured retail exposures including credit cards exposures					
- other exposures including SME exposures	0.6	-0.6	0.0		
Total loss-exposed loans with evidence of impairment	**55.4**	**-14.4**	**41.1**		

The bank has loans of NOK 42.3 million in stage 3 where no loan loss provisions have been made due to the value of collateral.

NOK million	2022				
	Gross amount	Loan loss provisions	Net value	Value of collateral	Type of collateral
Non-performing loans without evidence of impairment					
- retail exposures secured by mortgages on immovable property	9.3	-0.3	9.1	18.8	residential property
- unsecured retail exposures including credit cards exposures	31.3	-22.1	9.1		
Total non-performing loans without evidence of impairment	**40.6**	**-22.4**	**18.2**		
Loss-exposed loans with evidence of impairment					
- retail exposures secured by mortgages on immovable property	3.3	-2.3	1.0	3.3	residential property
- unsecured retail exposures including credit cards exposures	0.1				
- other exposures including SME exposures	16.5	-13.5	3.0		
Total loss-exposed loans with evidence of impairment	**19.9**	**-15.8**	**4.1**		

The bank has loans of NOK 3.2 million in stage 3 where no loan loss provisions have been made due to the value of collateral.

Note 30 - Forbearance

Loans with payment forbearance are loans where relief has been granted as the customer has payment problems, and the bank would not have granted these terms in an ordinary loan issue.

NOK million	31.12.2023			31.12.2022		
	Stage 2	Stage 3	Total	Stage 2	Stage 3	Total
Loans to customers secured:						
Forbearance loans to customers, gross	93.6		93.6	85.3	1.0	86.3
Expected credit loss (ECL)	-0.2		-0.2	-0.1	-0.1	-0.2
Forbearance loans to customers (secured loans), net	**93.4**		**93.4**	**85.2**	**0.9**	**86.1**
Loans to customers unsecured:						
Forbearance loans to customers, gross	13.2	4.8	18.0	10.1	0.8	10.9
Expected credit loss (ECL)	-0.8	-3.5	-4.3	-0.6	-0.7	-1.3
Forbearance loans to customers (unsecured loans), net	**12.4**	**1.3**	**13.7**	**9.5**	**0.1**	**9.6**
Total loans to customers:						
Forbearance loans to customers, gross	106.8	4.8	111.6	95.4	1.8	97.2
Expected credit loss (ECL)	-1.0	-3.5	-4.5	-0.7	-0.9	-1.5
Forbearance loans to customers (secured and unsecured loans), net	**105.8**	**1.3**	**107.1**	**94.7**	**1.0**	**95.7**

In exceptional cases, the Bank grants relief for commitments with mortgages in the form of a grace period for loans with a loan-to-value ratio above 60%. Short-term grace periods are also granted for consumer loans.

Note 31 - Intangible assets

NOK million	IT systems	2023 Total book value	2022 Total book value
Acquisiton cost at 01.01	165.0	165.0	161.1
Purchased separately	14.2	14.2	8.5
Disposals in the period	-1.8	-1.8	-4.7
Acquisition cost at 31.12	**177.4**	**177.4**	**165.0**
Accumulated depreciation and write-downs at 01.01	-133.3	-133.3	-116.8
Depreciation in the period (see note 13)	-16.6	-16.6	-16.5
Accumulated depreciation and write-downs at 31.12	**-149.9**	**-149.9**	**-133.3**
Book value at 31.12	**27.6**	**27.6**	**31.7**
For each class of intangible assets:			
Depreciation method	linear		linear
Economic life	2 - 10 years		2 - 10 years
Rate of depreciation	10.0% -50.0%		10.0% -50.0%

All intangible assets relates to system development, data warehouses, system accesses etc. Development of systems is carried out by external resources. The estimate of economic lifetime are reviewed annually.

Note 32 - Other current assets

NOK million	2023 Book value	2022 Book value
Other accrued income and prepaid expenses	36.0	36.2
Due from group companies	357.3	435.7
Other assets	4.1	23.4
Total other current assets	**397.4**	**495.3**

Note 33 - Deposits from customers

NOK million	2023 Book value	2022 Book value
Deposits from customers without agreed maturity	17,624.8	18,087.1
Term loans and deposits from customers with agreed maturity	6,323.4	1,390.7
Total deposits from customers	**23,948.2**	**19,477.8**

Deposits with agreed maturity relate to deposits for a contractually agreed period. Deposits without agreed maturity relates to deposits with no fixed period where the customer has unrestricted access to the deposit.

Deposits from customers per sector and industry classification and geographical distribution

NOK million	2023 Book value	2022 Book value
Sector and industry classification		
Development of building projects	56.2	25.6
Sale and operation of real estate	627.0	664.0
Professional and financial services	831.6	921.2
Wage-earners	20,399.7	16,609.8
Other	2,033.7	1,257.2
Total	**23,948.2**	**19,477.8**
Geographic distribution		
Eastern Norway	17,386.9	14,478.7
Western Norway	3,582.9	2,648.9
Southern Norway	547.1	459.0
Mid-Norway	885.0	722.8
Northern Norway	1,212.9	818.5
Rest of world	333.3	349.8
Total	**23,948.2**	**19,477.8**

Note 34 - Hedge accounting

Storebrand Bank ASA complies with IFRS 9 for hedge accounting. Storerbrand Bank ASAs interest rate risk strategy is defined in the interest rate risk policy, which sets frameworks for limiting the company's interest rate risk exposure. The company uses fair value hedging to reduce the interest rate risk on borrowings with fixed interest terms. The risk that is hedged in accordance with the interest rate risk policy is Nibor. This entails that separate credit risk is not hedged by keeping the credit spread constant as when established. Hedged risk accounts for approximately 90% of the total interest rate risk exposure in the loans. Fair value hedging of the hedged item is interest rate hedged by entering into an interest rate swap in which we swap from fixed to variable interest to reduce the risk associated with future changes in interest rates. The hedging satisfies the requirements for hedge accounting at individual transaction level by a hedging instrument being directly linked to a hedged item and the hedging relationship being adequately documented.

All hedging relationships are established with an identical fixed interest profile, i.e. fixed interest, principal, coupon dates and maturity, both in the object and the instrument. The instrument swaps from fixed interest to variable interest quoted on Nibor three months. The fixed leg is between 2% to 4%. The hedging relationship is expected to be highly effective in counteracting the effect of changes in fair value due to changes in interest rates. Net recognised changes in value of fair value hedges are due to changes in value resulting from changed market interest rates, i.e. hedged risk. This is entered in the accounts under "Net unrealised changes in value of financial instruments". The hedging efficiency is measured based on the basic "Dollar Offset" method with regard to prospective efficiency.

Storebrand Bank has identified the following sources of inefficiency:
- Change in value of the short leg (Nibor 3 months).
- Credit risk for counterparty.

It is not expected that these factors will create significant inefficiency. No other sources of inefficiency were identified during the financial year.

NOK million	2023			2022		
	Contract/ nominal value	Fair value 1)		Contract/ nominal value	Fair value 1)	
	0-4 years	Assets	Liabilities	0-4 years	Assets	Liabilities
Interest rate swaps	250.0		3.5	250.0		0.9
Total interest rate derivatives	**250.0**		**3.5**	**250.0**		**0.9**
Total derivatives	**250.0**		**3.5**	**250.0**		**0.9**

NOK million	Contract/ nominal value	Hedging value 1)		Contract/ nominal value	Hedging value 1)	
	0-4 years	Assets	Liabilities	0-4 years	Assets	Liabilities
Total underlying items	**250.0**		**246.1**	**250.0**		**248.4**
Hedging effectiveness - prospective			95.9 %			98.8 %

Gain/loss on fair value hedging: 2)

NOK million	2023 Gain/loss	2022 Gain/loss
On hedging instruments	-2.5	-0.9
On items hedged	2.3	1.6

1) Book value at 31.12.
2) Amounts included in the line "Net change in fair value and gain/loss on financial liabilites ".

Note 35 - Other liabilities

NOK million	2023 Book value	2022 Book value
Payable to Storebrand group companies	39.3	25.0
Money transfers	45.3	34.2
Group contribution payable to group companies	441.7	480.1
Accounts payable	21.5	9.4
Accrued expenses and prepaid income	28.6	23.8
Other debt	32.2	38.6
Total other liabilities	**608.6**	**611.0**

Note 36 - Off balance sheet liabilities and contingent liabilities

NOK million	2023	2022
Guarantees	0.3	0.3
Undrawn credit limits	4,904.7	3,479.7
Loan commitments, retail market	2,607.0	3,246.4
Total contingent liabilities	**7,511.9**	**6,726.4**

Guarantees are mainly payment guarantees and contract guarantees. See also note 26. Undrawn credit limits relate to the unused portion of credit limits approved on overdraft accounts and credit cards, as well as the unused portion of lending limits on flexible mortgages. Undrawn credit limits includes NOK 2.4 billion in credit facility to Storebrand Boligkreditt AS.

Storebrand Bank ASA are engaged in extensive activities and may become a party in legal disputes.

Note 37 - Collateral

Storebrand Bank ASA has not received or issued any collateral except securities pledged as collateral in Norges Bank and in other credit institutions (see the tabel below).

Collateral and security pledged

NOK million	2023	2022
Booked value of bonds pledged as collateral for the bank's lending from Norges Bank	1,428.6	1,589.8
Booked value of securities pledged as collateral in other financial institutions	152.3	151.0
Total	**1,580.9**	**1,740.8**

Securities pledged as collateral are linked to lending access in Norges Bank for which, pursuant to regulations, the loans must be fully guaranteed with collateral in interest-bearing securities and/or the bank's deposits in Norges bank. Storebrand Bank ASA has F-loans totaling NOK 280 million in Norges Bank as of 31 December 2023.

Note 38 - Capital adequacy

Capital adequacy calculations are subject to special consolidation rules in accordance with the regulation on consolidated application of the capital adequacy rules etc. (the "Consolidation Regulation"). The Storebrand Bank group is defined pursuant to Section 5 of the Consolidation Regulation as a financial group comprising solely or mainly undertakings other than insurance companies. Profit for the year has been added to net primary capital.

Net primary capital

NOK million	2023	2022
Share capital	968.1	963.6
Other equity	3,515.6	2,479.0
Total equity	**4,483.6**	**3,442.5**
Additional Tier 1 capital included in total equity	-404.8	-325.0
Accrued interest on capital instruments included in total equity	-3.4	-1.9
Total equity included in Core Equity Tier 1 (CET1)	**4,075.4**	**3,115.6**
Deductions:		
AVA adjustments	-17.7	-13.6
Intangible assets	-27.4	-31.7
Core Equity Tier 1 (CET1)	**4,030.1**	**3,070.3**
Additional Tier 1 capital:		
Capital instruments eligible as Tier 1 capital	404.8	325.0
Capital instruments not eligible as Additional Tier 1 capital	-54.8	
Core capital	**4,380.1**	**3,395.3**
Tier 2 capital		
Subordinated loans	825.0	825.0
Additional Tier 2 capital		
Eligible capital (Tier 1 capital + Tier 2 capital)	**5,205.1**	**4,220.3**

Minimum requirement for net primary capital

NOK million	2023	2022
Credit risk	1,189.7	1,017.5
Of which:		
Local and regional authorities	9.5	7.9
Institutions	373.1	321.1
Loans secured in residential real estate *)	400.0	351.4
Retail market	70.7	56.6
Loans past-due	13.8	4.9
Covered bonds	302.8	233.3
Other	19.9	42.1
Total minimum requirement for credit risk	**1,189.7**	**1,017.5**
Total minimum requirement for market risk		
Operational risk	101.1	85.4
CVA risk	1.4	0.6
Minimum requirement for net primary capital	**1,292.2**	**1,103.5**

*According to the Capital Requirements Regulation (CRR), exposures to corporates are secured lending transactions where real estate is used as collateral.

Capital adequacy

NOK million	2023	2022
Capital ratio	32.2 %	30.6 %
Tier 1 capital ratio	27.1 %	24.6 %
Core equity Tier 1 (CET1) capital ratio	25.0 %	22.3 %

The standard method is used for credit risk and market risk and the basis method is used for operational risk. The systemic risk buffer requirement has increased by 1.5 percent as of 31 December 2023. Total requirement to Core Equity Tier 1 (CET1) and eligible capital (Tier 1 capital + Tier 2 capital) are 14.0 per cent and 17.5 per cent respectively.

Basis of calculation (risk-weighted volume)

NOK million	2023	2022
Credit risk	14,871.3	12,718.2
Of which:		
Local and regional authorities	118.3	99.3
Institutions	4,663.2	4,013.8
Loans secured on residential real estate	4,999.5	4,393.0
Retail market	883.8	708.1
Loans past-due	172.7	60.8
Covered bonds	3,785.4	2,916.9
Other	248.5	526.4
Total basis of calculation credit risk	**14,871.3**	**12,718.2**
Total basis of calculation market risk		
Operational risk	1,264.2	1,067.1
CVA risk	17.1	8.0
Total basis of calculation of minimum requirements for capital base	**16,152.6**	**13,793.3**

Leverage ratio

NOK million	2023	2022
Tier 1 capital	4,380.1	3,395.3
Total Leverage ratio exposure measure	68,367.2	56,675.8
Leverage ratio	6.41 %	5.99 %

Leverage ratio requirement is 3.0 percentage points as per 31.12.2023.

Note 39 - Ownership in Storebrand Boligkreditt AS

NOK millon	2023	2022
Transfer rate for mortgages to Storebrand Boligkreditt AS	76 %	76 %
Mortgages on the bank's balance sheet (NOK million)	14,206.9	12,058.9
The average loan-to-value ratio for mortgages on the bank's balance sheet	75 %	67 %
Average loan-to-value ratio for transferred mortgages to Storebrand Boligkreditt AS	59 %	55 %
Degree of overcollateralisation in the cover pool (Storebrand Boligkreditt AS)	24 %	32 %
The applicable cover pool's share of the total cover pool (Storebrand Boligkreditt AS)	99 %	99 %
Amount withdrawn from liquidity facilities with Storebrand Boligkreditt AS (NOK million)	5,580	6,888
Unused amounts from liquidity facilities with Storebrand Boligkreditt AS (NOK million)	2,420	1,112
Book value of covered bonds issued by Storebrand Boligkreditt AS (NOK million)*	37,104.3	29,398.9

*There is no other financing at Storebrand Boligkreditt AS that exceeds the amount drawn on the liquidity facility and covered bonds.

Storebrand Bank ASA manages Storebrand Boligkreditt's loan portfolio in accordance with the agreement entered into. Storebrand Boligkreditt AS does not have any employees and purchases personnel services from Storebrand Bank ASA and Storebrand Livsforsikring AS. The Bank has no other liabilities to Storebrand Boligkreditt AS.

Note 40 - Remuneration to senior employees and elected officers of the company

NOK thousand	Ordinary salary [1]	Other benefits [2]	Total remuneration for the year	Pension accrued for the year	Post termination salary (months)	Loan [3]	No. of shares owned [4]
Senior employees							
Camilla Leikvoll	3,056	8	3,064	59	12	4,006	12,758
Odd Arild Grefstad [5]	8,715	158	8,873	1,692	18	7,000	266,610
Lars Aa. Løddesøl [5]	6,578	173	6,751	1,246	18	11,206	173,615
Heidi Skaaret [5), 7]	4,961	133	5,094	895	12	2,793	128,366
Jan Erik Saugestad [5]	7,515	138	7,653	1,426	12	1,200	143,578
Karin Greve-Isdahl [5), 6]	2,108	10	2,118	355	12		
Trygve Håkedal [5]	4,739	8	4,747	866	12	8,592	41,231
Tove Selnes [5]	3,767	128	3,895	666	12	16,039	42,769
Vivi Måhede Gevelt	4,612	8	4,620	856	12		15,627
Total 2023	**46,051**	**764**	**46,815**	**8,061**		**50,836**	**824,554**
Total 2022	50,130	1,119	51,249	9,118		68,133	897,461

1) A proportion of the executive managements fixed salary will be linked to the purchase of physical STB shares with a lock-in period of three years. The purchase of shares will take place once a year.
2) Comprises company car, telephone, insurance, concessionary interest rate, other taxable benefits.
3) Employees can borrow up to 7 million kroner at subsidized prices and this interest rate is currently 4.89% p.a. Any excess loan amounts follow market interest rates.
4) The summary shows the number of shares owned by the individual, as well as his or her immediate family and companies where the individual exercises significant influence, cf. the Accounting Act, Section 7-26.
5) Operational structure in the Storebrand Gorup goes across legal structure and senior employees for a legal entity may deviate from the employee relationship.
6) Karin Greve-Isdahl resigned from her position as Executive Vice President for Communicatio, Business and Sustainability on 31 July 2023, The number of shares is at the time of resignation.
7) Heidi Skaaret resigned from her position as Executive Vice President for Retail Markets on 1 November 2023. Total remuneration is related to the period up to 1 November 2023.

NOK thousand	Remuneration	Loan	No. of shares owned [2]
Board of Directors [1]			
Heidi Skaaret [3]		128,366	2,793
Karin Greve-Isdahl [3, 4]			35,705
Trygve Saue Håkedal [3, 4]		41,231	8,592
Jan Birger Penne	205		
Beate Steen Kolstø	69		
Leif Helmich Pedersen [5]	67		
Gro Opsanger Rebbestad [3]		1,745	12,494
Joachim Collett Thue	80	1,300	4,355
Maria Skotnes	80	1,939	4,055
Total 2023	**501**	**174,581**	**67,994**
Total 2022	487	37,056	159,544

1) Remuneration to the Board of Directors are remuneration paid in connection to each one appointments as member of the Board of Storebrand Bank ASA.
2) The summary shows the number of shares owned by the individual, as well as his or her close family and companies where the individual exercises significant influence, cf. the Accounting Act, Section 7-26.
3) Neither Heidi Skaaret, Karin Greve-Isdahl, Trygve Saue Håkedal and Gro Opsanger Rebbestad receives any remuneration from Storebrand Bank ASA for their appointments as members of the Board.
4) Karin Greve-Isdahl served on the board until 6 May 2023. Trygve Saue Håkedal joined the Board from 6 May 2023.
5) Leif Helmich Pedersen served on the board until 6 May 2023.

Note 41 - Related Parties

Transactions with group companies

NOK million	2023		2022	
	Subsidiaries	Other group companies	Subsidiaries	Other group companies
Interest income	148.1		95.6	
Services sold	157.4	181.1	116.7	94.6
Services purchased		79.3		158.7
Due from	5,639.9	297.4	6,916.5	407.3
Liabilities to	137.3	399.0	294.0	211.1

Transaction with group companies are based on the principle of transactions at arm's length.

Loans transferred to Storebrand Boligkreditt AS
Storebrand Bank ASA sells loans to the mortgage company Storebrand Boligkreditt AS. Once the loans are transferred, Storebrand Boligkreditt AS assumes all the risks and benefits of owning the loan portfolio. It is Storebrand Boligkreditt that receives all the cash flows from the loan customer. The bank and Storebrand Boligkreditt have not signed any agreements concerning guarantees, options "or similar in relation to the loan portfolio in Storebrand Boligkreditt AS. Storebrand Bank ASA will ensure the transfer and return of loans as needs change, i.e. when there is a need to increase borrowing, switches from fixed to variable interest rates, switches to employee loans and switches to home equity loans. The costs form part of the contractual management fees.

Loans in Storebrand Boligkreditt AS that do not perform remain in the company. According to the service agreement with Storebrand Bank ASA, these loans will be treated in the same way as non-performing loans in the bank. A special report on non-performing loans in Storebrand Boligkreditt AS is prepared. These loans are not included in the mortgage company's total collateral.

Loan to employees can be transferred to Storebrand Boligkreditt AS. The difference between the market interest rate and the subsidised interest rate is covered monthly by the company in which the debtor is employed.

Overview of transferred loans to/from Storebrand Boligkreditt AS

NOK million	2023	2022
To Storebrand Boligkreditt AS - accumulated transfer	45,089.5	37,481.0
From Storebrand Boligkreditt AS - this year's transfer	833.1	5,294.9

Storebrand Bank ASA has not pledged any guarantees in connection with loans to Storebrand Boligkreditt AS.

Loans sold to Storebrand Livsforsikring AS
Storebrand Bank ASA has sold mortgages to sister company Storebrand Livsforsikring AS. In 2023, there has been sold loans of total NOK 6.5 billion. The home mortgage portfolio managed on behalf of Storebrand Livsforsikring AS as of 31.12.2023 is NOK 17 billion. As the buyer, Storebrand Livsforsikring AS, has acquired both cash flows and most of the risk and control. The loans were therefore derecognised in the bank's balance sheet in accordance with IFRS 9. Storebrand Bank ASA receives management fees for the work being done with the sold portfolio. The bank has recognised NOK 67.4 million as revenue in the accounts for 2023..

Credit facilities with Storebrand Boligkreditt AS
The bank has issued two credit facilities to Storebrand Boligkreditt AS. One of these is a normal overdraft facility, with a ceiling of NOK 8 billion. This has no expiry date, but can be terminated by the bank on 15 months' notice. The other facility may not be terminated by Storebrand Bank ASA until at least 3 months after the maturity date of the covered bond and the associated derivatives with the longest period to maturity. Both agreements provide a minimum capacity to cover at least interests and payments on covered bonds and derivatives the following 31 days.

Other related parties
Storebrand Bank ASA conducts transactions with related parties as part of its normal business activities. The terms for transactions with senior employees and related parties are stipulated in note 41.

Loans to employees

NOK million	2023	2022
Loans to employees of Storebrand Bank ASA	129.0	73.8
Loans to employees of Storebrand group excl. Storebrand Bank ASA	421.4	399.5

Employees can borrow up to 7 million kroner at subsidized prices while excess loan amounts follow market interest rates.

Number of employees

	2023	2022
Number of employees 31.12	167	169
Average number of employees	167	168
Number of person-years 31.12	166	168
Average numbet of person-years	165	166

Storebrand Bank ASA and the Storebrand Bank Group

- Declaration by the members of the Board and the CEO

On this date, the Board of Directors and the Chief Executive Officer have considered and approved the annual report and annual financial statements for Storebrand Bank ASA and the Storebrand Bank Group for 2023 (2023 Annual Report).

The consolidated financial statements have been prepared in accordance with the EU-approved International Financial Reporting Standards (IFRS) and the associated interpretations, as well as additional Norwegian disclosure requirements pursuant to the Norwegian Accounting Act and the Financial Reporting Regulations for Banks, Finance Companies, etc. The annual financial statements for the parent company have been prepared in accordance with the Norwegian Accounting Act, Financial Reporting Regulations for Banks, Finance Companies, etc., as well as additional requirements in the Norwegian Securities Trading Act. The annual report for the Group and parent company complies with the requirements of the Norwegian Accounting Act and Norwegian Accounting Standard no. 16 as at 31 December 2023.

In the best judgement of the Board and the CEO, the annual financial statements for 2023 have been prepared in accordance with applicable accounting standards, and the information in the financial statements provides a fair and true picture of the parent company's and Group's assets, liabilities, financial standing and results as a whole as at 31 December 2023. In the best judgement of the Board and the CEO, the annual report provides a fair and true overview of important events during the accounting period and their effects on the annual financial statements for Storebrand Bank ASA and the Storebrand Bank Group. In the best judgement of the Board and the CEO, the descriptions of the most important elements of risk and uncertainty that the group faces in the next accounting period, and a description of related parties' material transactions, also provide a true and fair view.

Lysaker, 6 February 2024
The Board of Directors of Storebrand Bank ASA

Translation - not to be signed

Heidi Skaaret
Board Chair

Trygve Saue Håkedal

Beate Steen Kolstø

Jan Birger Penne

Gro Opsanger Rebbestad

Maria Skotnes

Joachim Collett Thue

Camilla Leikvoll
CEO

To the General Meeting of Storebrand Bank ASA

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Storebrand Bank ASA, which comprise:

- the financial statements of the parent company Storebrand Bank ASA (the Company), which comprise the statement of financial position as at 31 December 2023, the income statement, statement of changes in equity and statement of cash flow for the year then ended, and notes to the financial statements, including material accounting policy information, and
- the consolidated financial statements of Storebrand Bank ASA and its subsidiaries (the Group), which comprise the statement of financial position as at 31 December 2023, the income statement, statement of changes in equity and statement of cash flow for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company for 6 years from the election by the general meeting of the shareholders on 9 April 2018 for the accounting year 2018.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The Company's business activities are largely unchanged compared to last year. We have not identified regulatory changes, transactions or events of material significance for the

2023 financial statements that qualified as new Key Audit Matters

Key Audit Matters	How our audit addressed the Key Audit Matter

Impairment of loss to customers

Loans to customers represents a considerable part of the total assets. The assessment of impairment losses is a model-based framework which includes elements of management judgement and involves considerable volume of data which make the assessment complex.

In accordance with IFRS 9, write-downs on loans are to be based on more forwardlooking assessments, so that write-downs reflect expected losses. The use of models to determine expected credit losses entails judgement. We have focused on:

- classification of the various credit portfolios by risk and asset type
- identification of impaired loans or loans presenting a significant increase in credit risk;
- the categorisation of loans into stages; and
- determination of significant parameters in the model

The Bank's business is mainly concentrated on the retail market. The impairment model is designed to estimate loan-loss impairment provisions for this segment.

In addition, individual provisions are made for loans with incurred credit losses or where there is objective evidence of impairment. This assessment also requires judgements by management.

The group's note 1, 2, 4, 15, 24, 25, 26, 27, 28 and 29, and the company's note 1, 2, 4, 15, 25, 26, 27, 28, 29 and 30 in the annual report is relevant for the description of the Bank's model and processes to estimate loan-loss impairment provisions.

In our audit of expected loss provisions, we assessed and reviewed the design and effectiveness of internal control to provide assurance for the assumptions and calculation methods used. We obtained a detailed understanding of the process in order to assess:

- the calculation and methodologies used by management;
- whether the management-approved model was in compliance with the framework and the model worked as intended;
- the reliability of the sources of the data used in the model.

Our assessment did not indicate material errors in the model or material deviation from IFRS 9.

For loans where there were objective evidence of impairment and where the write-down amount was individually calculated, we tested a sample of loans. We assessed the value of the underlying collateral and other judgmental assessments made by management. In order to assess the value of the underlying collateral we reviewed, among other things, the rates that were available when the loans were granted. Furthermore, we tested whether loans with individual loss provisions were correctly classified in the model and assessed the reasonableness and completeness of the total individual loss provisions. We did not uncover material deviations based upon our tests.

The Bank use external service providers to operate some IT systems. The auditor of the relevant service organizations is used to evaluate the design and effectiveness of and test established controls to ensure the integrity of the IT systems relevant to financial reporting. The auditor's testing included, among other things, whether key calculations made by the core systems were performed in line with expectations, including interest rate calculations and amortization. The testing also included data integrity, changes to and access to the systems. In order to decide whether we could use the information in the auditor's reports as the basis for our assessments, we examined the auditor's competence and objectivity and reviewed the reports sent and considered possible deviations and measures taken. We also carried out testing of access controls to IT systems and segregation of duties where necessary for the sake of our own specific audit procedures.

Our assessments and tests substantiate that we could rely on that the data handled in- and the calculations made by the Company's external core system were reliable. This was a necessary basis for our audit.

We read the notes to the accounts and found that the information relating to the impairment model, various parameters and discretionary assessments was sufficiently comprehensive and in accordance with the accounting rules.

Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report nor the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other information accompanying the financial statements otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

Our opinion on the Board of Director's report applies correspondingly to the statements on Corporate Governance and Corporate Social Responsibility.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation of the consolidated financial statements of the Group that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU. Management is responsible for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements of the Company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The consolidated financial statements of the Group use the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Report on Compliance with Requirement on European Single Electronic Format (ESEF)

Opinion
As part of the audit of the financial statements of Storebrand Bank ASA, we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name storebrandbank-2023-12-31-nb.zip, have been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format, and iXBRL tagging of the consolidated financial statements.

In our opinion, the financial statements, included in the annual report, have been prepared, in all material respects, in compliance with the ESEF regulation.

Management's Responsibilities
Management is responsible for the preparation of the annual report in compliance with the ESEF regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary.

Auditor's Responsibilities
For a description of the auditor's responsibilities when performing an assurance engagement of the ESEF reporting, see: https://revisorforeningen.no/revisjonsberetninger

Oslo, 6 February 2024
PricewaterhouseCoopers AS

Thomas Steffensen
State Authorised Public Accountant
Note: This translation from Norwegian has been prepared for information purposes only.