

# Interim report 3rd quarter 2020

Storebrand Group



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## STOREBRAND ASA

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### Important notice:

This document may contain forward-looking statements. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances that may be beyond the Storebrand Group's control. As a result, the Storebrand Group's actual future financial condition, performance and results may differ materially from the plans, goals and expectations set forth in these forward-looking statements. Important factors that may cause such a difference for the Storebrand Group include, but are not limited to: (i) the macro-economic development, (ii) change in the competitive climate, (iii) change in the regulatory environment and other government actions and (iv) market related risks such as changes in equity markets, interest rates and exchange rates, and the performance of financial markets generally. The Storebrand Group assumes no responsibility to update any of the forward-looking statements contained in this document or any other forward-looking statements it may make. This document contains alternative performance measures (APM) as defined by The European Securities and Market Authority (ESMA). An overview of APM can be found at [www.storebrand.com/ir](http://www.storebrand.com/ir).

# Storebrand Group

- **Group profit of NOK 1,012m in the 3rd quarter, NOK 1,486 YTD**
- **Solvency II ratio 179%, +16p.p. q/q**
- **22% growth in Unit Linked reserves y/y**
- **Record high assets under management, amounting to NOK 921bn, 17% growth y/y**
- **15% growth insurance portfolio premiums, Combined Ratio 88%**

Storebrand's ambition is to provide our customers with financial freedom and security by being the best provider of long-term savings and insurance. The Group offers an integrated product range spanning from life insurance, P&C insurance, asset management and banking to private individuals, companies and public sector entities. The Group is divided into the segments Savings, Insurance, Guaranteed Pension and Other.

## COVID-19 UPDATE

In the 3rd quarter, the situation in the Norwegian and Swedish society following the Covid-19 pandemic continued to normalise, although both countries have seen a recent increase in Covid-19 cases. As an immediate impact of Covid-19 and the economic downturn, Storebrand's financial results were negatively affected by the financial market turmoil, but the losses have to a large extent been reversed since. Increased unemployment has affected the disability insurance results negatively due to reserve strengthening. How the current unprecedented situation will unfold remains uncertain, but Storebrand's financial risk management has proven to be robust and the Group is able to handle a further economic downturn. Storebrand has remained fully operational with close to normal productivity and has experienced strong underlying growth through the first three quarters in 2020, despite the Covid-19 pandemic.

## GROUP RESULT <sup>2)</sup>

| (NOK million)                                     | 2020         | 2019       |             |              |            | 01.01 - 30.09 | Full year    |              |
|---|--------------|------------|-------------|--------------|------------|---------------|--------------|--------------|
|   | Q3           | Q2         | Q1          | Q4           | Q3         | 2020          | 2019         | 2019         |
| Fee and administration income                     | 1,352        | 1,301      | 1,349       | 1,561        | 1,296      | 4,001         | 3,746        | 5,308        |
| Insurance result                                  | 304          | 255        | -71         | 223          | 268        | 488           | 782          | 1,005        |
| Operational cost                                  | -984         | -975       | -1,024      | -1,077       | -979       | -2,983        | -2,938       | -4,015       |
| <b>Operating profit</b>                           | <b>672</b>   | <b>580</b> | <b>254</b>  | <b>707</b>   | <b>586</b> | <b>1,506</b>  | <b>1,591</b> | <b>2,298</b> |
| Financial items and risk result life              | 340          | 228        | -588        | 319          | 114        | -20           | 420          | 739          |
| <b>Profit before amortisation</b>                 | <b>1,012</b> | <b>808</b> | <b>-334</b> | <b>1,026</b> | <b>700</b> | <b>1,486</b>  | <b>2,011</b> | <b>3,037</b> |
| Amortisation and write-downs of intangible assets | -124         | -124       | -119        | -117         | -115       | -367          | -328         | -444         |
| <b>Profit before tax</b>                          | <b>889</b>   | <b>684</b> | <b>-453</b> | <b>909</b>   | <b>585</b> | <b>1,119</b>  | <b>1,683</b> | <b>2,593</b> |
| Tax   | -123         | -231       | 717         | -234         | -124       | 363           | -277         | -511         |
| <b>Profit after tax</b>                           | <b>766</b>   | <b>453</b> | <b>264</b>  | <b>675</b>   | <b>461</b> | <b>1,483</b>  | <b>1,406</b> | <b>2,082</b> |

The Group's profit before amortisation was NOK 1,012m (NOK 700m) in the 3rd quarter. The figures in brackets are from the corresponding period last year. Strong underlying growth within the Savings and the Insurance segment, combined with rebounding financial markets, a strong insurance result, and strong cost control contribute to the growth in profits. Financial market returns also contribute to significant increases in the buffer capital, which at the end of the 3rd quarter amounted to 10.2% in Sweden and 10.5% in Norway as a share of customer reserves.

Total fee and administration income amounted to NOK 1,352m (NOK 1,296m) in the 3rd quarter. This is an increase of 4% compared to the same period last year. Adjusted for currency effects, the increase was

3%. The increase is attributed to the savings segment, including Unit Linked in Norway and Sweden as well as Asset Management, where assets under management have grown. The exception is the Bank where the net interest margin has declined compared to the same quarter last year. In the Guaranteed segment, fee and administration income declined marginally to NOK 370m for the quarter compared to NOK 384m last year – a decrease in line with the run-off nature of this business.

The Insurance result was NOK 304m (NOK 268m) and the total combined ratio for the Insurance segment was 88% (89%) in the 3rd quarter, better than the target of 90-92%. Year to date, the Insurance result is NOK 488m (NOK 782m) and the combined ratio is 101% (89%). The

<sup>1)</sup> Earnings before amortisation and tax. [www.storebrand.no/ir](http://www.storebrand.no/ir) provides an overview of APMs used in financial reporting.

<sup>2)</sup> The income statement is based on reported IFRS results for the individual group companies. The statement differs from the official accounts layout.

<sup>3)</sup> The abbreviations NOK for Norwegian kroner, m for million, bn for billion and % for per cent are used throughout the report.

higher combined ratio in 2020 is due to reserve strengthening in the 1st quarter related to increased disability risk in Norway in light of Covid-19 and a subsequent economic downturn.

The Group's operational cost for the quarter was NOK -984m (NOK -979m) and NOK -2,983m (NOK -2,938m) year to date. The cost is in line with the group's targeted cost level, despite including NOK -79m of costs in the quarter related to acquired business, currency effects and performance related costs. The underlying cost control is strong, and the Group maintains the target of flat nominal costs in 2020 compared to 2018.

Overall, the operating profit increased to NOK 672m (NOK 586m) in the quarter due to growth in the Group's income, flat costs and a strong insurance result.

The 'financial items and risk result' amounted to NOK 340m (NOK 114m) in the 3rd quarter. Positive developments in financial markets continued to reverse mark to market losses on credit bond invest-

on customer's pension investments in SPP that are taxed directly in customer returns. Generally, the effective tax rate is influenced by the fact that the Group has operations in countries with different tax rates and varies from quarter to quarter depending on each legal entity's contribution to the Group result. Currency fluctuations can also impact the quarterly tax rate. Tax related issues are described in note 8.

The Group reports the results by business segment. For a more detailed description of the results, see the sections by segment below. In the 3rd quarter, the Savings segment reported a profit before amortisation of NOK 394m (NOK 303), driven by increased assets under management and strong cost control. The insurance segment had a strong result development and reported a profit before amortisation of NOK 173m (NOK 128m) due to a low combined ratio and high premium growth. The Guaranteed pension segment reported a profit of NOK 302m (NOK 237m), primarily due to good financial returns leading to profit sharing in several products. In the Other segment, the profit amounted to NOK 144m (NOK 32m) as unrealised investment losses from earlier in the year continued to reverse in the company portfolios.

## GROUP RESULT BY RESULT AREA

| (NOK million)                     | 2020         |            | 2019        |              |            | 01.01 - 30.09 |              | Full year    |
|-----------------------------------|--------------|------------|-------------|--------------|------------|---------------|--------------|--------------|
|                                   | Q3           | Q2         | Q1          | Q4           | Q3         | 2020          | 2019         | 2019         |
| Savings - non-guaranteed          | 394          | 396        | 276         | 547          | 303        | 1,066         | 817          | 1,364        |
| Insurance                         | 173          | 124        | -268        | 70           | 128        | 29            | 369          | 439          |
| Guaranteed pension                | 302          | -8         | 95          | 332          | 237        | 388           | 697          | 1,029        |
| Other profit                      | 144          | 296        | -437        | 77           | 32         | 3             | 128          | 205          |
| <b>Profit before amortisation</b> | <b>1,012</b> | <b>808</b> | <b>-334</b> | <b>1,026</b> | <b>700</b> | <b>1,486</b>  | <b>2,011</b> | <b>3,037</b> |

ments and equities from the 1st quarter this year, resulting in investment gains on company portfolios. Profit sharing in the Norwegian and Swedish Guaranteed business, as well as indexation fees and a lower need for Deferred Capital Contribution resulted in a net profit sharing of NOK 164m for the Group in the quarter. However, the Norwegian Defined Benefit portfolio had a negative risk result in the quarter and year to date due to weak disability results and reserve strengthening. Year to date, the 'financial items and risk result' for the Group is still negative at NOK -20m (NOK 420m).

Amortisation of intangible assets amounted to NOK -124m (NOK -115). The increase is due to appreciation of the Swedish Krona in the period. Normal amortisation of intangible assets is expected to remain at around NOK -124m per quarter.

The Group booked a tax expense of NOK -123m (NOK -124m) in the 3rd quarter. The effective tax rate for the Group in the 3rd quarter is lower than the estimated normal tax rate of 21-23%. This is due to a larger than normal share of the profit stemming from capital gains

## CAPITAL SITUATION

The solvency ratio was 179% at the end of the 3rd quarter 2020, an increase of 16 percentage points from the last quarter. This is within the targeted level of 150-180%. The Solvency ratio without transitional rules was 150%, corresponding to an increase of 13 percentage points from the last quarter. The increase in the solvency ratio in the quarter is due to positive returns on credit bonds and equities, as well as repricing measures in parts of the guaranteed business. A lower regulatory volatility adjustment had a negative contribution to the solvency ratio, but a strong group profit after tax, net of dividend set aside for 2020, contribute positively.

## MARKET AND SALES PERFORMANCE

The growth in Unit linked savings is driven by premiums from existing contracts, new sales, investment returns, conversion from Defined Benefit to Defined Contribution schemes and increased savings rates. Both the Swedish and the Norwegian Unit Linked business manage over NOK 100bn of pension assets. In Norway, Storebrand is the market leader in Unit Linked occupational pension with 30% market share of gross

premiums written (at the end of the 2nd quarter 2020). SPP is the third largest provider and has a market share of 15% in the Swedish market for non-unionised occupational pensions ("Övrig Tjänstepension"). SPP is rapidly growing its sales within United Linked pensions and has received large transfers this year. New sales year to date, measured in annual premium equivalent, grew to NOK 1,988m (NOK 1235m) and the net transfer balance was NOK 5,133m (NOK 815m).

Assets under management in Storebrand Asset Management increased by NOK 40.4bn (4.6%) to NOK 921bn in the 3rd quarter, and by NOK 134.2bn (17.1%) compared to last year. In Norway, the Storebrand Group's market share within retail mutual funds was 14% as of end of August.

Within Insurance, the annual portfolio premiums grew by 15% compared to the same period last year, in line with growth ambitions. Lending volume in Storebrand Bank amounted to NOK 47.7bn and increased 2% compared to the same period last year. The growth in lending has slowed since the bank balance has reached a targeted level of NOK 45-50bn in mortgages.

#### DIVIDEND

The Board confirms its commitment to the dividend policy and has made provisions in the solvency calculation for an ordinary dividend for the financial year of 2020 in the first nine months. The annual general meeting of Storebrand ASA supported the Board's recommendation not to pay dividend for the financial year of 2019 due to the pronounced expectations from the Norwegian Ministry of Finance, Norwegian FSA and EIOPA to suspend dividends until the great uncertainty about the economic development in light of Covid-19 has been reduced.

#### GROUP - KEY FIGURES

| (NOK million)                                    | 2020   |        | 2019   |        |        | 01.01 - 30.09 |        | Full year |
|--|--------|--------|--------|--------|--------|---------------|--------|-----------|
|  | Q3     | Q2     | Q1     | Q4     | Q3     | 2020          | 2019   | 2019      |
| Earnings per share adjusted                      | 1.90   | 1.23   | 0.82   | 1.68   | 1.22   | 3.94          | 3.70   | 5.38      |
| Equity   | 35,181 | 34,396 | 34,090 | 33,398 | 32,680 | 35,181        | 32,680 | 33,398    |
| Quarterly adjusted ROE, annualised <sup>1)</sup> | 11.0 % | 7.1 %  | 4.7 %  | 10.4 % | 7.5 %  | 7.5 %         | 7.4 %  | 8.0 %     |
| Solvency II ratio <sup>1)</sup>                  | 179%   | 163%   | 172%   | 176%   | 177%   | 179%          | 177%   | 176%      |

| Financial targets                          | Target | Actual 2020 |
|--|--------|-------------|
| Return on equity (after tax) <sup>1)</sup> | > 10%  | 7.5 %       |
| Dividend pay-out ratio                     | > 50%  | NA          |
| Solvency II margin Storebrand Group        | > 150% | 179%        |

<sup>1)</sup> After tax, adjusted for amortisation of intangible assets.

# Savings

- **9% growth in fee and administration income and flat nominal costs y/y**
- **27% growth in operating profit in the 3rd quarter y/y**
- **15% growth in Unit Linked premiums y/y**
- **Total asset under management amounting to NOK 921 bn, up 17% y/y**

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

## SAVINGS - NON GUARANTEED

| (NOK million)                        | 2020       |            | 2019       |            |            | 01.01 - 30.09 |            | Full year    |
|--------------------------------------|------------|------------|------------|------------|------------|---------------|------------|--------------|
|                                      | Q3         | Q2         | Q1         | Q4         | Q3         | 2020          | 2019       | 2019         |
| Fee and administration income        | 1,038      | 974        | 1,043      | 1,233      | 957        | 3,055         | 2,764      | 3,996        |
| Operational cost                     | -639       | -600       | -669       | -692       | -643       | -1,908        | -1,929     | -2,621       |
| <b>Operating profit</b>              | <b>400</b> | <b>374</b> | <b>375</b> | <b>541</b> | <b>314</b> | <b>1,148</b>  | <b>834</b> | <b>1,375</b> |
| Financial items and risk result life | -6         | 22         | -98        | 6          | -11        | -82           | -18        | -11          |
| <b>Profit before amortisation</b>    | <b>394</b> | <b>396</b> | <b>276</b> | <b>547</b> | <b>303</b> | <b>1,066</b>  | <b>817</b> | <b>1,364</b> |

## FINANCIAL PERFORMANCE

The Savings segment reported a profit before amortisation of NOK 394m (NOK 303m) in the 3rd quarter and NOK 1 066m (NOK 817m) year to date. Compared to the 3rd quarter last year, the fee- and administration income in the Savings segment increased by 11% year to date, or 7% when adjusted for currency effects. The income growth within Norwegian Unit Linked is 10%, for Swedish United Linked it is 12% (2% currency adjusted), and for Asset Management the growth is 15% (11% currency adjusted).

Reported product margins decreased in the quarter, partly due to continued gradual margin decline, but also as due to lower activity based fees from pension administrative services. Net interest income in Storebrand Bank increased in the 3rd quarter compared to the 2nd quarter as funding costs adjusted to lower rates. The interest margin increased from 0,87% to 1,11% in the quarter, but has decreased 22bp compared to the same quarter last year as the Norwegian policy rate has been reduced by 1.5 percentage points to 0% in 2020 and market rates following suit.

Operational cost within Savings have remained stable in the 3rd quarter compared to the same quarter last year. This is partly explained by lower

marketing activity in light of Covid-19, but also by strong cost control.

Performance related costs in funds with performance fees amounted to NOK -26m (NOK -36m) in the quarter and NOK -46m (NOK -78m) year to date. The corresponding performance related income earned, not booked was NOK 49m (NOK 99m) in the quarter and NOK 137m (NOK 266m) year to date.

The financial result was NOK -6m (NOK -11m) in the quarter and NOK -82m (NOK -18m) year to date. The loss year to date stems primarily from the 1st quarter when loan loss provisions for future possible losses in the retail bank were made.

## BALANCE SHEET AND MARKET TRENDS

The Unit Linked premiums were NOK 4.9bn (NOK 4.2bn) at the end of 3rd quarter, growing 15% compared to the 3rd quarter last year. Total assets under management in Unit Linked increased by NOK 17bn (7%) during the 3rd quarter to NOK 252bn. Compared to the same quarter last year, the growth is NOK 49bn (19%). Total net transfers in the quarter amounted to NOK -0.8bn net outflow, but a net NOK 6.2bn inflow year to date.

## SAVINGS - KEY FIGURES

| (NOK million)        | 2020    |         | 2019    |         |         |
|----------------------|---------|---------|---------|---------|---------|
|                      | Q3      | Q2      | Q1      | Q4      | Q3      |
| Unit linked Reserves | 251,578 | 234,644 | 210,061 | 219,793 | 206,717 |
| Unit linked Premiums | 4,856   | 5,121   | 5,046   | 4,551   | 4,205   |
| AuM Asset Management | 920,540 | 880,177 | 828,749 | 831,204 | 786,326 |
| Retail Lending       | 47,771  | 47,208  | 47,681  | 48,161  | 46,722  |

In the Norwegian Unit Linked business, assets under management increased by NOK 7.6bn (6%) in the quarter, and by NOK 17.1bn (16%) compared to the same quarter last year. The underlying growth is driven by growth in occupational pension premium payments as well as good market returns and new sales. Storebrand remains market leader with 30% market share of gross premiums written (at the end of the 2nd quarter 2020) within defined contribution corporate pensions.

In the Swedish market, SPP is the third largest, and fastest growing provider of non-unionised occupational pensions with a market share of 15% measured by gross premiums written (excluding transfers) within Unit Linked. Assets under management increased by SEK 7.9bn (7.0%) in the quarter and SEK 14.1bn (13.1%) compared to the same quarter last year. The growth is driven by strong growth in sales (APE) and positive net transfers – both from occupational pensions savings, but also from portfolio transfers into SPP.

Assets under management in Storebrand Asset Management increased by NOK 40.4bn (4.6%) to NOK 921bn in the quarter, and by NOK 134.2bn (17.1%) compared to last year. The private equity manager Cubera, which was acquired in the 2nd quarter 2019, has performed well in the first nine months this year with a net inflow of NOK 8bn and now manages NOK 29bn of assets.

The bank lending portfolio increased by NOK 0.6bn (1.2%) during the 3rd quarter and by NOK 1.0bn (2.2%) compared to the same quarter last year. The portfolio consists of low-risk home mortgages with an average LTV of 56%. NOK 17bn of the mortgages are booked on the balance sheet of Storebrand Life

# Insurance

- 15% growth in portfolio premiums y/y
- Combined ratio of 88% in the quarter, target 90-92%

The Insurance segment provides health insurance in the Norwegian and Swedish corporate and retail markets, P&C insurance and personal risk products in the Norwegian retail market and employer's liability insurance and pension-related insurance in the Norwegian and Swedish corporate markets.

## INSURANCE

| NOK million                             | 2020       |            | 2019        |           |            | 01.01 - 30.09 |            | Full year  |
|---|------------|------------|-------------|-----------|------------|---------------|------------|------------|
|   | Q3         | Q2         | Q1          | Q4        | Q3         | 2020          | 2019       | 2019       |
| Insurance premiums f.o.a.               | 1,105      | 1,070      | 1,019       | 1,014     | 981        | 3,195         | 2,895      | 3,909      |
| Claims f.o.a.                           | -801       | -816       | -1,090      | -792      | -713       | -2,707        | -2,112     | -2,904     |
| Operational cost                        | -168       | -175       | -175        | -177      | -162       | -518          | -471       | -648       |
| <b>Operating profit</b>                 | <b>135</b> | <b>80</b>  | <b>-246</b> | <b>45</b> | <b>106</b> | <b>-30</b>    | <b>311</b> | <b>357</b> |
| Financial result                        | 37         | 44         | -22         | 25        | 21         | 59            | 58         | 83         |
| Contribution from SB Helseforsikring AS | 18         | 15         | -3          | 1         | 12         | 29            | 22         | 24         |
| <b>Profit before amortisation</b>       | <b>173</b> | <b>124</b> | <b>-268</b> | <b>70</b> | <b>128</b> | <b>29</b>     | <b>369</b> | <b>439</b> |
| Claims ratio                            | 73%        | 76%        | 107%        | 78%       | 73%        | 85%           | 73%        | 74%        |
| Cost ratio                              | 15%        | 16%        | 17%         | 17%       | 17%        | 16%           | 16%        | 17%        |
| Combined ratio                          | 88%        | 92%        | 124%        | 96%       | 89%        | 101%          | 89%        | 91%        |

## FINANCIAL PERFORMANCE

Insurance delivered a profit before amortisation of NOK 173m (NOK 128m) in the 3rd quarter and NOK 29m (NOK 369m) year to date, leading to a combined ratio of 88% (89%) in the quarter and 101% (89%) year to date. The 3rd quarter result is better than the target (a combined ratio of 90-92%) and an improvement from previous quarters. The higher combined ratio year to date is primarily due to a reserve strengthening of NOK 247m in the 1st quarter due to the Covid-19 pandemic and an expected increase in disability levels. The 3rd quarter claims ratio was 73% (73%) and all the three main product categories are generating positive insurance results.

For P&C and Individual life, the result was NOK 95m (NOK 55m) in 3rd quarter and NOK 154m (NOK 248m) year to date. Few large-scale P&C claims, combined with reserve releases within Individual life, brings the claim ratio down to 63% (69%). For Individual life, the result year to date is weaker than normal due to increases in disability and child insurance claims. Price adjustments and discount restrictions have been implemented to improve the results.

For Health and Group life, the result was NOK 37m (NOK 22m) in the quarter and NOK -194m (-7m) year to date. Most of the reserve strengthening conducted in the 1st quarter is attributed to Group

life, explaining the negative result year to date. In light of this, the result in the quarter is satisfactory for Group life. Improvement in the result for Health insurance is driven by premium growth and positive claims development.

The result for Pension related disability insurance Nordic was NOK 40m (NOK 51m) in the 3rd quarter and NOK 69m (NOK 129m) year to date. The result has improved in both for Norway and Sweden in the 3rd quarter compared to the previous three quarters.

Strong cost control has kept costs flat compared to the corresponding quarter last year at NOK -168m (NOK -162m) and reduced the cost ratio to 15% (17%). Year to date, costs have increased to NOK -518m (NOK -471m) due to increased distribution costs, but the cost ratio has remained stable at 16%.

Insurance's investment portfolio in Norway amounted to NOK 8.8bn as of the 3rd quarter. It is primarily invested in fixed income securities with short to medium duration and achieved a financial return of 0.9% in the quarter and 2.1% year to date.

## BALANCE SHEET AND MARKET TRENDS

The Insurance segment offers a broad range of products to the retail market in Norway, as well as to the corporate market in both Norway and Sweden. Overall growth in portfolio premiums (annual basis) amounted to 15% year to date, which is above Storebrand's long term target of 5%. The premium growth is attributed to increased business volumes in all lines of business as well as some price increases.

Storebrand's growth in the retail market has increased due to strong contribution from sales agents and through new distribution partnerships. Annual growth in P&C and Individual life portfolio premiums

amounted to 16%, Health & Group life to 16% and Pension related disability insurance to 13% as of the 3rd quarter. The distribution setup is expected to continue to contribute to profitable organic growth.

In the 3rd quarter, Storebrand entered into an agreement with Insr where Storebrand acquires the right and obligation to renew policies within Insr portfolios. The deal will gradually add to further growth in Storebrand's P&C portfolio over the coming year.

## INSURANCE PREMIUMS

| (NOK million)   | 2020         |              | 2019         |              |              | 01.01 - 30.09 |              | Full year    |
|---|--------------|--------------|--------------|--------------|--------------|---------------|--------------|--------------|
|   | Q3           | Q2           | Q1           | Q4           | Q3           | 2020          | 2019         | 2019         |
| P&C & Individual life*                                    | 2,144        | 2,057        | 1,958        | 1,915        | 1,845        | 2,144         | 1,845        | 1,915        |
| Health & Group life <sup>1)</sup>                         | 1,870        | 1,829        | 1,809        | 1,639        | 1,609        | 1,870         | 1,609        | 1,639        |
| Pension related disability insurance Nordic <sup>2)</sup> | 1,274        | 1,315        | 1,269        | 1,144        | 1,130        | 1,274         | 1,130        | 1,144        |
| <b>Total written premiums</b>                             | <b>5,288</b> | <b>5,201</b> | <b>5,037</b> | <b>4,698</b> | <b>4,583</b> | <b>5,288</b>  | <b>4,583</b> | <b>4,698</b> |
| <b>Investment portfolio<sup>3)</sup></b>                  | <b>8,840</b> | <b>8,742</b> | <b>8,792</b> | <b>8,304</b> | <b>8,146</b> | <b>8,840</b>  | <b>8,146</b> | <b>8,304</b> |

<sup>1)</sup> Group disability, workers comp. and health insurance. Includes all written premiums in Storebrand Helseforsikring AS (50/50 joint venture with Munich Health).

<sup>2)</sup> NOK 2,8bn of the investment portfolio is linked to disability coverages where the investment result goes to the customer reserves and not as a result element in the P&L.

# Guaranteed pension

- Net profit sharing of NOK 164m, primarily from Swedish Guaranteed business
- Buffer capital increased by NOK 3.6bn to NOK 36.7bn
- Negative risk result of NOK -21m driven by development in Norwegian DB business

## GUARANTEED PENSION

| NOK million                        | 2020       |            | 2019       |            |            | 01.01 - 30.09 |            | Full year    |
|------------------------------------|------------|------------|------------|------------|------------|---------------|------------|--------------|
|                                    | Q3         | Q2         | Q1         | Q4         | Q3         | 2020          | 2019       | 2019         |
| Fee and administration income      | 370        | 360        | 349        | 368        | 384        | 1,080         | 1,108      | 1,475        |
| Operational cost                   | -212       | -214       | -202       | -225       | -199       | -628          | -594       | -819         |
| <b>Operating profit</b>            | <b>159</b> | <b>147</b> | <b>147</b> | <b>143</b> | <b>185</b> | <b>453</b>    | <b>514</b> | <b>657</b>   |
| Risk result life & pensions        | -21        | 50         | -26        | 71         | 30         | 3             | 144        | 215          |
| Net profit sharing and loan losses | 164        | -205       | -26        | 118        | 22         | -67           | 39         | 157          |
| <b>Profit before amortisation</b>  | <b>302</b> | <b>-8</b>  | <b>95</b>  | <b>332</b> | <b>237</b> | <b>388</b>    | <b>697</b> | <b>1,029</b> |

## FINANCIAL PERFORMANCE

Guaranteed Pension achieved a profit before amortisation of NOK 302m (NOK 237m) in the 3rd quarter and NOK 388m (NOK 697m) year to date.

Fee and administration income has performed in line with the fact that a large part of the portfolio is mature and in long-term decline. The income amounted to NOK 370m (NOK 384m) in the 3rd quarter and NOK 1,080m (1,108m) year to date.

Operating costs amounted to NOK 212m (NOK 199m) in the 3rd quarter and NOK 628m (NOK 594m) year to date. Operating costs will gradually be reduced as a result of the products being in long-term run-off.

The risk result amounted to NOK -21m (NOK 30m) in the 3rd quarter and NOK 3m (NOK 144m) year to date. The risk result continues to be strong in Norwegian Paid-up policies in the quarter based on strong tariffs for disability. However, the result in the Norwegian Defined Benefit portfolio is negative in the quarter and year to date due to

weak disability results and reserve strengthening. To counter this, price adjustments are being implemented.

The result from profit sharing was NOK 164m (NOK 22m) in the 3rd quarter and NOK -67m (NOK 39m) year to date. The positive result in the quarter stems primarily from Swedish Guaranteed business in SPP, where positive developments in equity and credit markets have reduced the need for Deferred Capital Contributions (DCC) and lead to profit sharing and indexation fees for a total contribution of NOK 137m. Year to date, net profit sharing in SPP still amounts to NOK -103m due to an overall increase in DCC. In the Norwegian portfolios, profit sharing was NOK 28m in 3rd quarter and NOK 37m year to date.

## BALANCE SHEET AND MARKET TRENDS

The majority of the guaranteed products are closed for new business, and the customers' choice of transferring from guaranteed to non-guaranteed products is in line with the Group's strategy. As of the 3rd quarter, customer reserves for guaranteed pensions amounted to NOK 277bn. This is an increase of NOK 13.8bn year to date, but adjusted for currency effects the change is NOK 4.7bn. As a share of the total balance sheet, guarante-

ed reserves amounted to 52.4% (56.1%) as of the 3rd quarter, a reduction of 3.7 percentage points since last year. The premium income for guaranteed pensions (excluding transfers) was NOK 0.7bn (NOK 1.0bn) in the 3rd quarter and NOK 3.4bn (NOK 4.0bn) year to date.

In the Norwegian business, Paid-up policies is the only guaranteed pension portfolio experiencing some growth over time as active Defined Benefit contracts eventually become Paid-up policies. The Paid-up portfolio amounted to NOK 145bn as of the 3rd quarter – an increase of NOK 7.4bn from same period last year. The increase is mainly attributed to one large Defined Benefit contract converting to a Hybrid pension plan, resulting in a transfer of NOK 3bn in assets to Paid up policies in the 1st quarter this year. Reserves for Defined Benefit pensions in Norway amounted to NOK 30bn at the end of the 3rd quarter, representing a reduction of NOK 2.8bn compared to the level at the start of the year.

Guaranteed portfolios in the Swedish business totalled NOK 90bn as of the 3rd quarter, an increase of NOK 9.7bn compared to the level at the

start of the year. Adjusted for currency effects, reserves increased only by NOK 0.6bn.

Buffer capital for Guaranteed Pension increased by NOK 3.6bn in the 3rd quarter to NOK 36.7bn, driven by positive developments in financial markets. As a share of the total customer reserves, Conditional bonuses in Sweden increased by 0.9 percentage points to 10.2% in the quarter, while Market value adjustment reserves and Additional Statutory Reserves in Norway together increased by 1.0 percentage point to 10.5%.

## GUARANTEED PENSION - KEY FIGURES

| (NOK million)                                   | 2020    |         | 2019    |         |         | 01.01 - 30.09 |         | Full year |
|---|---------|---------|---------|---------|---------|---------------|---------|-----------|
|   | Q3      | Q2      | Q1      | Q4      | Q3      | 2020          | 2019    | 2019      |
| Guaranteed reserves                             | 276,995 | 274,343 | 272,051 | 263,185 | 263,677 | 276,995       | 263,677 | 263,185   |
| Guaranteed reserves in % of total reserves      | 52.4%   | 53.9%   | 56.4%   | 54.5%   | 56.1%   | 52.4%         | 56.1%   | 54.5%     |
| Net transfers                                   | -4      | 634     | 93      | -16     | -14     | 723           | -88     | -103      |
| Buffer capital in % of customer reserves Norway | 10.5%   | 9.5%    | 8.3%    | 8.6%    | 8.3%    | 10.5%         | 8.3%    | 8.6%      |
| Buffer capital in % of customer reserves Sweden | 10.2%   | 9.3%    | 7.3 %   | 10.7%   | 9.8%    | 10.2%         | 9.8%    | 10.7%     |

# Other/Eliminations

The result for Storebrand ASA is reported under Other, as well as the result for the company portfolios and small subsidiaries of Storebrand Life Insurance and SPP. Group eliminations are reported in a separate table below.

## RESULT EXCLUDING ELIMINATIONS

| NOK million                          | 2020       |            | 2019        |            |            | 01.01 - 30.09 |            | Full year  |
|--------------------------------------|------------|------------|-------------|------------|------------|---------------|------------|------------|
|                                      | Q3         | Q2         | Q1          | Q4         | Q3         | 2020          | 2019       | 2019       |
| Fee and administration income        | 9          | 19         | 13          | 13         | 10         | 42            | 38         | 51         |
| Operational cost                     | -31        | -39        | -35         | -35        | -29        | -105          | -107       | -143       |
| <b>Operating profit</b>              | <b>-21</b> | <b>-21</b> | <b>-22</b>  | <b>-22</b> | <b>-19</b> | <b>-64</b>    | <b>-69</b> | <b>-91</b> |
| Financial items and risk result life | 165        | 317        | -416        | 99         | 51         | 66            | 197        | 296        |
| <b>Profit before amortisation</b>    | <b>144</b> | <b>296</b> | <b>-437</b> | <b>77</b>  | <b>32</b>  | <b>3</b>      | <b>128</b> | <b>205</b> |

## ELIMINATIONS

| (NOK million)                 | 2020 |     | 2019 |     |     | 01.01 - 30.09 |      | Full year |
|-------------------------------|------|-----|------|-----|-----|---------------|------|-----------|
|                               | Q3   | Q2  | Q1   | Q4  | Q3  | 2020          | 2019 | 2019      |
| Fee and administration income | -66  | -53 | -57  | -52 | -54 | -176          | -163 | -215      |
| Operational cost              | 66   | 53  | 57   | 52  | 54  | 176           | 163  | 215       |
| Financial result              |      |     |      |     |     |               |      |           |
| Profit before amortisation    |      |     |      |     |     |               |      |           |

The Other segment reported a profit before amortisation of NOK 144m (NOK 32m) in the 3rd quarter. The positive result stems primarily from returns in the company portfolios, reversing unrealised losses that occurred earlier in the year during the financial market turmoil. Year to date, profit before amortisation amount to NOK 3m (NOK 128m).

Fee and administration income of NOK 9m as well as operational cost of NOK -31m were in line with the levels of previous quarters.

The financial result for the Other segment includes the company portfolios of SPP and Storebrand Life Insurance, and the financial result of Storebrand ASA and amounted to NOK 165m in the quarter (NOK 51m). The investments are primarily in interest-bearing securities in Norway and Sweden. The Norwegian company portfolio reported a return of

0.71% for the quarter and 1.33% year to date. The Swedish company portfolio achieved a return of 0.55% in the quarter and 0.63% year to date. A reversal of earn out costs contributed with an additional NOK 43m to the result in the quarter, but is NOK 16m year to date.

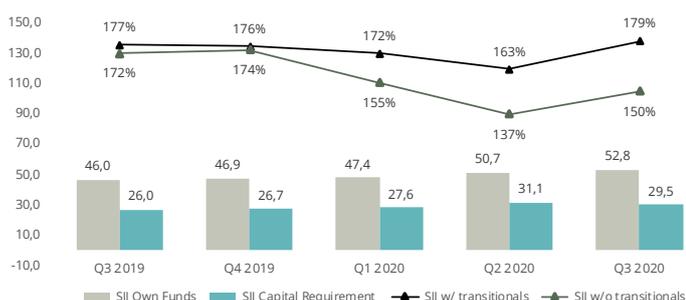
The Storebrand Life Insurance Group is funded by a combination of equity and subordinated loans. Given the interest rate level at the end of the 3rd quarter, interest expenses of approximately NOK 70m per quarter are expected going forward. The company portfolios in the Norwegian and Swedish life insurance companies amounted to NOK 28bn at end of the 3rd quarter.

# Balance sheet, solidity and capital situation

Continuous monitoring and active risk management is core to Storebrand's business. Risk and capital adequacy are monitored at both Group level and in the legal entities. Regulatory requirements for capital adequacy and risk management follow the legal entities. This section is thus divided by legal entities.

## STOREBRAND GROUP

Storebrand uses the standard model for the calculation of Solvency II. The Storebrand Group's target solvency ratio in accordance with the Solvency II regulations is a minimum of 150%, including use of the transitional rules. The solvency ratio was 179% at the end of the 3rd quarter 2020, an increase of 16 percentage points from the last quarter. This is within the targeted level of 150-180%. The Solvency ratio without transitional rules was 150%, corresponding to an increase of 13 percentage points from the last quarter. The increase in the solvency ratio in the quarter is due to positive returns on credit bonds and equities, as well as repricing measures in parts of the guaranteed business. A lower regulatory volatility adjustment had a negative contribution to the solvency ratio, but a strong group profit after tax, net of dividend set aside for 2020, contribute positively.



## STOREBRAND ASA

Storebrand ASA (holding company) held liquid assets of NOK 3.9bn at the end of the quarter. Liquid assets consist primarily of short-term fixed income securities with a good credit rating and bank deposits. Storebrand ASA's total interest-bearing liabilities were NOK 1,3 bn at the end of the quarter. This corresponds to a net liquidity ratio of 12%. The next maturity date for bond debt is in October 2020, when NOK 300m matures. In addition to the liquidity portfolio, the company has an unused credit facility of EUR 200m that runs until December 2024.

Storebrand ASA owned 0.09% (416 255) of the company's own shares at the end of the quarter.

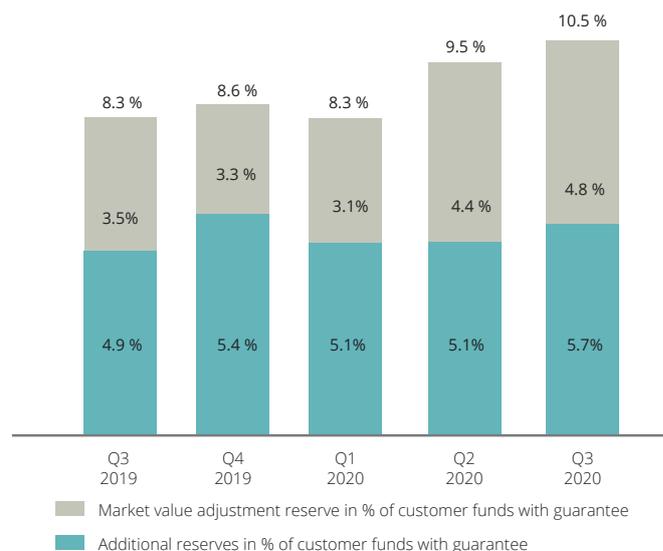
## STOREBRAND LIFE INSURANCE GROUP<sup>1)</sup>

The Solidity capital<sup>2)</sup> measures the amount of IFRS capital available to cover customer liabilities. The solidity capital amounted to NOK 72.0bn at the end of 3rd quarter 2020, an increase of NOK 4.6bn in the 3rd quarter and NOK 9.6bn year to date. The change in the quarter is due to increased customer buffers in both the Norwegian and Swedish operations.

## STOREBRAND LIVSFORSIKRING AS

The market value adjustment reserve increased during the 3rd quarter by NOK 0.7bn and NOK 2.6bn year to date. The market value adjustment reserves amounted to NOK 8.1bn, corresponding to 4.8% of customer funds with guarantee, at the end of 3rd quarter 2020. As a result of good investment return booked in customer portfolios, the additional statutory reserves has increased during the 3rd quarter by NOK 1.0bn and by NOK 0.7bn year to date. The additional statutory reserves amounted to NOK 9.7bn, corresponding to 5.7% of customer funds with guarantee, at the end of the 3rd quarter 2020. Together, the customer buffers amounted to 10.5% of customer funds with guarantee. The excess value of bonds and loans valued at amortised cost increased by NOK 1.1bn in the 3rd quarter and by NOK 5.8bn year to date due to lower interest rates. The excess value of bonds and loans valued at amortised cost amounted to NOK 10.5bn at the end of the 3rd quarter, but is not included in the financial statements.

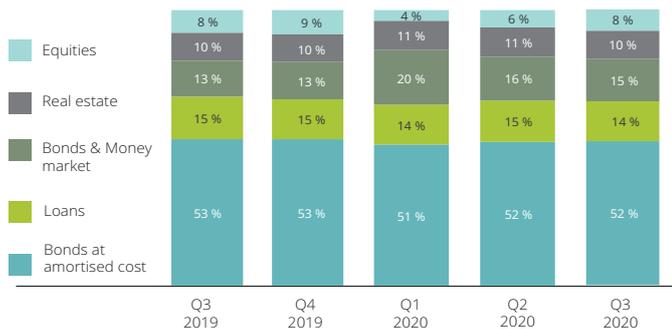
## CUSTOMER BUFFERS



<sup>1)</sup> Storebrand Life Insurance, SPP and BenCo.

<sup>2)</sup> Consists of equity, subordinated loan capital, market value adjustment reserve, risk equalisation reserve, unrealised gains/losses on bonds and loans at amortised cost, additional statutory reserves, conditional bonuses.

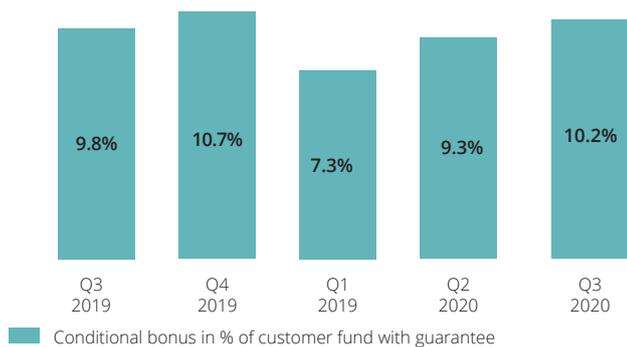
## ALLOCATION OF GUARANTEED CUSTOMER ASSETS



Customer assets increased by NOK 9.1bn in the 3rd quarter and NOK 14.4bn year to date, amounting to NOK 312bn at the end of the quarter. Customer assets within non-guaranteed savings increased NOK 7.6bn during the 3rd quarter and NOK 10.4 year to date, amounting to NOK 125bn at the end of the quarter. Guaranteed customer assets increased in the 3rd quarter by NOK 1.6bn and by NOK 4.1bn year to date, amounting to NOK 187bn at the end of the quarter.

### SPP CUSTOMER BUFFERS - SPP

The buffer capital amounted to SEK 8.1bn (SEK 7.8bn) at the end of the 3rd quarter.



## ALLOCATION OF GUARANTEED CUSTOMER ASSETS



Total assets under management for customers in SPP were SEK 203bn (SEK 191bn) at the end of the 3rd quarter. This corresponds to an increase of 6.4% compared to the 2nd quarter last year. For customer assets in non-guaranteed savings, assets under management totalled SEK 121bn (SEK 107bn) at the end of the 3rd quarter, which corresponds to an increase of 13%, compared with the 3rd quarter 2019.

### STOREBRAND BANK

The loan portfolio, including loans managed on behalf of Storebrand Livsforsikring AS, amounted to NOK 47.8bn (NOK 46.8bn) at the end of the 3rd quarter, of which the share to Storebrand Livsforsikring AS was NOK 17.0 billion (NOK 18.2 billion). Lending to customers in the bank group totalled NOK 30.8 billion (NOK 28.6 billion) at the end of the 3rd quarter.

The bank group has had an increase in the risk-weighted balance sheet of NOK 1.2bn year to date. The Storebrand Bank Group had a net capital base of NOK 2.6bn at the end of the 3rd quarter. The capital adequacy ratio was 18.0% and the Core Equity Tier 1 (CET1) ratio was 14.4% at the end of the 3rd quarter, compared with 19.6% and 15.8%, respectively, at the end of 2019. The combined requirements for capital and CET1 were 15.8% and 12.3% respectively at the end of the 3rd quarter.

# Outlook

## STRATEGY

Storebrand follows a twofold strategy. First, Storebrand aims to build a world class Savings Group supported by Insurance. Storebrand is the market leader in pension solutions to Norwegian businesses and a challenger in the Swedish market, and uniquely positioned in the growing retail savings market. Storebrand Asset Management has a strong competitive position and clear growth ambitions. Second, through cost control and disciplined use of capital, Storebrand aims to increase return to shareholders. Storebrand expects to start capital release as dividends and/or share buy backs when the solvency margin is above 180%. Under normal circumstances, the solvency margin is expected to grow 5 percentage points annually after dividends. The guaranteed business is in long term run-off and is projected to release NOK 10bn over the next years, but the recent decline in interest rates increases the uncertainty in its timing.

## FINANCIAL PERFORMANCE

The market for Defined Contribution pensions in Norway is undergoing structural growth. Storebrand's total reserves within Unit Linked increased by 22% in the last 12 months and are expected to continue to grow around 12-15% in the coming years. In Sweden, the market is more mature, but with a competitive digital offering and ESG enhanced mutual funds, SPP is the fastest growing provider in the non-unionized market, seizing new market shares.

The loyalty program for employees at companies that have their pensions managed by Storebrand remains an important area of focus for growing in the retail market in Norway. The sale of banking products and P&C insurance contributes to growth within the Savings and Insurance segments. Additional growth within P&C insurance is expected over the coming year as Storebrand has entered into an agreement with Insr where Storebrand acquires the right and obligation to renew policies within Insr portfolios, starting December 1st this year.

Asset management is an important business area within the Savings segment. Over the past 8 years, assets under management have more than doubled to NOK 921bn. In addition to managing internal pension funds, Storebrand is growing its external mandates from institutional and retail investors. The asset management platform is competitive and scalable for further growth. With the acquisition of Skagen, Storebrand is a top three mutual fund provider in Norway and with the acquisition of Cubera, Storebrand has one of the strongest offerings of alternative assets in the Nordic Region. Storebrand also has a strong track record with ESG-enhanced mutual funds and aims to increase the distribution in the European fund market.

Competition in the market has resulted in pressure on margins within

the Savings and Insurance segment. The introduction of Individual Pension Accounts, outlined more in detail in a separate section below, will add to further margin pressure within Unit Linked. This in turn sets requirements for relative cost reductions, efficiency improvements, and the need for increased sales.

The Guaranteed Pension segment is in long term run-off and reserves for Defined Benefit products are decreasing. As Defined Benefit schemes are closed, contracts become Paid-up policies leading to some growth in Paid-up reserves. These reserves will eventually start to fall as well. Guaranteed reserves represent a declining share of the Group's total pension reserves and were 52.4% at the end of the quarter, 3.7 percentage points lower than the same period last year. Guaranteed pensions make a limited contribution to the Group results in the present interest rate environment. However, recent pension reforms to Public Occupational Pensions have made it attractive for Storebrand to enter this market, which today is run by a monopolist. In the 3rd quarter, Storebrand won its first mandate. More counties and municipalities are expected to put the management of their pensions out on tender, which could lead to further growth in the segment.

Adjusted for acquisitions, currency and performance related costs, the group has reported flat nominal costs from 2012 to 2019 and has the ambition to continue do so in 2020. This is in spite of assets under management having more than doubled in the period and investments having taken place in selected growth initiatives. This implies that a significant real reduction in costs has taken place. Lower cost through automation, digitalisation and the partnerships are expected to make up for normal investments in business growth and inflation.

## RISK

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

Storebrand has adapted to the low interest rates by increasing duration in portfolios and building buffer capital. The level of the average annual interest rate guarantee is gradually reduced as older policies with higher guarantees are phased out. In the long term, continued low interest rates will represent a risk for products with guaranteed high interest rates. Storebrand has adjusted its asset allocation by building a robust portfolio of bonds at amortised cost to achieve sufficient returns. With 10.5% of customer buffers as a share of

customer reserves with guarantees in Norway, Storebrand effectively has NOK 16.7bn more in customer assets than liabilities. These help to generate excess returns, currently estimated to be 0.4% above the average annual guarantee of 3.1%. The customer buffers can also be used to compensate for a shortfall in returns under poor market conditions, limiting the financial risk to shareholders.

For insurance risk, increased longevity and the development in disability are the factors that have greatest influence on solvency. Covid-19 combined with plummeting oil prices led to an increase in the number of temporarily laid off workers in Norway, but many have already returned to work. A prolonged situation with unemployment could lead to increased disability, which may result in increased claims. Consequently, Storebrand has strengthened its disability reserves this year. Should the economic situation worsen, further reserve and price increases can be undertaken.

Operational risk may also have an effect on solvency. The risk is closely monitored. The span of outcomes from regulatory risk has increased. Several processes, both on the domestic and international level, with potential implications for capital, customer returns and commercial opportunities are described below.

#### **INDIVIDUAL PENSION ACCOUNT**

The Ministry of Finance is expected to pass final regulation and decide on timeline for introducing Individual Pension Accounts shortly.

Defined contribution capital certificates issued by previous employers ("pensjonskapitalbevis") will be transferred into the active scheme unless the holder makes an active choice to stay with the current provider by opting out ("negative acceptance").

We expect the new rules to enter into force 1 January 2021, and transfer of DC capital certificates to take place during May and June 2021.

A key aim of the reform is to reduce the costs associated with the administration of pension contributions from previous employers. The Ministry of Finance has proposed that individuals shall pay the same fee for former earnings transferred into the Individual Pension Account as the employer pays for current earnings. This is expected to be part of the final regulation, leading to significantly lower income related to former earnings for the providers.

Storebrand currently has a higher market share for active defined contribution schemes than for certificates from such schemes and therefore expects some new net inflows of DC capital certificates from the proposed changes. Individuals will be able to transfer the pension account (both current and former earnings) to other providers.

Storebrand is participating in the Ministry of Finance implementing group on Individual pension accounts.

#### **GUARANTEED PENSIONS**

The Ministry of Finance has conducted a public consultation on proposals for changes in guaranteed pension regulations with the ambition to improve policy holders' prospects for better investment returns and higher pension payments.

The Ministry of Finance decided shortly after the public consultation that pension providers' ability to book fixed income at amortised cost would not be revoked.

The Ministry of Finance is still working on which proposals to put forward to parliament regarding changes in buffer and guarantee regulation.

#### **SOLVENCY II REVIEW**

The European Insurance and Occupational Pension Authority (EIOPA) has launched a public consultation on changes in the Solvency II standard model. EIOPA has proposed changes in the interest rate risk module that could increase the solvency capital requirement for Norwegian and Swedish insurers. EIOPA was expected to present final proposals to the Commission in June 2020. Due to the impact of the Covid-19 pandemic, EIOPA and the Commission has agreed on a revised timetable. EIOPA's advice will therefore not be delivered to the Commission until the end of December 2020.

The expectation is that final conclusions are to be drawn by the Commission, the Parliament and the Council in 2022.

#### **DIVIDEND POLICY**

The Board confirms its commitment to the dividend policy and has made provisions in the solvency calculation for an ordinary dividend for the financial year of 2020 in the first nine months. The annual general meeting of Storebrand ASA supported the Board's recommendation not to pay dividend for the financial year of 2019 due to the pronounced expectations from the Norwegian Ministry of Finance, Norwegian FSA and EIOPA to suspend dividends until the great uncertainty about the economic development in light of Covid-19 has been reduced.

Storebrand has established a framework for capital management that links dividends to the solvency margin. The dividend policy intends to reflect the strong growth in fee-based earnings, the more volatile financial markets related earnings and the future capital release from the guaranteed book. The Board's ambition is to pay a gradually and growing ordinary dividend. When the solvency margin reaches 180%,

the Board intends to initiate a share buyback program. The purpose of the buyback program is to return excess capital released from the guaranteed liabilities that are in long-term run-off. A review of the solvency level and related share buybacks will normally be conducted every six months.

Storebrand's dividend policy is stated as following:

*Storebrand aims to pay an ordinary dividend of more than 50% of Group result after tax. The Board of Directors' ambition is to pay ordinary dividends per share of at least the same nominal amount as the previous year. Ordinary dividends are subject to a sustainable solvency margin of above 150%. If the solvency margin is above 180%, the Board of Directors intends to propose special dividends or share buy backs.*

Lysaker, 20 October 2020

# Storebrand Group

## Income statement

| (NOK million)   | Note | Q3             |                | 01.01 - 30.09  |                | Full year      |
|---|------|----------------|----------------|----------------|----------------|----------------|
|   |      | 2020           | 2019           | 2020           | 2019           | 2019           |
| Premium income  |      | 7,805          | 7,333          | 35,477         | 24,317         | 32,366         |
| <i>Net income from financial assets and real estate for the company:</i>          |      |                |                |                |                |                |
| - equities and fund units at fair value   |      | 8              | 8              | 13             | -2             | 40             |
| - bonds and other fixed-income securities at fair value                           |      | 68             | 206            | 465            | 538            | 600            |
| - derivatives at fair value   |      | 83             | 16             | -219           | 25             | -12            |
| - loans at fair value   |      | 1              | 4              | 30             | 7              | 14             |
| - bonds at amortised cost   |      | 54             | 56             | 162            | 163            | 214            |
| - loans at amortised cost   |      | 155            | 203            | 530            | 582            | 802            |
| - profit from investments in associated companies/joint ventures                  |      | 27             | -111           | 62             | -92            | 39             |
| <i>Net income from financial assets and real estate for the customers:</i>        |      |                |                |                |                |                |
| - equities and fund units at fair value   |      | 12,615         | 7,962          | 3,208          | 29,140         | 37,318         |
| - bonds and other fixed-income securities at fair value                           |      | 1,154          | 851            | 4,005          | 4,135          | 4,167          |
| - derivatives at fair value   |      | 1,991          | -1,031         | 1,608          | 2,047          | 1,424          |
| - loans at fair value   |      | 9              | 57             | 20             | 234            | 11             |
| - bonds at amortised cost   |      | 945            | 1,027          | 3,289          | 2,966          | 3,912          |
| - loans at amortised cost   |      | 163            | 136            | 800            | 327            | 546            |
| - properties  |      | 253            | 293            | 288            | 1,237          | 1,864          |
| - profit from investments in associated companies/joint ventures                  |      | 107            | 89             | 205            | 259            | 341            |
| Other income  |      | 936            | 1,059          | 2,707          | 2,659          | 3,758          |
| <b>Total income</b>   |      | <b>26,375</b>  | <b>18,158</b>  | <b>52,652</b>  | <b>68,541</b>  | <b>87,403</b>  |
| Insurance claims  |      | -7,183         | -6,065         | -22,237        | -20,495        | -26,756        |
| Change in insurance liabilities   |      | -14,521        | -9,441         | -21,774        | -37,023        | -44,725        |
| Change in capital buffer  |      | -2,012         | -206           | -2,152         | -3,796         | -5,892         |
| Operating expenses  | 7    | -1,193         | -1,189         | -3,596         | -3,535         | -4,828         |
| Other expenses  |      | -307           | -317           | -787           | -1,004         | -1,238         |
| Interest expenses   |      | -147           | -240           | -619           | -678           | -927           |
| <b>Total expenses before amortisation</b>   |      | <b>-25,363</b> | <b>-17,458</b> | <b>-51,165</b> | <b>-66,530</b> | <b>-84,366</b> |
| <b>Group profit before amortisation</b>   |      | <b>1,012</b>   | <b>700</b>     | <b>1,486</b>   | <b>2,011</b>   | <b>3,037</b>   |
| Amortisation of intangible assets   |      | -124           | -115           | -367           | -328           | -444           |
| <b>Group pre-tax profit</b>   |      | <b>889</b>     | <b>585</b>     | <b>1,119</b>   | <b>1,683</b>   | <b>2,593</b>   |
| Tax expenses  | 8    | -123           | -124           | 363            | -277           | -511           |
| <b>Profit/loss for the period</b>   |      | <b>766</b>     | <b>461</b>     | <b>1,483</b>   | <b>1,406</b>   | <b>2,082</b>   |
| <b>Profit/loss for the period attributable to:</b>                                |      |                |                |                |                |                |
| Share of profit for the period - shareholders                                     |      | 764            | 457            | 1,475          | 1,397          | 2,067          |
| Share of profit for the period - hybrid capital investors                         |      | 2              | 3              | 8              | 9              | 12             |
| Share of profit for the period - non-controlling interests                        |      |                | 1              |                | 1              | 3              |
| <b>Total</b>  |      | <b>766</b>     | <b>461</b>     | <b>1,483</b>   | <b>1,406</b>   | <b>2,082</b>   |
| Earnings per ordinary share (NOK)   |      | 1.63           | 0.98           | 3.16           | 2.99           | 4.43           |
| Average number of shares as basis for calculation (million)                       |      |                |                | 467.2          | 466.8          | 466.8          |
| There is no financial instruments that gives diluted effect on earnings per share |      |                |                |                |                |                |

# Storebrand Group

## Statement of comprehensive income

| (NOK million)  | Q3         |            | 01.01 - 30.09 |              | Full year    |
|--|------------|------------|---------------|--------------|--------------|
|  | 2020       | 2019       | 2020          | 2019         | 2019         |
| <b>Profit/loss for the period</b>  | <b>766</b> | <b>461</b> | <b>1,483</b>  | <b>1,406</b> | <b>2,082</b> |
| Actuarial assumptions pensions own employees   | -2         | -3         | -6            | -8           | 3            |
| Fair value adjustment of properties for own use  | 2          | 1          | 24            | -21          | -22          |
| Other comprehensive income allocated to customers  | -2         | -1         | -24           | 21           | 22           |
| Tax on other comprehensive income elements not to be reclassified to profit/loss         |            |            |               |              | 12           |
| <b>Total other comprehensive income elements not to be reclassified to profit/loss</b>   | <b>-2</b>  | <b>-3</b>  | <b>-6</b>     | <b>-9</b>    | <b>15</b>    |
| Translation differences foreign exchange   | 36         | -18        | 302           | -214         | -168         |
| Gains/losses from cash flow hedging  | -14        | 4          |               | -17          | -36          |
| <b>Total other comprehensive income elements that may be reclassified to profit/loss</b> | <b>23</b>  | <b>-14</b> | <b>302</b>    | <b>-231</b>  | <b>-204</b>  |
| <b>Total other comprehensive income elements</b>   | <b>20</b>  | <b>-17</b> | <b>297</b>    | <b>-239</b>  | <b>-190</b>  |
| <b>Total comprehensive income</b>  | <b>787</b> | <b>444</b> | <b>1,779</b>  | <b>1,167</b> | <b>1,892</b> |
| <b>Total comprehensive income attributable to:</b>                                       |            |            |               |              |              |
| Share of total comprehensive income - shareholders                                       | 784        | 446        | 1,772         | 1,165        | 1,879        |
| Share of total comprehensive income - hybrid capital investors                           | 2          | 3          | 8             | 9            | 12           |
| Share of total comprehensive income - non-controlling interests                          |            | -6         |               | -6           | 1            |
| <b>Total</b>   | <b>787</b> | <b>444</b> | <b>1,779</b>  | <b>1,167</b> | <b>1,892</b> |

# Storebrand Group

## Statement of financial position

| (NOK million)   | Note | 30.09.20       | 30.09.19       | 31.12.19       |
|---|------|----------------|----------------|----------------|
| <b>Assets company portfolio</b>                                     |      |                |                |                |
| Deferred tax assets   |      | 1,888          | 1,789          | 1,430          |
| Intangible assets and excess value on purchased insurance contracts |      | 6,414          | 6,268          | 6,220          |
| Pension assets  |      | 2              | 5              | 2              |
| Tangible fixed assets   |      | 1,433          | 1,094          | 1,075          |
| Investments in associated companies and joint ventures              |      | 275            | 226            | 227            |
| <i>Financial assets at amortised cost:</i>                          |      |                |                |                |
| - Bonds   | 6    | 10,997         | 8,581          | 8,256          |
| - Loans to financial institutions                                   | 6    | 742            | 941            | 41             |
| - Loans to customers  | 6,9  | 30,356         | 28,030         | 29,798         |
| Reinsurers' share of technical reserves                             |      | 40             | 30             | 26             |
| Investment properties at fair value                                 | 6    | 50             | 50             | 49             |
| Biological assets   |      | 67             | 67             | 67             |
| Accounts receivable and other short-term receivables                |      | 7,101          | 2,577          | 4,824          |
| <i>Financial assets at fair value:</i>                              |      |                |                |                |
| - Equities and fund units   | 6    | 326            | 268            | 323            |
| - Bonds and other fixed-income securities                           | 6    | 27,983         | 27,672         | 28,512         |
| - Derivatives   | 6    | 1,469          | 1,232          | 1,183          |
| - Loans to customers  | 6,9  | 431            | 501            | 389            |
| Bank deposits   |      | 3,123          | 2,836          | 3,119          |
| Minority portion of consolidated mutual funds                       |      | 50,236         | 48,616         | 44,933         |
| <b>Total assets company portfolio</b>                               |      | <b>142,934</b> | <b>130,783</b> | <b>130,474</b> |
| <b>Assets customer portfolio</b>                                    |      |                |                |                |
| Investments in associated companies and joint ventures              |      | 5,710          | 3,983          | 4,045          |
| <i>Financial assets at amortised cost:</i>                          |      |                |                |                |
| - Bonds   | 6    | 91,914         | 90,180         | 89,790         |
| - Bonds held-to-maturity  | 6    | 13,473         | 13,455         | 13,377         |
| - Loans to customers  | 6,9  | 22,366         | 24,416         | 23,735         |
| Reinsurers' share of technical reserves                             |      | 29             | 62             | 69             |
| Investment properties at fair value                                 | 6    | 30,679         | 28,620         | 29,366         |
| Properties for own use  | 6    | 1,551          | 1,316          | 1,375          |
| Accounts receivable and other short-term receivables                |      | 529            | 591            | 450            |
| <i>Financial assets at fair value:</i>                              |      |                |                |                |
| - Equities and fund units   | 6    | 215,834        | 182,094        | 194,020        |
| - Bonds and other fixed-income securities                           | 6    | 148,460        | 130,385        | 128,127        |
| - Derivatives   | 6    | 7,938          | 7,212          | 4,131          |
| - Loans to customers  | 6,9  | 8,320          | 5,740          | 6,736          |
| Bank deposits   |      | 9,225          | 5,618          | 7,475          |
| <b>Total assets customer portfolio</b>                              |      | <b>556,028</b> | <b>493,672</b> | <b>502,695</b> |
| <b>Total assets</b>   |      | <b>698,963</b> | <b>624,455</b> | <b>633,170</b> |

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# Storebrand Group

## Statement of financial position (continued)

| (NOK million)                                 | Note | 30.09.20       | 30.09.19       | 31.12.19       |
|---|------|----------------|----------------|----------------|
| <b>Equity and liabilities</b>                 |      |                |                |                |
| Paid-in capital                               |      | 12,858         | 12,855         | 12,856         |
| Retained earnings                             |      | 22,097         | 19,550         | 20,264         |
| Hybrid capital                                |      | 226            | 226            | 226            |
| Non-controlling interests                     |      |                | 49             | 52             |
| <b>Total equity</b>                           |      | <b>35,181</b>  | <b>32,680</b>  | <b>33,398</b>  |
| Subordinated loans                            | 5.6  | 9,236          | 8,863          | 8,925          |
| Capital buffer                                | 10   | 27,321         | 22,295         | 23,825         |
| Insurance liabilities                         |      | 520,331        | 466,067        | 477,171        |
| Pension liabilities                           |      | 270            | 308            | 266            |
| Deferred tax                                  |      | 796            | 772            | 768            |
| <i>Financial liabilities:</i>                 |      |                |                |                |
| - Liabilities to financial institutions       | 5.6  | 1,640          | 3              | 446            |
| - Deposits from banking customers             | 6    | 15,419         | 14,515         | 14,404         |
| - Securities issued                           | 5.6  | 20,648         | 18,498         | 18,729         |
| - Derivatives company portfolio               |      | 202            | 115            | 86             |
| - Derivatives customer portfolio              |      | 2,779          | 2,349          | 908            |
| - Other non-current liabilities               |      | 1,389          | 1,059          | 1,037          |
| Other current liabilities                     |      | 13,517         | 8,315          | 8,274          |
| Minority portion of consolidated mutual funds |      | 50,236         | 48,616         | 44,933         |
| <b>Total liabilities</b>                      |      | <b>663,782</b> | <b>591,775</b> | <b>599,772</b> |
| <b>Total equity and liabilities</b>           |      | <b>698,963</b> | <b>624,455</b> | <b>633,170</b> |

# Storebrand Group

## Statement of changes in equity

| (NOK million)                                    | Majority's share of equity  |            |               |                      |                                  |                            |                         |                              |                           |               |
|--|-----------------------------|------------|---------------|----------------------|----------------------------------|----------------------------|-------------------------|------------------------------|---------------------------|---------------|
|  | Share capital <sup>1)</sup> | Own shares | Share premium | Total paid in equity | Currency translation differences | Other equity <sup>2)</sup> | Total retained earnings | Hybrid capital <sup>3)</sup> | Non-controlling interests | Total equity  |
| <b>Equity at 31 December 2018</b>                | <b>2,339</b>                | <b>-2</b>  | <b>10,521</b> | <b>12,858</b>        | <b>1,076</b>                     | <b>18,706</b>              | <b>19,782</b>           | <b>176</b>                   | <b>57</b>                 | <b>32,873</b> |
| Profit for the period                            |                             |            |               |                      |                                  | 2,067                      | 2,067                   | 12                           | 3                         | 2,082         |
| Total other comprehensive income elements        |                             |            |               |                      | -166                             | -22                        | -188                    |                              | -2                        | -190          |
| <b>Total comprehensive income for the period</b> |                             |            |               |                      | <b>-166</b>                      | <b>2,045</b>               | <b>1,879</b>            | <b>12</b>                    | <b>1</b>                  | <b>1,892</b>  |
| <b>Equity transactions with owners:</b>          |                             |            |               |                      |                                  |                            |                         |                              |                           |               |
| Own shares                                       |                             | -3         |               | -3                   |                                  | -27                        | -27                     |                              |                           | -29           |
| Hybrid capital classified as equity              |                             |            |               |                      |                                  | 3                          | 3                       | 50                           |                           | 53            |
| Paid out interest hybrid capital                 |                             |            |               |                      |                                  |                            |                         | -12                          |                           | -12           |
| Dividend paid                                    |                             |            |               |                      |                                  | -1,399                     | -1,399                  |                              |                           | -1,399        |
| Other  |                             |            |               |                      |                                  | 27                         | 27                      |                              | -7                        | 21            |
| <b>Equity at 31 December 2019</b>                | <b>2,339</b>                | <b>-5</b>  | <b>10,521</b> | <b>12,856</b>        | <b>910</b>                       | <b>19,355</b>              | <b>20,264</b>           | <b>226</b>                   | <b>52</b>                 | <b>33,398</b> |
| Profit for the period                            |                             |            |               |                      |                                  | 1,475                      | 1,475                   | 8                            |                           | 1,483         |
| Total other comprehensive income elements        |                             |            |               |                      | 302                              | -6                         | 297                     |                              |                           | 297           |
| <b>Total comprehensive income for the period</b> |                             |            |               |                      | <b>302</b>                       | <b>1,469</b>               | <b>1,772</b>            | <b>8</b>                     |                           | <b>1,779</b>  |
| <b>Equity transactions with owners:</b>          |                             |            |               |                      |                                  |                            |                         |                              |                           |               |
| Own shares                                       |                             | 3          |               | 3                    |                                  | 33                         | 33                      |                              |                           | 36            |
| Hybrid capital classified as equity              |                             |            |               |                      |                                  | 2                          | 2                       |                              |                           | 2             |
| Paid out interest hybrid capital                 |                             |            |               |                      |                                  |                            |                         | -8                           |                           | -8            |
| Other  |                             |            |               |                      |                                  | 26                         | 26                      |                              | -52                       | -26           |
| <b>Equity at 30 September 2020</b>               | <b>2,339</b>                | <b>-2</b>  | <b>10,521</b> | <b>12,858</b>        | <b>1,212</b>                     | <b>20,885</b>              | <b>22,097</b>           | <b>226</b>                   |                           | <b>35,181</b> |

<sup>1)</sup> 467 813 982 shares with a nominal value of NOK 5.

<sup>2)</sup> Includes undistributable funds in the risk equalisation fund amounting to NOK 436 million and security reserves amounting NOK 65 million.

<sup>3)</sup> Perpetual hybrid tier 1 capital classified as equity.

|  |              |           |               |               |              |               |               |            |           |               |
|--|--------------|-----------|---------------|---------------|--------------|---------------|---------------|------------|-----------|---------------|
| <b>Equity at 31 December 2018</b>                | <b>2,339</b> | <b>-2</b> | <b>10,521</b> | <b>12,858</b> | <b>1,076</b> | <b>18,706</b> | <b>19,782</b> | <b>176</b> | <b>57</b> | <b>32,873</b> |
| Profit for the period                            |              |           |               |               |              | 1,397         | 1,397         | 9          | 1         | 1,406         |
| Total other comprehensive income elements        |              |           |               |               | -207         | -26           | -233          |            | -7        | -239          |
| <b>Total comprehensive income for the period</b> |              |           |               |               | <b>-207</b>  | <b>1,371</b>  | <b>1,165</b>  | <b>9</b>   | <b>-6</b> | <b>1,167</b>  |
| <b>Equity transactions with owners:</b>          |              |           |               |               |              |               |               |            |           |               |
| Own shares                                       |              | -3        |               | -3            |              | -27           | -27           |            |           | -30           |
| Hybrid capital classified as equity              |              |           |               |               |              | 2             | 2             | 50         |           | 52            |
| Paid out interest hybrid capital                 |              |           |               |               |              |               |               | -9         |           | -9            |
| Dividend paid                                    |              |           |               |               |              | -1,399        | -1,399        |            |           | -1,399        |
| Other  |              |           |               |               |              | 28            | 28            |            | -2        | 26            |
| <b>Equity at 30 September 2019</b>               | <b>2,339</b> | <b>-5</b> | <b>10,521</b> | <b>12,856</b> | <b>869</b>   | <b>18,680</b> | <b>19,550</b> | <b>226</b> | <b>49</b> | <b>32,680</b> |

# Storebrand Group

## Statement of cash flow

01.01 - 30.09

(NOK million)

|  | 2020           | 2019          |
|--|----------------|---------------|
| <b>Cash flow from operating activities</b>   |                |               |
| Net receipts premium - insurance   | 21,920         | 19,731        |
| Net payments claims and insurance benefits   | -16,195        | -15,843       |
| Net receipts/payments - transfers  | 7,353          | -436          |
| Other receipts/payments - insurance liabilities  | 143            | -6,711        |
| Receipts - interest, commission and fees from customers                                  | 1,775          | 2,407         |
| Payments - interest, commission and fees to customers                                    | -234           | -422          |
| Taxes paid   | -26            | -17           |
| Payments relating to operations  | -3,726         | -3,426        |
| Net receipts/payments - other operating activities                                       | 1,528          | 8,688         |
| <i>Net cash flow from operations before financial assets and banking customers</i>       | <i>12,536</i>  | <i>3,972</i>  |
| Net receipts/payments - loans to customers   | -45            | 430           |
| Net receipts/payments - deposits bank customers  | 961            | 37            |
| Net receipts/payments - securities   | -13,756        | -3,801        |
| Net receipts/payments - investment properties  | 698            | 11            |
| Net change in bank deposits for insurance customers (bank deposit in customer portfolio) | -1,587         | -290          |
| <i>Net cash flow from financial assets and banking customers</i>                         | <i>-13,730</i> | <i>-3,613</i> |
| <b>Net cash flow from operating activities</b>   | <b>-1,194</b>  | <b>358</b>    |
| <b>Cash flow from investing activities</b>   |                |               |
| Payments - purchase of subsidiaries  | -167           | -309          |
| Net receipts/payments - sale/purchase of fixed assets                                    | -65            | -83           |
| Net receipts/payments - sale of insurance portfolios                                     | 103            | 65            |
| <b>Net cash flow from investing activities</b>   | <b>-129</b>    | <b>-327</b>   |
| <b>Cash flow from financing activities</b>   |                |               |
| Receipts - new loans   | 8,496          | 2,601         |
| Payments - repayments of loans   | -6,555         | -1,649        |
| Payments - interest on loans   | -318           | -302          |
| Receipts - subordinated loans  | 499            | 1,052         |
| Payments - repayment of subordinated loans   | -872           | -253          |
| Payments - interest on subordinated loans  | -350           | -318          |
| Net receipts/payments - loans to financial institutions                                  | 1,193          | 1             |
| Receipts - issuing of share capital / sale of shares to employees                        | 26             | -36           |
| Payments - dividends   |                | -1,399        |
| Receipts - hybrid capital  |                | 125           |
| Payments - repayment of hybrid capital   |                | -75           |
| Payments - interest on hybrid capital  | -8             | -9            |
| <b>Net cash flow from financing activities</b>   | <b>2,112</b>   | <b>-262</b>   |
| <b>Net cash flow for the period</b>  | <b>790</b>     | <b>-231</b>   |
| Cash and cash equivalents at start of the period   | 3,160          | 3,951         |
| Currency translation cash/cash equivalents in foreign currency                           | -84            | 57            |
| <b>Cash and cash equivalents at the end of the period <sup>1)</sup></b>                  | <b>3,865</b>   | <b>3,777</b>  |
| <b><sup>1) Consists of:</sup></b>  |                |               |
| Loans to financial institutions  | 742            | 941           |
| Bank deposits  | 3,123          | 2,836         |
| <b>Total</b>   | <b>3,865</b>   | <b>3,777</b>  |

# Notes to the interim accounts

## Storebrand Group

### Note 01 | Accounting policies

The Group's interim financial statements include Storebrand ASA, subsidiaries, associated companies and joint ventures. The financial statements are prepared in accordance with IAS 34 Interim Financial Reporting. The interim financial statements do not contain all the information that is required in full annual financial statements.

A description of the accounting policies applied in the preparation of the financial statements are provided in the 2019 annual report, and the interim financial statements are prepared in accordance with these accounting policies.

There are none new or changed accounting standards that entered into effect in 2020 that have significant effect on Storebrand's consolidated financial statements.

### Note 02 | Important accounting estimates and judgements

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

Actual results may differ from these estimates.

A description of the most critical estimates and judgements that can affect recognised amounts is included in the 2019 annual report in note 2, insurance risk in note 7 and valuation of financial instruments at fair value is described in note 12.

### Note 03 | Profit by segments

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

#### **Savings**

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

#### **Insurance**

The insurance segment provides health insurance in the Norwegian and Swe-dish corporate and retail markets, P&C insurance and personal risk products in the Norwegian retail market in addition to employer's liability insurance and pension-related insurance in the Norwegian and Swedish corporate markets.

#### **Guaranteed pension**

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

#### **Other**

The result for Storebrand ASA is reported under Other, as well as the result for the company portfolios and small subsidiaries of Storebrand Life Insurance and SPP. In addition, the activities at BenCo are reported in this segment. The elimination of intra-group transactions is also included in the Other segment.

#### **Reconciliation with the official profit and loss accounting**

Profit in the segments are reconciled with the corporate profit and loss account before tax. The corporate profit and loss account include gross income and gross expenses linked to both the insurance customers and owners. The various segments are to a large extent followed up on net profit margins, including risk and administration results. The profit lines that are used in segment reporting will therefore not be identical with the profit lines in the corporate profit and loss account.

A description of the most important differences is included in the 2019 annual report in note 4 Segment reporting.

| (NOK million)                           | Q3           |            | 01.01 - 30.09 |              | Full year    |
|---|--------------|------------|---------------|--------------|--------------|
|   | 2020         | 2019       | 2020          | 2019         | 2019         |
| Savings                                 | 394          | 303        | 1,066         | 817          | 1,364        |
| Insurance                               | 173          | 128        | 29            | 369          | 439          |
| Guaranteed pension                      | 302          | 237        | 388           | 697          | 1,029        |
| Other                                   | 144          | 32         | 3             | 128          | 205          |
| <b>Group profit before amortisation</b> | <b>1,012</b> | <b>700</b> | <b>1,486</b>  | <b>2,011</b> | <b>3,037</b> |
| Amortisation of intangible assets       | -124         | -115       | -367          | -328         | -444         |
| <b>Group pre-tax profit</b>             | <b>889</b>   | <b>585</b> | <b>1,119</b>  | <b>1,683</b> | <b>2,593</b> |

### SEGMENT INFORMATION AS OF Q3

| (NOK million)                                   | Savings<br>Q3 |            | Insurance<br>Q3 |            | Guaranteed pension<br>Q3 |            |
|---|---------------|------------|-----------------|------------|--------------------------|------------|
|   | 2020          | 2019       | 2020            | 2019       | 2020                     | 2019       |
| Fee and administration income                   | 1,038         | 957        |                 |            | 370                      | 384        |
| Insurance result                                |               |            | 304             | 268        |                          |            |
| - Insurance premiums for own account            |               |            | 1,105           | 981        |                          |            |
| - Claims for own account                        |               |            | -801            | -713       |                          |            |
| Operating expense                               | -639          | -643       | -168            | -162       | -212                     | -199       |
| <b>Operating profit</b>                         | <b>400</b>    | <b>314</b> | <b>135</b>      | <b>106</b> | <b>159</b>               | <b>185</b> |
| Financial items and risk result life & pension  | -6            | -11        | 37              | 21         | 143                      | 52         |
| <b>Group profit before amortisation</b>         | <b>394</b>    | <b>303</b> | <b>173</b>      | <b>128</b> | <b>302</b>               | <b>237</b> |
| Amortisation of intangible assets <sup>1)</sup> |               |            |                 |            |                          |            |
| <b>Group pre-tax profit</b>                     |               |            |                 |            |                          |            |

| (NOK million)                                   | Other<br>Q3 |            | Storebrand Group<br>Q3 |            |
|---|-------------|------------|------------------------|------------|
|   | 2020        | 2019       | 2020                   | 2019       |
| Fee and administration income                   | -57         | -44        | 1,352                  | 1,296      |
| Insurance result                                |             |            | 304                    | 268        |
| - Insurance premiums for own account            |             |            | 1,105                  | 981        |
| - Claims for own account                        |             |            | -801                   | -713       |
| Operating expense                               | 35          | 25         | -984                   | -979       |
| <b>Operating profit</b>                         | <b>-21</b>  | <b>-19</b> | <b>672</b>             | <b>586</b> |
| Financial items and risk result life & pension  | 165         | 51         | 340                    | 114        |
| <b>Group profit before amortisation</b>         | <b>144</b>  | <b>32</b>  | <b>1,012</b>           | <b>700</b> |
| Amortisation of intangible assets <sup>1)</sup> |             |            | -124                   | -115       |
| <b>Group pre-tax profit</b>                     |             |            | <b>889</b>             | <b>585</b> |

<sup>1)</sup> Amortisation of intangible assets are included in Storebrand Group

## SEGMENT INFORMATION AS OF 01.01 - 30.09

| (NOK million)                                   | Savings       |            | Insurance     |            | Guaranteed pension |            |
|---|---------------|------------|---------------|------------|--------------------|------------|
|   | 01.01 - 30.09 | 2019       | 01.01 - 30.09 | 2019       | 01.01 - 30.09      | 2019       |
| Fee and administration income                   | 3,055         | 2,764      |               |            | 1,080              | 1,108      |
| Insurance result                                |               |            | 488           | 782        |                    |            |
| - Insurance premiums for own account            |               |            | 3,195         | 2,895      |                    |            |
| - Claims for own account                        |               |            | -2,707        | -2,112     |                    |            |
| Operating expense                               | -1,908        | -1,929     | -518          | -471       | -628               | -594       |
| <b>Operating profit</b>                         | <b>1,148</b>  | <b>834</b> | <b>-30</b>    | <b>311</b> | <b>453</b>         | <b>514</b> |
| Financial items and risk result life & pension  | -82           | -18        | 59            | 58         | -64                | 183        |
| <b>Group profit before amortisation</b>         | <b>1,066</b>  | <b>817</b> | <b>29</b>     | <b>369</b> | <b>388</b>         | <b>697</b> |
| Amortisation of intangible assets <sup>1)</sup> |               |            |               |            |                    |            |
| <b>Group pre-tax profit</b>                     |               |            |               |            |                    |            |

| (NOK million)                                   | Other         |            | Storebrand Group |              |
|---|---------------|------------|------------------|--------------|
|   | 01.01 - 30.09 | 2019       | 01.01 - 30.09    | 2019         |
| Fee and administration income                   | -134          | -125       | 4,001            | 3,746        |
| Insurance result                                |               |            | 488              | 782          |
| - Insurance premiums for own account            |               |            | 3,195            | 2,895        |
| - Claims for own account                        |               |            | -2,707           | -2,112       |
| Operating expense                               | 71            | 56         | -2,983           | -2,938       |
| <b>Operating profit</b>                         | <b>-64</b>    | <b>-69</b> | <b>1,506</b>     | <b>1,591</b> |
| Financial items and risk result life & pension  | 66            | 197        | -20              | 420          |
| <b>Group profit before amortisation</b>         | <b>3</b>      | <b>128</b> | <b>1,486</b>     | <b>2,011</b> |
| Amortisation of intangible assets <sup>1)</sup> |               |            | -367             | -328         |
| <b>Group pre-tax profit</b>                     |               |            | <b>1,119</b>     | <b>1,683</b> |

<sup>1)</sup> Amortisation of intangible assets are included in Storebrand Group

## KEY FIGURES BY BUSINESS AREA

| (NOK million)  | Q3<br>2020 | Q2<br>2020 | Q1<br>2020 | Q4<br>2019 | Q3<br>2019 | Q2<br>2019 | Q1<br>2019 | Q4<br>2018 |
|--|------------|------------|------------|------------|------------|------------|------------|------------|
| <b>Group</b>   |            |            |            |            |            |            |            |            |
| Earnings per ordinary share <sup>1)</sup>                                    | 3.16       | 1.52       | 0.56       | 4.43       | 2.99       | 2.01       | 1.05       | 7.89       |
| Equity   | 35,181     | 34,396     | 34,090     | 33,398     | 32,680     | 32,242     | 33,177     | 32,873     |
| <b>Savings</b>   |            |            |            |            |            |            |            |            |
| Premium income Unit Linked <sup>2)</sup>                                     | 4,856      | 5,121      | 5,046      | 4,551      | 4,205      | 4,175      | 4,237      | 4,086      |
| Unit Linked reserves   | 251,578    | 234,644    | 210,061    | 219,793    | 206,717    | 198,032    | 190,980    | 179,299    |
| AuM asset management   | 920,540    | 880,177    | 828,749    | 831,204    | 786,326    | 751,926    | 707,102    | 707,102    |
| Retail lending   | 47,771     | 47,208     | 47,681     | 48,161     | 46,722     | 46,201     | 46,476     | 46,526     |
| <b>Insurance</b>   |            |            |            |            |            |            |            |            |
| Total written premiums   | 5,288      | 5,201      | 5,037      | 4,698      | 4,583      | 4,507      | 4,442      | 4,455      |
| Claims ratio <sup>2)</sup>   | 73%        | 76%        | 107%       | 78%        | 73%        | 72%        | 74%        | 72%        |
| Cost ratio <sup>2)</sup>   | 15%        | 16%        | 17%        | 17%        | 17%        | 16%        | 16%        | 17%        |
| Combined ratio <sup>2)</sup>   | 88%        | 92%        | 124%       | 96%        | 89%        | 89%        | 90%        | 89%        |
| <b>Guaranteed pension</b>  |            |            |            |            |            |            |            |            |
| Guaranteed reserves  | 276,995    | 274,343    | 272,051    | 263,185    | 263,677    | 261,973    | 260,560    | 260,572    |
| Guaranteed reserves in % of total reserves                                   | 52.4%      | 53.9%      | 56.4%      | 54.5%      | 56.1%      | 57.0%      | 57.7%      | 59.2%      |
| Net transfer out of guaranteed reserves <sup>2)</sup>                        | 4          | -634       | -93        | 16         | 14         | -1         | 75         | 10         |
| Capital buffer in % of customer reserves Storebrand Life Group <sup>3)</sup> | 10.5%      | 9.5%       | 8.3%       | 8.6%       | 8.3%       | 7.9%       | 7.4%       | 6.4%       |
| Capital buffer in % of customer reserves SPP <sup>4)</sup>                   | 10.2%      | 9.3%       | 7.3%       | 10.7%      | 9.8%       | 9.9%       | 9.4%       | 8.7%       |
| <b>Solidity</b>  |            |            |            |            |            |            |            |            |
| Solvency II <sup>5)</sup>  | 179%       | 163%       | 172%       | 176%       | 177%       | 167%       | 173%       | 173%       |
| Solidity capital (Storebrand Life Group) <sup>6)</sup>                       | 72,047     | 67,279     | 62,713     | 62,442     | 62,127     | 59,921     | 58,606     | 58,978     |
| Capital adequacy Storebrand Bank   | 18.0%      | 18.6%      | 18.7%      | 19.6%      | 18.4%      | 18.4%      | 19.2%      | 18.9%      |
| Core Capital adequacy Storebrand Bank  | 16.0%      | 16.6%      | 16.7%      | 17.5%      | 16.2%      | 16.3%      | 16.6%      | 16.6%      |

<sup>1)</sup> Accumulated

<sup>2)</sup> Quarterly figures

<sup>3)</sup> Additional statutory reserves + market value adjustment reserve

<sup>4)</sup> Conditional bonuses

<sup>5)</sup> See note 12 for specification of Solvency II

<sup>6)</sup> The term solidity capital encompasses equity, subordinated loan capital, the risk equalisation fund, the market value adjustment reserve, additional statutory reserves, conditional bonuses, excess value/deficit related to bonds at amortised cost and accrued profit.

## Note 04 | Financial market risk and insurance risk

Risks are described in the annual report for 2019 in note 7 (Insurance risk), note 8 (Financial market risk), note 9 (Liquidity risk), note 10 (Credit risk) and note 11 (Concentrations of risk).

### Financial market risk

Market risk means changes in the value of assets due to unexpected volatility or price changes in the financial markets. It also refers to the risk that the value of the insurance liability develops differently than the assets. The most significant market risks for Storebrand are interest rate risk, equity market risk, property price risk, credit risk and currency exchange rate risk.

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

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

The market risk in customer portfolios without a guarantee (unit linked) is borne by the customers, meaning Storebrand is not directly affected by changes in value. Nevertheless, changes in value do affect Storebrand's profit indirectly. Income is based mainly on the size of the portfolios, while the costs tend to be fixed. Lower returns from the financial market than expected will therefore have a negative effect on Storebrand's income and profit.

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

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

2020 has been strongly affected by the development linked to the Coronavirus spread. From the last part of February and throughout March, the pandemic, and the consequences of containment both in Norway and globally, led to financial turmoil with falling equity prices, increased credit spreads, falling interest rates and lower tradability for many financial assets. In combination with reduced oil prices, the conditions also led to a significant weakening of the Norwegian Krone. In the second and third quarter, the financial market and especially the equity market has recovered, helped by supporting policy measures. Storebrand has risk management which through policies and principles handles and dampens the effect of volatile financial markets, but the market turmoil has led to negative effects for the results. The uncertainty regarding the financial markets and the effects from Covid-19 going forward is still higher than normal market risk.

The equity market was strong in the third quarter. Global equities increased 7 percent and Norwegian equities increased 8 percent in the third quarter. For the first three quarters, global equities rose 1 percent while Norwegian equities fell 8 percent. The market for corporate bonds was also positive in the third quarter. Most of the increase in credit spreads in the first quarter is now reversed.

Interest rates stayed at around the same level during the third quarter, after large falls in the first half. Short term interest rates are down by approx. 1.6 pp and the Norwegian 10-year swap-rate are down by 1.2 pp from the start of the year. The Swedish 10-year swap-rate is down by 0.4 pp. Due to most of the interest rate investments in the Norwegian customer portfolios being held at amortized cost, changes in interest rates have a limited effect on booked returns in the short term. However, with the present interest rates, new bond investments provide a lower return than the average interest rate guarantee. A lower interest rate is also negative for the solvency position.

The Norwegian Krone stayed at around the same level in the third quarter but has weakened significantly from the start of the year, particularly in the first quarter. From the start of the year, the Norwegian Krone has weakened approx. 11 percent against both the Euro and the Swedish Krona and 6 percent against the US dollar. A high degree of currency hedging in the portfolio means that the exchange rate fluctuations have a modest effect on results and Storebrand's market risk.

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

During the first quarter the investment allocation to equities was reduced in line with the principles for dynamic risk management. During the second and third quarters there has been a reweighting of the equity position in line with positive equity markets.

The return for guaranteed customer portfolios in Norway on average was positive, both in the third quarter and from the start of the year. The return for guaranteed customer portfolios in Sweden was positive both in the third quarter and from the start of the year. But from the start of the year, the return is slightly lower than the change in value of the liabilities.

The return for the unit linked portfolios was positive in the third quarter but is close to zero from the start of the year.

### Sensitivity analyses

The tables show the fall in value for Storebrand Life Insurance and SPP's investment portfolios as a result of immediate changes in value related to financial market risk. The calculation is model-based, and the result is dependent on the choice of stress level for each category of asset. The stresses have been applied to the company portfolio and guaranteed customer portfolios as at 30 September 2020. The effect of each stress changes the return in each profile.

Unit linked insurance without a guaranteed annual return is not included in the analysis. For these products, the customers bear the market risk and the effect of a falling market will not directly affect the result or buffer capital.

The amount of stress is the same that is used for the company's risk management. Two stress tests have been defined. Stress test 1 is a fall in the value of shares, corporate bonds and property in combination with lower interest rates. Stress test 2 is a somewhat smaller fall in the value of shares, corporate bonds and property in combination with higher interest rates.

### LEVEL OF STRESS

|                                      | Stresstest 1 | Stresstest 2 |
|--------------------------------------|--------------|--------------|
| Interest level (parallel shift)      | -100bp       | +100bp       |
| Equity                               | -20%         | - 12 %       |
| Property                             | - 12 %       | - 7 %        |
| Credit spread (share of Solvency II) | 50 %         | 30 %         |

Because it is the immediate market changes that are calculated, dynamic risk management will not affect the outcome. If it is assumed that the market changes occur over a period, then dynamic risk management would reduce the effect of the negative outcomes and reinforce the positive outcomes to some extent.

As a result of customer buffers, the effect of the stresses on the result will be lower than the values described in the tables. As at 30 September 2020, the customer buffers are of such a size that the effects on the result are significantly lower.

### STRESSTEST 1

| Sensitivity        | Storebrand Livsforsikring |                    | SPP Pension & Försäkring |                    |
|--------------------|---------------------------|--------------------|--------------------------|--------------------|
|                    | NOK Million               | Share of portfolio | NOK Million              | Share of portfolio |
| Interest rate risk | 4,193                     | 2.0 %              | -144                     | -0.2 %             |
| Equity risk        | -2,037                    | -1.0 %             | -2,048                   | -2.2 %             |
| Property risk      | -2,471                    | -1.2 %             | -1,215                   | -1.3 %             |
| Credit risk        | -1,240                    | -0.6 %             | -908                     | -1.0 %             |
| <b>Total</b>       | <b>-1,555</b>             | <b>-0.7 %</b>      | <b>-4,315</b>            | <b>-4.6 %</b>      |

## STRESSTEST 2

| Sensitivity        | Storebrand Livsforsikring |                    | SPP Pension & Försäkring |                    |
|--------------------|---------------------------|--------------------|--------------------------|--------------------|
|                    | NOK Million               | Share of portfolio | NOK Million              | Share of portfolio |
| Interest rate risk | -4,193                    | -2.0 %             | 144                      | 0.2 %              |
| Equity risk        | -1,222                    | -0.6 %             | -1,229                   | -1.3 %             |
| Property risk      | -1,442                    | -0.7 %             | -709                     | -0.8 %             |
| Credit risk        | -745                      | -0.3 %             | -545                     | -0.6 %             |
| <b>Total</b>       | <b>-7,602</b>             | <b>-3.6 %</b>      | <b>-2,339</b>            | <b>-2.5 %</b>      |

### *Storebrand Livsforsikring*

Stress test 2, which includes an increase in interest rates, makes the greatest impact for Storebrand Livsforsikring. The overall market risk is NOK 7.6 billion (NOK 7.2 billion as at 31 December 2019), which is equivalent to 3.6 (3.4) per cent of the investment portfolio.

If the stress causes the return to fall below the guarantee, it will have a negative impact on the result if the customer buffer is not adequate. Other negative effects on the result are a lower return from the company portfolio and that there is no profit sharing from paid-up policies and individual contracts.

### *SPP Pension & Insurance*

For SPP it is stress test 1, which includes a fall in interest rates, that creates the greatest impact. The overall market risk is SEK 4.3 billion (SEK 3.5 billion as at 31 December 2019), which is equivalent to 4.6 (3.8) per cent of the investment portfolio.

The buffer situation for the individual contracts will determine if all or portions of the fall in value will affect the financial result. Only the portion of the fall in value that cannot be settled against the customer buffer will be charged to the result. In addition, the reduced profit sharing or loss of the indexing fees may affect the financial result.

## Insurance risk

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

The weakening of the Norwegian economy in the first half of 2020 has led to a substantial increase in unemployment. This increase is possibly temporary due to the containment of the virus and the labour market has improved somewhat in the third quarter. There has historically been correlations between the unemployment rate and the disability levels. The governments are putting in place several measures to support the economy from effects from Covid-19, but the long-term unemployment rate and the outcome of the pandemic is uncertain.

Storebrand increased insurance reserves in the first quarter 2020 based on expected effects from the Covid-19 virus. The situation has been closely monitored during the second and third quarter, without any observed significant effects from Covid-19 on the reserves. The development of the insurance reserves is dependent on future scenarios and are currently more uncertain than normal. Storebrand will continue to monitor the development of Covid-19 and effects for the economy. A prolonged situation with high unemployment could lead to higher disability levels and increased reserves. However, the current insurance reserves represent Storebrand's best estimate of the insurance liabilities.

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

## Note 05 | Liquidity risk

### SPECIFICATION OF SUBORDINATED LOANS <sup>1)</sup>

| (NOK million)  | Nominal value | Currency | Interest rate | Call date | Book value   |
|--|---------------|----------|---------------|-----------|--------------|
| <b>Issuer</b>  |               |          |               |           |              |
| <b>Perpetual subordinated loans <sup>2)</sup></b>                  |               |          |               |           |              |
| Storebrand Livsforsikring AS                                       | 1,100         | NOK      | Variable      | 2024      | 1,100        |
| <b>Dated subordinated loans</b>                                    |               |          |               |           |              |
| Storebrand Livsforsikring AS                                       | 750           | SEK      | Variable      | 2021      | 791          |
| Storebrand Livsforsikring AS                                       | 1,000         | SEK      | Variable      | 2022      | 1,047        |
| Storebrand Livsforsikring AS                                       | 900           | SEK      | Variable      | 2025      | 940          |
| Storebrand Livsforsikring AS                                       | 1,000         | SEK      | Variable      | 2024      | 1,047        |
| Storebrand Livsforsikring AS                                       | 500           | NOK      | Variable      | 2025      | 499          |
| Storebrand Livsforsikring AS                                       | 300           | EUR      | Fixed         | 2023      | 3,536        |
| Storebrand Bank ASA  | 150           | NOK      | Variable      | 2022      | 150          |
| Storebrand Bank ASA  | 125           | NOK      | Variable      | 2025      | 125          |
| <b>Total subordinated loans and hybrid tier 1 capital 30.09.20</b> |               |          |               |           | <b>9,236</b> |
| Total subordinated loans and hybrid tier 1 capital 30.09.19        |               |          |               |           | 8,863        |
| Total subordinated loans and hybrid tier 1 capital 31.12.19        |               |          |               |           | 8,925        |

<sup>1)</sup> Storebrand Bank ASA has issued hybrid tier 1 capital bonds/hybrid capital that is classified as equity. See the statement of changes in equity.

<sup>2)</sup> in the case of perpetual subordinated loans, the cash flow is calculated through to the first call date

### SPECIFICATION OF LIABILITIES TO FINANCIAL INSTITUTIONS

| (NOK million)                                      | Book value   |          |            |
|--|--------------|----------|------------|
|  | 30.09.20     | 30.09.19 | 31.12.19   |
| <b>Call date</b>                                   |              |          |            |
| 2019   |              | 3        |            |
| 2020   | 1,139        |          | 446        |
| 2021   | 501          |          |            |
| <b>Total liabilities to financial institutions</b> | <b>1,640</b> | <b>3</b> | <b>446</b> |

### SPECIFICATION OF SECURITIES ISSUED

| (NOK million)                  | Book value    |               |               |
|--------------------------------|---------------|---------------|---------------|
|                                | 30.09.20      | 30.09.19      | 31.12.19      |
| <b>Call date</b>               |               |               |               |
| 2019                           |               | 843           |               |
| 2020                           | 2,149         | 3,601         | 3,769         |
| 2021                           | 5,512         | 4,915         | 4,916         |
| 2022                           | 5,266         | 5,622         | 6,023         |
| 2023                           | 4,996         | 3,517         | 4,021         |
| 2024                           | 2,226         |               |               |
| 2025                           | 500           |               |               |
| <b>Total securities issued</b> | <b>20,648</b> | <b>18,498</b> | <b>18,729</b> |

The loan agreements contain standard covenants.

### Covered bonds

For issued covered bonds, a regulatory requirement for over-collateralisation of 102 per cent and an over-collateralisation requirement of 109.5 per cent for bonds issued before 21 June 2017 apply.

### Credit facilities

Storebrand ASA has an unused credit facility of EUR 200 million, expiration December 2024.

## Note 06

### Valuation of financial instruments and investment properties

The Group categorises financial instruments valued at fair value on three different levels. Criteria for the categorisation and processes associated with valuing are described in more detail in note 12 in annual report for 2019.

The company has established valuation models and gathers information from a wide range of well-informed sources with a view to minimising the uncertainty of valuations.

#### VALUATION OF FINANCIAL INSTRUMENTS TO AMORTISED COST

| (NOK million)                                | Fair value<br>30.09.20 | Book value<br>30.09.20 | Fair value<br>31.12.19 | Book value<br>31.12.19 |
|--|------------------------|------------------------|------------------------|------------------------|
| <b>Financial assets</b>                      |                        |                        |                        |                        |
| Loans to and due from financial institutions | 742                    | 742                    | 41                     | 41                     |
| Loans to customers - corporate               | 6,330                  | 6,326                  | 6,180                  | 6,206                  |
| Loans to customers - retail                  | 46,396                 | 46,396                 | 47,327                 | 47,327                 |
| Bonds held to maturity                       | 14,917                 | 13,473                 | 14,433                 | 13,377                 |
| Bonds classified as loans and receivables    | 111,956                | 102,912                | 101,728                | 98,046                 |
| <b>Total financial assets 30.09.20</b>       | <b>180,342</b>         | <b>169,849</b>         |                        |                        |
| Total financial assets 31.12.19              |                        |                        | 169,709                | 164,997                |
| <b>Financial liabilities</b>                 |                        |                        |                        |                        |
| Debt raised by issuance of securities        | 20,736                 | 20,648                 | 18,728                 | 18,729                 |
| Liabilities to financial institutions        | 1,640                  | 1,640                  | 446                    | 446                    |
| Deposits from banking customers              | 15,419                 | 15,419                 | 14,404                 | 14,404                 |
| Subordinated loan capital                    | 9,303                  | 9,236                  | 9,010                  | 8,925                  |
| <b>Total financial liabilities 30.09.20</b>  | <b>47,097</b>          | <b>46,942</b>          |                        |                        |
| Total financial liabilities 31.12.19         |                        |                        | 42,589                 | 42,504                 |

## VALUATION OF FINANCIAL INSTRUMENTS AND REAL ESTATE AT FAIR VALUE

| (NOK million)   | Level 1       | Level 2                | Level 3                    | 30.09.20       | 31.12.19 |
|---|---------------|------------------------|----------------------------|----------------|----------|
|   | Quoted prices | Observable assumptions | Non-observable assumptions |                |          |
| <b>Assets:</b>  |               |                        |                            |                |          |
| <b>Equities and fund units</b>                                |               |                        |                            |                |          |
| - Equities  | 24,307        | 140                    | 549                        | 24,996         | 28,765   |
| - Fund units  | 149           | 181,210                | 9,806                      | 191,164        | 165,578  |
| <b>Total equities and fund units 30.09.20</b>                 | <b>24,456</b> | <b>181,350</b>         | <b>10,355</b>              | <b>216,161</b> |          |
| Total equities and fund units 31.12.19                        | 28,205        | 156,591                | 9,548                      |                | 194,343  |
| <b>Loans to customers</b>                                     |               |                        |                            |                |          |
| - Loans to customers - corporate                              |               |                        | 8,320                      | 8,320          | 6,736    |
| - Loans to customers - retail                                 |               |                        | 431                        | 431            | 389      |
| <b>Total loans to customers 30.09.20</b>                      |               |                        | <b>8,751</b>               | <b>8,751</b>   |          |
| Total loans to customers 31.12.19                             |               |                        | 7,125                      |                | 7,125    |
| <b>Bonds and other fixed-income securities</b>                |               |                        |                            |                |          |
| - Government bonds  | 15,739        | 19,809                 |                            | 35,548         | 32,256   |
| - Corporate bonds   |               | 61,298                 | 8                          | 61,306         | 60,055   |
| - Collateralised securities                                   |               | 7,024                  |                            | 7,024          | 3,648    |
| - Bond funds  | 105           | 63,258                 | 9,203                      | 72,565         | 60,680   |
| <b>Total bonds and other fixed-income securities 30.09.20</b> | <b>15,843</b> | <b>151,390</b>         | <b>9,210</b>               | <b>176,443</b> |          |
| Total bonds and other fixed-income securities 31.12.19        | 10,818        | 140,316                | 5,505                      |                | 156,639  |
| <b>Derivatives:</b>   |               |                        |                            |                |          |
| - Equity derivatives  |               |                        |                            |                | 1        |
| - Interest derivatives  |               | 8,657                  | -123                       | 8,534          | 2,537    |
| - Currency derivatives  |               | -2,108                 |                            | -2,108         | 1,781    |
| <b>Total derivatives 30.09.20</b>                             |               | <b>6,549</b>           | <b>-123</b>                | <b>6,426</b>   |          |
| - of which derivatives with a positive market value           |               | 9,412                  |                            | 9,412          | 5,314    |
| - of which derivatives with a negative market value           |               | -2,863                 | -123                       | -2,986         | -995     |
| Total derivatives 31.12.19                                    |               | 4,319                  |                            |                | 4,319    |
| <b>Properties:</b>  |               |                        |                            |                |          |
| Investment properties   |               |                        | 30,729                     | 30,729         | 29,415   |
| Properties for own use  |               |                        | 1,551                      | 1,551          | 1,375    |
| <b>Total properties 30.09.20</b>                              |               |                        | <b>32,280</b>              | <b>32,280</b>  |          |
| Total properties 31.12.19                                     |               |                        | 30,790                     |                | 30,790   |

There is no significant movements between level 1 and level 2 in this quarter.

## FINANCIAL INSTRUMENTS AND REAL ESTATE AT FAIR VALUE - LEVEL 3

| (NOK million)                             | Equities   | Fund units   | Loans to<br>custo-<br>mers | Corporate<br>bonds | Bond funds   | Investment<br>properties | Properties for<br>own use |
|---|------------|--------------|----------------------------|--------------------|--------------|--------------------------|---------------------------|
| <b>Book value 01.01.20</b>                | <b>532</b> | <b>9,016</b> | <b>7,125</b>               | <b>15</b>          | <b>5,490</b> | <b>29,415</b>            | <b>1,375</b>              |
| Net gains/losses on financial instruments | 37         | 214          | -186                       | -3                 | 362          | -74                      | 15                        |
| Additions                                 |            | 1,252        | 1,919                      |                    | 3,091        | 826                      | 42                        |
| Sales                                     | -20        | -925         | -835                       | -6                 | -278         |                          | -1                        |
| Currency translation differences          |            | 248          | 727                        | 1                  | 537          | 1,116                    | 119                       |
| Other                                     |            |              |                            |                    |              | -554                     | 1                         |
| <b>Book value 30.09.20</b>                | <b>549</b> | <b>9,806</b> | <b>8,751</b>               | <b>7</b>           | <b>9,203</b> | <b>30,729</b>            | <b>1,551</b>              |

As at 30.09.20, Storebrand Livsforisikring had NOK 5.709 million invested in Storebrand Eiendomsfond Norge KS and Ruseløkkveien 26, Oslo. The investments are classified as "Investment in associated Ccmpanies and joint ventures" in the Consolidated Financial Statements.

## SENSITIVITY ASSESSMENTS

Sensitivity assessments of investments on level 3 are described in note 12 in the 2019 annual report.

### Equities

It is primarily investments in forests that are classified under equity at level 3. Forestry investments are characterised by, among other things, very long cash flow periods. There can be some uncertainty associated with future cash flows due to future income and costs growth, even though these assumptions are based on recognised sources. Nonetheless, valuations of forestry investments will be particularly sensitive to the discount rate used in the estimate. The company bases its valuation on external valuations. These utilise an estimated market-related required rate of return.

| Million NOK                              | Change in value at change<br>in discount rate |                  |
|--|---|------------------|
|  | Increase + 25 bp                              | Decrease - 25 bp |
| <b>Change in fair value per 30.09.20</b> | -19   | 17               |
| Change in fair value per 31.12.19        | -19   | 21               |

### Fund units

Large portions of the portfolio are private equity funds invested in companies priced against comparable listed companies. The valuation of the private equity portfolio will thus be sensitive to fluctuations in global equity markets. The private equity portfolio has an estimated Beta relative to the MSCI World (Net – currency hedged to NOK) of around 0.46.

| Million NOK                              | Change MSCI World |                |
|--|-------------------|----------------|
|  | Increase + 10%    | Decrease - 10% |
| <b>Change in fair value per 30.09.20</b> | 450               | -450           |
| Change in fair value per 31.12.19        | 413               | -413           |

The valuation of indirect property investments will be sensitive to a change in the required rate of return and the expected future cash flow. Remaining indirect property investments are no longer leveraged.

| Million NOK                              | Change in value underlying real estate |                |
|--|--|----------------|
|  | Increase + 10%                         | Decrease - 10% |
| <b>Change in fair value per 30.09.20</b> | 2                                      | -2             |
| Change in fair value per 31.12.19        | 1                                      | -1             |

### Loan to customers

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.

Loans from SPP Pension & Försäkring AB are appraised at fair value. The value of these loans is determined by future cash flows being discounted by an associated swap curve adjusted for a customer-specific credit spread.

| Million NOK                              | Change in marketspread |         |
|--|------------------------|---------|
|  | + 10 bp                | - 10 bp |
| <b>Change in fair value per 30.09.20</b> | -30                    | 30      |
| Change in fair value per 31.12.19        | -29                    | 29      |

### Corporate bonds

Corporate bonds at level 3 are typical non-performing loans and convertible bonds.

They are not priced by a discount rate as bonds normally are, and therefore these investments are included in the same sensitivity test as private equity.

| Million NOK                              | Change MSCI World |                |
|--|-------------------|----------------|
|  | Increase + 10%    | Decrease - 10% |
| <b>Change in fair value per 30.09.20</b> | 0                 | 0              |
| Change in fair value per 31.12.19        | 0                 | 0              |

### Properties

The sensitivity assessment for properties includes investments properties.

The valuation of property is particularly sensitive to a change in the required rate of return and the expected future cash flow. A change of 0.25 per cent in the required rate of return when everything else remains unchanged will result in a change in the value of Storebrand's property portfolio of approximately 4.7 per cent

| Million NOK                              | Change in required rate of return |        |
|--|-----------------------------------|--------|
|  | 0.25%                             | -0.25% |
| <b>Change in fair value per 30.09.20</b> | -1,678                            | 1,870  |
| Change in fair value per 31.12.19        | -1,560                            | 1,699  |

## Note 07

### Operating expenses

| (NOK million)                   | Q3            |               | 01.01 - 30.09 |               | Full year<br>2019 |
|---------------------------------|---------------|---------------|---------------|---------------|-------------------|
|                                 | 2020          | 2019          | 2020          | 2019          |                   |
| Personnel expenses              | -582          | -576          | -1,699        | -1,722        | -2,281            |
| Amortisation/write-downs        | -65           | -56           | -179          | -172          | -231              |
| Other operating expenses        | -546          | -558          | -1,718        | -1,640        | -2,316            |
| <b>Total operating expenses</b> | <b>-1,193</b> | <b>-1,189</b> | <b>-3,596</b> | <b>-3,535</b> | <b>-4,828</b>     |

The effective tax rate is influenced by the fact that the Group has operations in countries with tax rates that are different from Norway and differences from currency hedging of the Swedish subsidiary SPP. The income tax expense is also influenced by a tax effect relating to previous years. In 2020 there has been booked a tax income due to new information and interpretation of the transition rules of 2018. The tax rate for companies' subject to the financial tax is 25 per cent. The Storebrand Group includes companies that are both subject to and not subject to the financial tax. Therefore, when capitalising deferred tax/deferred tax assets in the consolidated financial statements, the company tax rate that applies for the individual companies is used (22 or 25 per cent). The tax rate for companies in Sweden is 21.4 per cent.

In the first quarter there was booked a tax income of NOK 356 million due to new information and revised interpretation of the transition rules of 2018. Due to a substantial weakening of NOK against SEK in the first quarter, the hedging of Swedish subsidiaries had a tax effect which increased the tax income. The NOK has increased during the last two quarters and the tax effect was reduced to NOK 223 million for the third quarter.

#### Uncertain tax positions

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

- A. In 2015, Storebrand Livsforsikring AS discontinued the Norwegian subsidiary, Storebrand Eiendom Holding AS, with a tax loss of approximately NOK 6.5 billion and a corresponding increase in the tax loss carryforward. In January 2018, Storebrand Livsforsikring AS received notice of an adjustment to the tax returns for 2015 which claimed that the calculated loss was excessive but provided no further quantification. Storebrand Livsforsikring AS disagrees with the arguments that were put forward and submitted its response to the Norwegian Tax Administration on 2 March 2018. The notice was unclear, but based on the notice, a provision was made in the 2017 annual financial statements for an uncertain tax position of approximately NOK 1.6 billion related to the former booked tax loss (appears as a reduction in the loss carryforward and, in isolation, gave an associated increased tax expense for 2017 of approximately NOK 0.4 billion). In May 2019, Storebrand Livsforsikring AS received a draft decision from the Norwegian Tax Administration claiming changes in the tax return from 2015. Storebrand disagrees with the notice from the Norwegian Tax Administration and submitted its response in October 2019. The company considers it to be preponderance that Storebrand's understanding of the tax legislation will be accepted by a court of law and thus, no uncertain tax position has been recognised in the financial statements based on the received draft decision. If the Norwegian Tax Administration's position is accepted, Storebrand estimates that a tax expense for the company of approximately NOK 1.2 billion will arise. There will also be negative effects for returns on customer assets after tax. The effects are based on best estimates and following a review with external expertise.
- B. New tax rules for life insurance and pension companies were introduced for the 2018 financial year. These rules contained transitional rules for how the companies should revalue/write-down the tax values as at 31 December 2018. In December 2018, the Norwegian Directorate of Taxes published an interpretive statement that Storebrand does not consider to be in accordance with the wording of the relevant act. When presenting the national budget for 2020 in October 2019, the Ministry of Finance proposed a clarification of the wording of the transitional rules in line with the interpretive statement from the Norwegian Directorate of Taxes. The clarification was approved by the Norwegian Parliament in December 2019. Storebrand considers there to be uncertainty regarding the value such subsequent work on a legal rule has as a source of law, and which in this instance only applies for a previous financial year. In the tax return for 2018, Storebrand Livsforsikring AS applied the wording in the original transitional rule, but in October 2019 received a notice of adjustment of tax assessment in line with the interpretive statement from the Norwegian Directorate of Taxes and the clarification from the Ministry of Finance. Storebrand Livsforsikring AS disagrees with the Norwegian Tax Administration's interpretation but considers it uncertain as to whether the company's interpretation will be accepted if the case is decided by a court of law. The uncertain tax position has therefore been recognised in the financial statements. Based on our revised best estimate, the difference between Storebrand's interpretation and the Norwegian Tax Administration's interpretation is approximately NOK 6.3 billion in an uncertain tax position. If Storebrand's interpretation is accepted, a deferred tax expense of approximately NOK 1.6 billion will be derecognised from the financial statements.

C. The outcome of the interpretation of tax rules for group contributions referred to above under (A) will have an impact when calculating the effect from the transitional rules for the new tax rules referred to under point (B). An equivalent interpretation to that described under (A) has been used as a basis in the financial statements when calculating tax input values on property shares owned by customer assets for 2016 and 2017. There is thus an uncertain tax position relating to the effect from the transitional rules described in (B). This effect will depend on the interpretation and outcome of (A). If Storebrand's position is accepted under (A), Storebrand will recognise a tax income of approximately NOK 0.8 billion. If the Norwegian Tax Administration prevails with its argument under point (A), Storebrand will recognise a tax expense of approximately NOK 0.6 billion.

The timeline for the continued process with the Norwegian Tax Administration is unclear, but if necessary, Storebrand will seek clarification from the court of law for the aforementioned uncertain tax positions.

## Note 09

### Loans

| (NOK million)                          | 30.09.20      | 30.09.19      | 21.12.19      |
|--|---------------|---------------|---------------|
| Corporate market <sup>1)</sup>         | 14,656        | 11,971        | 12,943        |
| Retail market                          | 46,896        | 46,769        | 47,768        |
| <b>Gross loans</b>                     | <b>61,553</b> | <b>58,740</b> | <b>60,712</b> |
| Write-down of loans losses             | -79           | -54           | -53           |
| <b>Net loans <sup>2)</sup></b>         | <b>61,473</b> | <b>58,687</b> | <b>60,658</b> |
| <sup>1)</sup> Of which Storebrand Bank | 22            | 24            | 13            |
| <sup>2)</sup> Of which Storebrand Bank | 30,787        | 28,530        | 30,187        |
| Of which Storebrand Livsforsikring     | 30,687        | 30,156        | 30,472        |

### NON-PERFORMING AND LOSS-EXPOSED LOANS

| (NOK million)   | 30.09.20   | 30.09.19   | 21.12.19   |
|---|------------|------------|------------|
| Non-performing and loss-exposed loans without identified impairment | 74         | 96         | 73         |
| Non-performing and loss-exposed loans with identified impairment    | 46         | 48         | 52         |
| <b>Gross non-performing loans</b>                                   | <b>119</b> | <b>144</b> | <b>125</b> |
| Individual write-downs  | -17        | -19        | -20        |
| <b>Net non-performing loans <sup>1)</sup></b>                       | <b>102</b> | <b>125</b> | <b>105</b> |

<sup>1)</sup> The figures apply in their entirety Storebrand Bank

## Note 10

### Capital buffer

| (NOK million)                               | 30.09.20      | 30.09.19      | 21.12.19      |
|---|---------------|---------------|---------------|
| Additional statutory reserves <sup>1)</sup> | 9,689         | 8,362         | 9,023         |
| Market adjustment reserves                  | 8,092         | 5,893         | 5,500         |
| Conditional bonuses                         | 9,539         | 8,040         | 9,302         |
| <b>Total</b>                                | <b>27,321</b> | <b>22,295</b> | <b>23,825</b> |

<sup>1)</sup> In the third quarter, additional statutory reserves were changed to include both estimated deductions and estimated addition to *additional*.

Note  
11

## Contingent liabilities

| (NOK million)  | 30.09.20      | 30.09.19      | 21.12.19      |
|--|---------------|---------------|---------------|
| Guarantees   |               | 2             | 1             |
| Unused credit facilities                             | 2,938         | 3,173         | 3,072         |
| Uncalled residual liabilities re limited partnership | 5,948         | 7,162         | 7,297         |
| Loan commitment retail market                        | 2,753         | 2,039         | 1,466         |
| <b>Total contingent liabilities</b>                  | <b>11,639</b> | <b>12,376</b> | <b>11,837</b> |

Guarantees essentially encompass payment and contract guarantees.

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

Storebrand Group companies are engaged in extensive activities in Norway and abroad, and are subject for client complaints and may become a party in legal disputes, see also note 2 and note 43 in the 2019 annual report.

Note  
12

## Solidity and capital management

The Storebrand Group is an insurance-dominated, cross-sectoral financial group with capital requirements in accordance with Solvency II. Storebrand calculates Solvency II according to the standard method as defined in the Solvency II Regulations.

Consolidation is carried out in accordance with Section 18-2 of the Norwegian Act relating to Financial Undertakings and Financial Groups. The solvency capital requirement and minimum capital requirement for the group are calculated in accordance with Section 46 (1)-(3) of the Solvency II Regulations using the standard method.

### Capital management

Storebrand places particular emphasis on continually and systematically adapting the levels of equity in the Group. The level is adapted to the financial risk and capital requirements in the business, where growth and the composition of segments are important motivating factors for the need for capital. The purpose of capital management is to ensure an efficient capital structure and provide for an appropriate balance between in-house goals and regulatory and rating company requirements. If there is a need for new capital, this is raised by the holding company Storebrand ASA, which is listed on the stock exchange and is the ultimate parent company.

The Storebrand companies are subject to various capital requirements depending on the type of business. In addition to the capital requirements for the Storebrand Group and insurance companies, the banking and asset management businesses have capital requirements in accordance with CRD IV. The companies in the group governed by CRD IV are included in the group's solvency capital and solvency capital requirements with their respective primary capital and capital requirements.

Storebrand has the goal of paying a dividend of more than 50% of the Group profit after tax. The board has the ambition of ordinary dividends per share being, at a minimum, at the same nominal level as the previous year. The normal dividend is paid with a sustainable solvency margin of more than 150%. If there is a solvency margin of more than 180%, the board's intention is to propose extraordinary dividends or share buy-backs. In general, equity in the Group can be controlled without material limitations if the capital requirement is met and the respective legal entities have sufficient solvency.

## SOLVENCY CAPITAL

| NOK million  | 30.09.20      |                      |                    |              |           | 31.12.19      |
|--|---------------|----------------------|--------------------|--------------|-----------|---------------|
|  | Total         | Group 1<br>unlimited | Group 1<br>limited | Group 2      | Group 3   | Total         |
| Share capital  | 2,339         | 2,339                |                    |              |           | 2,339         |
| Share premium  | 10,521        | 10,521               |                    |              |           | 10,521        |
| Reconciliation reserve   | 31,641        | 31,641               |                    |              |           | 27,169        |
| <i>Including the effect of the transitional arrangement</i>                      | <i>11,591</i> | <i>11,591</i>        |                    |              |           |               |
| Subordinated loans   | 8,902         |                      | 1,132              | 7,770        |           | 7,651         |
| Deferred tax assets  | 59            |                      |                    |              | 59        | 268           |
| Risk equalisation reserve  | 436           |                      |                    | 436          |           | 466           |
| Minority interests   |               |                      |                    |              |           | 57            |
| Unavailable minority interests   |               |                      |                    |              |           | -41           |
| Deductions for CRD IV subsidiaries   | -3,021        | -3,021               |                    |              |           | -2,970        |
| Expected dividend 2020   | -1,050        | -1,050               |                    |              |           | -1,517        |
| <b>Total basic solvency capital</b>  | <b>49,828</b> | <b>40,431</b>        | <b>1,132</b>       | <b>8,206</b> | <b>59</b> | <b>43,943</b> |
| Subordinated capital for subsidiaries regulated in accordance with CRD IV        | 3,021         |                      |                    |              |           | 2,970         |
| <b>Total solvency capital</b>  | <b>52,849</b> |                      |                    |              |           | <b>46,913</b> |
| <b>Total solvency capital available to cover the minimum capital requirement</b> | <b>43,813</b> | <b>40,431</b>        | <b>1,132</b>       | <b>2,250</b> |           | <b>38,614</b> |

## SOLVENCY CAPITAL REQUIREMENTS AND - MARGIN

| NOK million   | 30.09.20      | 31.12.19      |
|---|---------------|---------------|
| Market  | 25,538        | 22,040        |
| Counterparty  | 1,333         | 779           |
| Life  | 10,628        | 10,702        |
| Health  | 895           | 761           |
| P&C   | 356           | 307           |
| Operational   | 1,614         | 1,493         |
| Diversification   | -7,937        | -7,207        |
| Loss-absorbing tax effect   | -5,551        | -4,847        |
| <b>Total solvency capital requirement - insurance company</b>             | <b>26,876</b> | <b>24,028</b> |
| Capital requirements for subsidiaries regulated in accordance with CRD IV | 2,621         | 2,683         |
| <b>Total solvency capital requirement</b>                                 | <b>29,497</b> | <b>26,711</b> |
| <b>Solvency margin with transitional rules</b>                            | <b>179%</b>   | <b>176%</b>   |
| <b>Minimum capital requirement</b>  | <b>11,252</b> | <b>9,788</b>  |
| <b>Minimum margin</b>   | <b>389%</b>   | <b>394%</b>   |

The Storebrand Group has also a requirement to report capital adequacy in a multi-sectoral financial group (conglomerate directive). The calculation in accordance with the Solvency II regulations and capital adequacy calculation in accordance with the conglomerate directive give the same primary capital and essentially the same capital requirements.

## CAPITAL- AND CAPITAL REQUIREMENT IN ACCORDANCE WITH THE CONGLOMERATE DIRECTIVE

| NOK million   | 30.09.20      | 31.12.19      |
|---|---------------|---------------|
| Capital requirements for CRD IV companies                       | 2,809         | 2,937         |
| Solvency capital requirements for insurance                     | 26,876        | 24,028        |
| <b>Total capital requirements</b>                               | <b>29,685</b> | <b>26,966</b> |
| Net primary capital for companies included in the CRD IV report | 3,021         | 2,970         |
| Net primary capital for insurance                               | 49,828        | 43,943        |
| <b>Total net primary capital</b>                                | <b>52,849</b> | <b>46,913</b> |
| <b>Overfunding</b>  | <b>23,163</b> | <b>19,947</b> |

Under Solvency II, the capital requirement from the CRD IV companies in the Group is included in accordance with their respective capital requirements. In a multi-sectoral financial group, all the capital requirements of the CRD IV companies are calculated based on their respective applicable requirements, including buffer requirement for the largest company in the Group (Storebrand Bank). This increases the total requirement from the CRD IV companies in relation to what is included in the Solvency II calculation. As at 30 September 2020, the difference amounted to NOK 188 million.

### Note 13 | Information about related parties

Storebrand conducts transactions with related parties as part of its normal business activities. These transactions take place on commercial terms. The terms for transactions with management and related parties are stipulated in notes 23 and 45 in the 2019 annual report.

Storebrand has not carried out any material transactions other than normal business transactions with related parties at the close of the 3rd quarter 2020.

# Storebrand ASA

## Income statement

| (NOK million)                                       | Q3         |            | 01.01. - 30.09 |             | Full year    |
|---|------------|------------|----------------|-------------|--------------|
|   | 2020       | 2019       | 2020           | 2019        | 2019         |
| <b>Operating income</b>                             |            |            |                |             |              |
| Income from investments in subsidiaries             |            |            | 8              | 65          | 3,230        |
| Net income and gains from financial instruments:    |            |            |                |             |              |
| - equities  | 6          | -1         | 10             | -3          | 2            |
| - bonds and other fixed-income securities           | 12         | 17         | 57             | 36          | 50           |
| - financial derivatives/other financial instruments | -2         | -1         | -2             | -5          | -6           |
| Other financial instruments                         |            |            |                | 1           | 1            |
| <b>Operating income</b>                             | <b>17</b>  | <b>15</b>  | <b>74</b>      | <b>95</b>   | <b>3,278</b> |
| Interest expenses                                   | -5         | -13        | -25            | -39         | -51          |
| Other financial expenses                            | 43         | -8         | 12             | -20         |              |
| <b>Operating expenses</b>                           |            |            |                |             |              |
| Personnel expenses                                  | -10        | -9         | -30            | -31         | -40          |
| Other operating expenses                            | -13        | -13        | -47            | -47         | -62          |
| <b>Total operating expenses</b>                     | <b>-23</b> | <b>-22</b> | <b>-77</b>     | <b>-78</b>  | <b>-102</b>  |
| <b>Total expenses</b>                               | <b>15</b>  | <b>-43</b> | <b>-90</b>     | <b>-137</b> | <b>-153</b>  |
| <b>Pre-tax profit</b>                               | <b>32</b>  | <b>-28</b> | <b>-16</b>     | <b>-42</b>  | <b>3,125</b> |
| Tax   | 4          | 5          | 11             | 25          | -173         |
| <b>Profit for the period</b>                        | <b>37</b>  | <b>-23</b> | <b>-5</b>      | <b>-17</b>  | <b>2,952</b> |

### STATEMENT OF TOTAL COMPREHENSIVE INCOME

| (NOK million)  | Q3        |            | 01.01. - 30.09 |            | Full year    |
|--|-----------|------------|----------------|------------|--------------|
|  | 2020      | 2019       | 2020           | 2019       | 2019         |
| <b>Profit for the period</b>   | <b>37</b> | <b>-23</b> | <b>-5</b>      | <b>-17</b> | <b>2,952</b> |
| <b>Other total comprehensive income elements not to be reclassified to profit/loss</b> |           |            |                |            |              |
| Change in estimate deviation pension   |           |            |                |            | -8           |
| Tax on other comprehensive elements  |           |            |                |            | 2            |
| <b>Total other comprehensive income elements</b>                                       |           |            |                |            | <b>-6</b>    |
| <b>Total comprehensive income</b>  | <b>37</b> | <b>-23</b> | <b>-5</b>      | <b>-17</b> | <b>2,946</b> |

# Storebrand ASA

## Statement of financial position

| (NOK million)                                       | 30.09.20      | 30.09.19      | 31.12.19      |
|---|---------------|---------------|---------------|
| <b>Fixed assets</b>                                 |               |               |               |
| Deferred tax assets                                 | 54            | 69            | 41            |
| Tangible fixed assets                               | 27            | 26            | 27            |
| Shares in subsidiaries and associated companies     | 20,123        | 19,286        | 20,042        |
| <b>Total fixed assets</b>                           | <b>20,205</b> | <b>19,381</b> | <b>20,110</b> |
| <b>Current assets</b>                               |               |               |               |
| Owed within group                                   | 1,521         |               | 3,166         |
| Other current receivables                           | 16            | 23            | 16            |
| Investments in trading portfolio:                   |               |               |               |
| - equities  | 54            | 25            | 44            |
| - bonds and other fixed-income securities           | 3,388         | 3,326         | 3,260         |
| - financial derivatives/other financial instruments | 13            | 15            | 3             |
| Bank deposits                                       | 538           | 35            | 34            |
| <b>Total current assets</b>                         | <b>5,532</b>  | <b>3,425</b>  | <b>6,523</b>  |
| <b>Total assets</b>                                 | <b>25,736</b> | <b>22,806</b> | <b>26,633</b> |
| <b>Equity and liabilities</b>                       |               |               |               |
| Share capital                                       | 2,339         | 2,339         | 2,339         |
| Own shares  | -2            | -5            | -5            |
| Share premium reserve                               | 10,521        | 10,521        | 10,521        |
| <b>Total paid in equity</b>                         | <b>12,858</b> | <b>12,855</b> | <b>12,856</b> |
| Other equity  | 11,330        | 8,348         | 9,794         |
| <b>Total equity</b>                                 | <b>24,189</b> | <b>21,203</b> | <b>22,650</b> |
| <b>Non-current liabilities</b>                      |               |               |               |
| Pension liabilities                                 | 154           | 161           | 154           |
| Securities issued                                   | 1,315         | 1,320         | 1,309         |
| <b>Total non-current liabilities</b>                | <b>1,469</b>  | <b>1,481</b>  | <b>1,463</b>  |
| <b>Current liabilities</b>                          |               |               |               |
| Debt within group                                   |               | 2             | 900           |
| Provision for dividend                              |               |               | 1,517         |
| Other current liabilities                           | 79            | 120           | 103           |
| <b>Total current liabilities</b>                    | <b>79</b>     | <b>122</b>    | <b>2,520</b>  |
| <b>Total equity and liabilities</b>                 | <b>25,736</b> | <b>22,806</b> | <b>26,633</b> |

# Storebrand ASA

## Statement of changes in equity

| (NOK million)                       | Share capital <sup>1)</sup> | Own shares | Share premium | Other equity  | Total equity  |
|-------------------------------------|-----------------------------|------------|---------------|---------------|---------------|
| <b>Equity at 31. December 2018</b>  | <b>2,339</b>                | <b>-2</b>  | <b>10,521</b> | <b>8,395</b>  | <b>21,253</b> |
| Profit for the period               |                             |            |               | 2,952         | 2,952         |
| Total other result elements         |                             |            |               | -6            | -6            |
| <b>Total comprehensive income</b>   |                             |            |               | <b>2,946</b>  | <b>2,946</b>  |
| Provision for dividend              |                             |            |               | -1,514        | -1,514        |
| Own share bought back <sup>2)</sup> |                             | -5         |               | -63           | -68           |
| Own share sold <sup>2)</sup>        |                             | 2          |               | 36            | 38            |
| Employee share <sup>2)</sup>        |                             |            |               | -6            | -6            |
| <b>Equity at 31. December 2019</b>  | <b>2,339</b>                | <b>-5</b>  | <b>10,521</b> | <b>9,794</b>  | <b>22,650</b> |
| Profit for the period               |                             |            |               | -5            | -5            |
| Total other result elements         |                             |            |               |               |               |
| <b>Total comprehensive income</b>   |                             |            |               | <b>-5</b>     | <b>-5</b>     |
| Reversed dividend                   |                             |            |               | 1,517         | 1,517         |
| Own share sold <sup>2)</sup>        |                             | 3          |               | 33            | 36            |
| Employee share <sup>2)</sup>        |                             |            |               | -10           | -10           |
| <b>Equity at 30. September 2020</b> | <b>2,339</b>                | <b>-2</b>  | <b>10,521</b> | <b>11,330</b> | <b>24,189</b> |

<sup>1)</sup> 467 813 982 shares with a nominal value of NOK 5.

<sup>2)</sup> In 2020, 526 935 shares were sold to our own employees.  
Holding of own shares 30. September 2020 was 416 255.

|                                     |              |           |               |              |               |
|-------------------------------------|--------------|-----------|---------------|--------------|---------------|
| <b>Equity at 31. December 2018</b>  | <b>2,339</b> | <b>-2</b> | <b>10,521</b> | <b>8,395</b> | <b>21,253</b> |
| Profit for the period               |              |           |               | -17          | -17           |
| Total other result elements         |              |           |               |              |               |
| <b>Total comprehensive income</b>   |              |           |               | <b>-17</b>   | <b>-17</b>    |
| Provision for dividend              |              |           |               | 3            | 3             |
| Own share bought back               |              | -5        |               | -63          | -68           |
| Own share sold                      |              | 2         |               | 35           | 38            |
| Employee share                      |              |           |               | -5           | -5            |
| <b>Equity at 30. September 2019</b> | <b>2,339</b> | <b>-5</b> | <b>10,521</b> | <b>8,348</b> | <b>21,203</b> |

# Storebrand ASA

## Statement of cash flow

| (NOK million)   | 01.01 - 30.09 |               |
|---|---------------|---------------|
|   | 2020          | 2019          |
| <b>Cash flow from operational activities</b>              |               |               |
| Net receipts/payments - securities at fair value          | -71           | -1,475        |
| Payments relating to operations                           | -78           | -100          |
| Net receipts/payments - other operational activities      | 1,647         | 4,153         |
| <b>Net cash flow from operational activities</b>          | <b>1,497</b>  | <b>2,579</b>  |
| <b>Cash flow from investment activities</b>               |               |               |
| Payments - purchase/capitalisation of subsidiaries        | -994          | -605          |
| <b>Net cash flow from investment activities</b>           | <b>-995</b>   | <b>-605</b>   |
| <b>Cash flow from financing activities</b>                |               |               |
| Payments - repayments of loans                            | -500          | -500          |
| Receipts - new loans                                      | 500           | 1             |
| Payments - interest on loans                              | -25           | -39           |
| Receipts - sold own shares to employees                   | 26            |               |
| Payments - dividends                                      |               | -1,399        |
| <b>Net cash flow from financing activities</b>            | <b>1</b>      | <b>-1,938</b> |
| <b>Net cash flow for the period</b>                       | <b>504</b>    | <b>36</b>     |
| Net movement in cash and cash equivalents                 | 504           | 36            |
| Cash and cash equivalents at start of the period          | 34            | 34            |
| <b>Cash and cash equivalents at the end of the period</b> | <b>538</b>    | <b>70</b>     |

# Notes to the financial statements Storebrand ASA

## Note 01 | Accounting policies

The financial statements are presented in accordance with the accounting policies applied in the annual financial statements for 2019. The accounting policies are described in the 2019 annual report.

Storebrand ASA does not apply IFRS to the parent company's financial statements.

## Note 02 | Estimates

In preparing the interim accounts, Storebrand has used assumptions and estimates that affect reported amounts of assets, liabilities, revenues, and costs, and information in the notes to the financial statements. The final values realised may differ from these estimates.

## Note 03 | Bond and bank loans

| (NOK million)                     | Interest rate | Currency | Net nominal value | 30.09.20     | 30.09.19     | 31.12.19     |
|-----------------------------------|---------------|----------|-------------------|--------------|--------------|--------------|
| Bond loan 2013/2020 <sup>1)</sup> | Fixed         | NOK      | 300               | 314          | 317          | 305          |
| Bond loan 2020/2025               | Variable      | NOK      | 500               | 500          |              |              |
| Bond loan 2017/2020               | Variable      | NOK      | 500               |              | 502          | 502          |
| Bond loan 2017/2022               | Variable      | NOK      | 500               | 501          | 501          | 501          |
| <b>Total <sup>2)</sup></b>        |               |          |                   | <b>1,315</b> | <b>1,320</b> | <b>1,309</b> |

<sup>1)</sup> Loans with fixed rates are hedged by interest swaps, which are booked at fair value through profit and loss. Changes in values of loans that can be related to the hedged risk are included in the carrying amount and included in the result.

<sup>2)</sup> Loans are booked at amortised cost and include earned not due interest.

Signed loan agreements have covenant requirements.

Storebrand ASA has an unused drawing facility for EUR 200 million.





To the Board of Directors of Storebrand ASA

## **Report on Review of Interim Financial Information**

### *Introduction*

We have reviewed the accompanying consolidated interim statement of financial position of Storebrand ASA as of 30 September 2020, the income statement, the statement of total comprehensive income, the statement of changes in equity and the statement of cash flow for the nine-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with IAS 34 Interim Financial Reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

### *Scope of Review*

We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISAs), and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information does not present fairly, in all material respects, the financial position of the entity as at 30 September 2020, and its financial performance and its cash flows for the nine-month period then ended in accordance with IAS 34 Interim Financial Reporting.

Oslo, 20 October 2020

**PricewaterhouseCoopers AS**

Magne Sem  
State Authorised Public Accountant  
(signed electronically)

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# Financial calendar



|                         |                          |
|-------------------------|--------------------------|
| <b>21 October 2020</b>  | Results Q3 2020          |
| <b>10 December 2020</b> | Capital Markets Day 2020 |
| <b>10 February 2021</b> | Results Q4 2020          |
| <b>28 April 2021</b>    | Results Q1 2021          |
| <b>14 July 2021</b>     | Results Q2 2021          |
| <b>27 October 2021</b>  | Results Q3 2021          |

# Investor Relations contacts



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