storebrand

Interim report 4th quarter 2022

Storebrand Group (unaudited)

4 th quarter 2022

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Storebrand Group

- **Group profit[1] of NOK 841m in the 4th quarter and NOK 2,716m for the full year**
- **Solvency II ratio 184%**
- **39% growth in the insurance result in 2022**
- **The Board proposes NOK 3.70 in ordinary dividend per share, and a NOK 500m share buyback program**

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.

Group profit[2]

	2022				2021	Full year	
NOK million	Q4	Q3	Q2	Q1	Q4	2022	2021
Fee and administration income	1,641	1,507	1,456	1,457	2,108	6,062	6,607
Insurance result	393	482	430	365	307	1,670	1,201
Operational cost	-1,410	-1,272	-1,181	-1,145	-1,377	-5,008	-4,678
Operating profit	**624**	**717**	**705**	**678**	**1,038**	**2,724**	**3,130**
Financial items and risk result life	217	-47	-129	-50	329	-8	1,372
Profit before amortisation	**841**	**670**	**577**	**628**	**1,367**	**2,716**	**4,503**
Amortisation and write-downs of intangible assets	-160	-159	-138	-138	-140	-596	-527
Profit before tax	**681**	**511**	**439**	**489**	**1,227**	**2,120**	**3,976**
Tax	23	-125	-26	398	-310	270	-846
Profit after tax	**704**	**386**	**413**	**887**	**917**	**2,390**	**3,130**

Financial performance
Storebrand Group's profit before amortisation and tax was NOK 841m (NOK 1,367m) in the 4th quarter and NOK 2,716m (NOK 4,503m) for the full year. Figures in brackets are from the corresponding period last year. The underlying growth continued in the quarter and financial markets showed signs of improvement towards the end of the year. However, weak markets in 2022 have led to a negative financial result for the full year. This is primarily due to fair value changes from rising rates and wider credit spreads in the company portfolios, which will generate higher yields on investments going forward and a stronger financial result. Strong buffer capital levels at the start of the year and active risk management have secured sufficient customer returns in the guaranteed products and limited the impact from market volatility on the Group's results.

The acquisition of Danica was completed on the 1st of July 2022 and is included in the Group's accounts as of the 3rd quarter. Danica's contribution to the Group's profit before amortisation was NOK 55m in the 4th quarter and NOK 87m in the second half of 2022. The result is primarily driven by a strong insurance result. Its Insurance segment contributed to the full year result with a profit before amortisation of NOK 50m while its Savings segment reported a profit before amortisation of NOK 31m. The Guaranteed Pension segment in Danica incurred a loss of NOK -14m and the Other segment reported a profit of NOK 20m.

Total fee and administration income amounted to NOK 1,641m (NOK 2,108m) in the 4th quarter and NOK 6,062m (NOK 6,607m) for the full year, corresponding to a decrease of 22% compared to the same quarter last year and a decrease of 8% for the full year. Adjusted for performance related income, all booked in the 4th quarter, the fee and administration income fell by 2% for the full year compared to last year. Continued underlying growth in Unit Linked, Asset Management, Storebrand Bank, Public Occupational Pensions, as well as the acquisition of Danica contribute to income growth. However, the growth is offset by lower assets under management due to weak market returns, and by lower fee margins in Unit Linked due to the introduction of Individual Pensions Accounts in 2021.

The Insurance result improved to NOK 393m (NOK 307m) in the 4th quarter and NOK 1,670m (NOK 1,201m) for the full year due to strong premium growth and generally lower claims ratios in the different product lines. However, within P&C there were increased seasonal claims within motor insurance in the quarter, leading to a higher combined ratio compared to the previous quarter. The total combined ratio for the Insurance segment was 95% (96%) in the 4th quarter and 91% (94%) for the full year – in line with the target of 90-92% for the full year, but weaker than the target in the 4th quarter.

The Group's operational cost amounted to NOK -1,410m (NOK -1,377m) in the 4th quarter and NOK -5,008m (NOK -4,678m) for the full year. Adjusted for performance related costs, currency effects and acquisitions, the operational cost for the year was NOK 4,760m. Growth initiatives have gradually increased costs during the year, but continued focus on cost discipline has kept the cost base under the guided level of NOK 4.9bn for 2022 (excluding performance related costs, currency effects and acquisitions). In the 4th quarter, cost is increased due to both integration cost of acquired business amounting to NOK -22m and performance

[1] Profit before amortisation and tax. www.storebrand.no/ir provides an overview of APMs used in financial reporting.
[2] The income statement is based on reported IFRS results for the individual group companies. The statement differs from the official accounts layout.

related cost in Asset Management amounting to NOK -29m. The updated cost guidance for 2023 (full year) is NOK 5.3bn and includes the acquired businesses Danica and Kron. The estimate excludes performance related cost, currency effects, and potential future acquisitions and integration cost of acquired business.

Overall, the operating profit amounted to NOK 624m (NOK 1,038m) in the 4th quarter and NOK 2,724m (NOK 3,130m) for the full year.

The 'financial items and risk result' amounted to NOK 217m (NOK 329m) in the 4th quarter and NOK -8m (NOK 1,372m) for the full year. Rising interest rates, wider credit spreads and falling equities have resulted in lower asset valuations in 2022, leading to a negative financial result – particularly in Storebrand's company portfolios. Running yield in the portfolios have increased accordingly. Net profit sharing amounted to NOK 38m (NOK 253m) in the 4th quarter and NOK -106m (NOK 504m) for the full year. The quarterly profit stems from improving financial markets. The risk result has strengthened in 2022 from previous years, particularly in the Norwegian guaranteed products where there has been less disability claims and an improved longevity result in 2022. The risk result amounted to NOK 53m (NOK 63m) in the 4th quarter and NOK 262m (NOK 187m) for the full year.

Amortisation of intangible assets from acquired business amounted to NOK -160m (NOK -140m) in the 4th quarter and NOK -596m (NOK -527m) for the full year.

Storebrand booked a tax income for the Group of NOK 23m (NOK -310m) in the 4th quarter and NOK 270m (NOK -846m) for the full year. The tax income in the quarter and for the full year is due to new information received and a partial reversal by The Norwegian Tax Administration on parts of the uncertain tax position for the income year 2018. The tax income in isolation was NOK 202m in the 4th quarter and NOK 770m for the full year. Tax related issues are described more under the Outlook section and in note 9. The estimated normal tax rate is 19-22%, depending on each legal entity's contribution to the Group result. Different tax rates in different countries of operations as well as currency fluctuations impact the quarterly tax rate.

The Group reports the results by business segment. For a more detailed description of the results, see the sections by segment in the report. Savings reported a profit before amortisation of NOK 456m (NOK 916m) in the 4th quarter and NOK 1,653m (NOK 2,355m) for the full year. Profit before amortisation in Insurance increased in 2022 to NOK 92m (NOK 61m) in the 4th quarter and NOK 580m (NOK 423m) for the full year. In Guaranteed pensions, it decreased to NOK 270m (NOK 485m) in the 4th quarter and NOK 903m (NOK 1,432m) for the full year due to lower profit sharing. In the Other segment, the profit before amortisation was NOK 23m (NOK -95m) in the 4th quarter and -420m (NOK 293m) for the full year, supported by positive developments in financial markets in the 4th quarter but altogether weak investment returns in the company portfolios in 2022.

Capital situation

The solvency ratio was 184% at the end of the 4th quarter, an increase of 10 percentage points from the previous quarter. Result generation from operations and positive financial market developments strengthened the solvency ratio, but the improvement was more than offset by regulatory factors including a lower volatility adjustment (VA) and higher symmetric equity stress adjustment (SA). Risk management, including increased levels of reinsurance, reduced foreign currency exposure, and balance sheet and investment exposure optimisations, added to the solvency ratio. In addition, a reset of available additional statutory reserves to absorb stresses at the turn of the year improved the solvency ratio. The solvency ratio is now above the threshold for overcapitalisation of 175%, as it has been for most of the year.

Dividend and share buyback

Based on the Group's results, the board proposes an ordinary dividend of NOK 3.70 per share for 2022 to the Annual General Meeting, equal to a total amount of NOK 1,718m. This represents a NOK 0.20 nominal increase compared to the previously paid dividend, corresponding to an increase of 5.7% and a pay-out ratio of 72% of Group profit after tax.

Based on the reported solvency ratio of 184%, which is above the threshold for overcapitalisation of 175%, and a forward-looking assessment of expected solvency generation with considerations of future events and risks, the Board intends to continue the share buyback program with a tranche amounting to NOK 500m pending approval from the NFSA. The ambition is to return NOK 10bn of excess capital by the end of 2030, primarily in the form of share buybacks, as the run-off of the guaranteed business releases capital.

Group profit by segment

NOK million	2022 Q4	Q3	Q2	Q1	2021 Q4	Full year 2022	2021
Savings - non-guaranteed	456	401	392	404	916	1,653	2,355
Insurance	92	210	169	109	61	580	423
Guaranteed pension	270	148	254	232	485	903	1,432
Other profit	23	-89	-238	-116	-95	-420	293
Profit before amortisation	**841**	**670**	**577**	**628**	**1,367**	**2,716**	**4,503**

Group - Key figures

	2022 Q4	Q3	Q2	Q1	2021 Q4	Full year 2022	2021
Earnings per share, adj. for amortisation	1.85	1.16	1.16	2.18	2.25	6.34	7.81
Equity	37,935	37,375	37,268	38,430	37,709	37,935	37,709
Adjusted ROE, annualised	9.9%	6.1%	6.3%	12.1%	12.8%	8.3%	10.7%
Solvency II ratio	184%	174%	195%	184%	175%	184%	175%

Financial targets

	Target	Actual
Return on equity (after tax)*	> 10%	8.3%
Future Storebrand (Savings & Insurance)**		43%
Back book (Guaranteed & Other)**		2%
Dividend pay-out ratio	> 50%	72%
Solvency II ratio Storebrand Group	> 150%	184%

* YTD profit after tax, adjusted for amortisation of intangible assets. Includes the tax income of NOK 770m in 2022. Excluding this effect, the figure was 6.1%.

** The RoE is calculated based on the profit for the last 12 months, after tax and before amortisation of intangible assets, divided on a pro forma distribution of the IFRS equity less hybrid capital per line of business (opening balance). The capital is allocated based on the capital consumption under SII and CRD IV adjusted for positive capital contribution to own funds. The segments Savings, Insurance and Other are calibrated at 150% of the capital requirement (before own funds contribution), while the remainder of the capital is allocated to the Guaranteed segment. The methodology is an estimation of ROE pr. reporting segment.

Savings

- **Total assets under management amounting to NOK 1,020bn, up 2% in the quarter supported by NOK 10bn of net inflow**
- **23% growth in Unit Linked premiums y/y**
- **18% growth in the Bank's lending volume y/y with 18% growth in fee income in 2022**

The Savings segment includes savings products without interest rate guarantees. The segment consists of Defined Contribution pensions in Norway and Sweden under the Unit Linked products, asset management and retail banking products.

Savings – Results

	2022				2021	Full year	
NOK million	Q4	Q3	Q2	Q1	Q4	2022	2021
Fee and administration income	1,293	1,174	1,130	1,136	1,748	4,733	5,215
Operational cost	-848	-763	-718	-702	-838	-3,031	-2,927
Operating profit	**445**	**410**	**412**	**434**	**910**	**1,701**	**2,288**
Financial items and risk result life	11	-9	-20	-30	6	-49	67
Profit before amortisation	**456**	**401**	**392**	**404**	**916**	**1,653**	**2,355**

Financial performance
The Savings segment reported a profit before amortisation of NOK 456m (NOK 916m) in the 4th quarter and NOK 1,653m (NOK 2,355m) for the full year. Underlying growth continues to be strong, but negative market returns have led to a decline in assets under management this year. Danica is included in Norwegian Unit Linked as of the 3rd quarter this year with a profit contribution of NOK 20m in the 4th quarter and NOK 31m in the full year result.

The fee and administration income in the Savings segment amounted to NOK 1,293m (NOK 1,748m) in the 4th quarter and NOK 4,733m (NOK 5,215m) for the full year. This quarter includes performance fees for the full year in Asset Management. The performance related income amounted to NOK 133m (NOK 570m), of which NOK 67m (NOK 206m) was earned in the 4th quarter. When adjusting for Danica, performance fees and currency effects, the underlying income within Savings fell by 2% for the full year. In Asset Management, the underlying income adjusted for the mentioned effects was stable. In the bank, overall income grew by 17% in 2022, in line with the lending growth. In Unit Linked Norway, the underlying income has fallen 10% due a reduction in assets under management from weak financial markets and due to lower fee margins from the introduction of Individual Pension Accounts in 2021. In Sweden, Unit Linked income fell by 8%, adjusted for currency effects and a transaction fee income amounting to SEK 37m last year, due to a combination of falling assets under management and a lower fee margin.

The fee margin in Unit Linked Norway remained at 0.69% (0.65%), as in the previous quarter. In Sweden, the margin has fallen from 0.68% in the previous quarter to 0.67% (0.73%). The fee margin in Asset Management was 0.23% (0.40%) in the quarter, including performance fees. Excluding performance fees, the margin in the 4th quarter was 0.19% (0.19%), up from 0.18% last quarter. The Bank's net interest margin was 1.18% (1.19%) in the 4th quarter, down from 1.20% last quarter.

Operational cost amounted to NOK -848m (NOK -838m) in the 4th quarter and NOK -3,031m (NOK -2,927m) for the full year. Performance related costs in funds with performance fees amounted to NOK -29m (NOK -96m) in the quarter and NOK -53m (NOK -255m) year to date. Danica's cost amounted to NOK 40m in the quarter and NOK 90m full year. Adjusted for Danica and currency effects, the operational cost excluding performance related cost increased by 6% in the quarter and 9% year to date. The increase is attributed to inflation, growth initiatives in the business and digital investments.

The financial result was NOK 11m (NOK 6m) in the 4th quarter and NOK -49m (NOK 67m) for the full year. The loss stems primarily from the first half of the year, when wider credit spreads incurred fair value losses on credit bonds, and higher interest rates affected the value of fixed-rate mortgages in Storebrand Bank.

Balance sheet and market trends
Total assets under management in Unit Linked increased to NOK 315bn (NOK 308bn) from NOK 302bn last quarter. Of these, NOK 27bn are managed in Danica. Unit Linked premiums increased to NOK 6.6bn (NOK 5.4bn) in the 4th quarter, and NOK 23bn (NOK 21bn) for the full year. Danica contributed with NOK 0.6bn of premiums in the quarter and NOK 1.3bn in the second half of the year. Net inflow (from premiums, claims and withdrawals, and transfers) amounted to NOK 4.7bn (NOK -2.8bn) in the 4th quarter and NOK 12.4bn (NOK -5.1bn) for the full year.

In the Norwegian Unit Linked business, assets under management increased to NOK 179bn (NOK 158bn), supported by the acquisition of Danica. Weak market developments have reduced assets by NOK 12bn during 2022. However, underlying growth continues with a net inflow of NOK 3bn in the quarter and NOK 7bn for the full year, driven by growth in occupational pension premiums, new sales, and limited pension payments due to the young nature of the product. Storebrand is the largest provider of Defined Contribution pensions in Norway, with a market share of 31% of gross premiums written (at the end of the 3rd quarter 2022 and with the inclusion of Danica).

In the Swedish market, SPP is the second largest provider of non-unionised occupational pensions with a market share of 13% measured by gross premiums written including transfers (at the end of the 3rd quarter 2022). In local currency, Unit Linked assets under management increased during the quarter by SEK 8.1bn and amounted to SEK 143bn, but decreased by SEK 11.1bn (-7%) during the year, primarily due to weak market developments. The underlying growth is driven by strong growth in sales (APE), amounting to NOK 864m (NOK 505m) in the quarter and NOK 2,613m (NOK 1,790m) year to date. The transfer balance has stabilised and net inflow amounted to NOK 1.8bn (NOK -3.1bn) in the 3rd quarter and NOK 5.2bn (NOK -6.8bn) for the full year.

Assets under management in Storebrand Asset Management increased during the quarter by NOK 18.8bn (2%) to NOK 1,020bn, but decreased by NOK 76.6bn (7%) during the year due to negative market returns. The net inflow was NOK 10bn in the quarter and NOK 17bn for the full year.

The bank lending portfolio increased by NOK 2.2bn (3%) to NOK 67.1bn during the quarter and by NOK 10bn (18%) full year. The growth is attributed to improved sales. The portfolio consists of low-risk home mortgages with an average loan-to-value (LTV) of 58%. NOK 17bn of the mortgages are booked on the balance sheet of Storebrand Livsforsikring AS.

Savings - Key figures

	2022				2021
NOK million	Q4	Q3	Q2	Q1	Q4
Unit linked Reserves	314,992	302,337	276,319	291,036	308,351
Unit linked Premiums	6,583	6,278	5,333	5,288	5,350
AuM Asset Management	1,019,988	1,001,100	1,008,705	1,039,654	1,096,556
Retail Lending	67,061	64,879	62,559	59,223	57,033

Insurance

- **19% overall growth in premiums f.o.a. in the 4th quarter compared to 2021**
- **Combined ratio of 95% in the quarter impacted by seasonal claims in motor, but 91% for the full year**
- **37% profit growth in 2022**

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 – Results

	2022				2021	Full year	
NOK million	Q4	Q3	Q2	Q1	Q4	2022	2021
Insurance premiums f.o.a.	1,630	1,613	1,449	1,397	1,366	6,088	5,175
Claims f.o.a.	-1,237	-1,131	-1,019	-1,032	-1,059	-4,419	-3,974
Operational cost	-318	-284	-260	-251	-253	-1,112	-875
Operating profit	**75**	**198**	**170**	**114**	**54**	**558**	**326**
Financial result	17	11	-1	-5	6	22	97
Contribution from SB Helseforsikring AS	*0*	*7*	*0*	*-7*	*-9*	*-1*	*17*
Profit before amortisation	**92**	**210**	**169**	**109**	**61**	**580**	**423**
Claims ratio	76%	70%	70%	74%	78%	73%	77%
Cost ratio	20%	18%	18%	18%	19%	18%	17%
Combined ratio	95%	88%	88%	92%	96%	91%	94%

Financial performance

Insurance premiums f.o.a. amounted to NOK 1,630m (NOK 1,366m) in the 4th quarter and NOK 6,088m (NOK 5,175m) for the full year, corresponding to an increase of 19% compared to the same quarter last year and an increase of 18% for the full year. Adjusted for Danica, insurance premiums f.o.a. increased by 14% compared to the same quarter last year.

Profit before amortisation amounted to NOK 92m (NOK 61m) in the 4th quarter and NOK 580m (NOK 423m) for the full year. Danica contributed with NOK 20m to the profit in the quarter. The total combined ratio improved to 95% (96%) in the 4th quarter and 91% (94%) for the full year. The result is in line with the targeted combined ratio of 90-92%. Improving labour market conditions, after the removal of infection controls, seem to improve disability levels in Norway which remain on a high level, but future developments remain uncertain.

Within 'P&C & Individual life', strong growth continued with premiums f.o.a. growing 22% in the 4th quarter compared to last year. The profit before amortisation was NOK 69m (NOK 54m) in the 4th quarter and NOK 371m (NOK 393m) for the full year. The claims ratio was 70% (72%) in the 4th quarter and 67% (67%) for the full year. High claims in motor in December weakens the result in the quarter. Operational cost increased to NOK -241m (NOK -178m) in the 4th quarter and NOK -816m (NOK -612m) for the full year due to growth and increased activity. Altogether, the product segment delivered a combined ratio of 95% (94%) in the 4th quarter and 90% (88%) for the full year.

'Health and Group life' reported a profit before amortisation of NOK -17m (NOK -6m) in the 4th quarter and NOK 8m (NOK -26m) for the full year. Measures, including repricing, have been taken to improve the robustness and profitability in the Group Life product. In the 4th quarter, reserves have been strengthened by NOK 25m due to expected wage inflation and increases in the national base amount. The Health insurance business delivered a near zero result in the quarter and for the full year. Higher claims in both the Norwegian and Swedish business impacted the result. In sum, 'Health and Group life' have had an increase in the combined ratio in the quarter to 106% (104%), but seen an improvement in profitability for the full year 100% (110%).

The result for 'Pension related disability insurance Nordic' was NOK 41m (NOK 13m) in the 4th quarter and NOK 201m (NOK 56m) for the full year. While the Norwegian business experienced increases in disability claims in the beginning of the year, partly due to aftereffects from the pandemic on the labour market, the development has seen a positive trend during the rest over the year. However, disability levels are still at high levels and followed closely. Measures to improve profitability, including repricing, contributed to the positive result development. In the Swedish business, the result is driven by low claims. Altogether the combined ratio was 89% (96%) in the 4th quarter and 86% (96%) for the full year.

The cost ratio was 20% (19%) in the 4th quarter and 18% (17%) for the full year, with cost amounting to NOK -318m (NOK -253m) in the 4th quarter and NOK -1,112m (NOK -875m) for the full year. The higher cost level is driven by the growth in the business, including sales commissions increasing in line with the growth in sales.

The Insurance investment portfolio is primarily invested in fixed income securities with short to medium duration and achieved a financial return of 0.6% in the 4th quarter and 2.1% for the full year. With higher rates, the return on the insurance investment portfolio is expected to increase in the coming quarters.

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. Storebrand has an ambition to grow the insurance business, particularly within P&C. As of the 4th quarter, 51% of the insurance portfolio is within 'P&C & Individual Life'. Storebrand is one of the fastest growing companies within Norwegian retail P&C and now holds a market share of 6.2% as of the 3rd quarter compared to 5.9% a year earlier.

Overall growth in annual portfolio premiums amounted to 21% compared to the same quarter last year, and 14% when adjusted for Danica. Growth in 'P&C & Individual life' amounted to 22% and is driven by strong contribution from sales agents, distribution partnerships and Danica. 'Health & Group life' grew by 17%, driven by price adjustments, and 'Pension related disability insurance' grew by 27%, driven by price adjustments and salary increases, and the acquisition of Danica. Overall, double digit growth is expected to continue within Insurance in the coming years.

Insurance – Portfolio premiums

	2022				2021
NOK million	Q4	Q3	Q2	Q1	Q4
P&C & Individual life	4,013	3,889	3,512	3,395	3,301
Health & Group life*	2,071	2,056	2,006	1,939	1,775
Pension related disability insurance Nordic	1,738	1,703	1,487	1,457	1,369
Total written premiums	**7,822**	**7,648**	**7,005**	**6,791**	**6,445**
Investment portfolio**	10,642	10,766	10,181	10,003	9,584

* Includes all written premiums in Storebrand Helseforsikring AS (50/50 joint venture with Ergo International).
** Ca. 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

- **Stable operating profit and strong risk result**
- **Limited impact of financial markets on the results due to strong buffer capital position and risk management**
- **Positive net profit sharing despite further reduction in the Volatility Adjustment**

The Guaranteed Pension segment includes long-term pension savings products that give customers a guaranteed rate of return, but most products are closed for new business and are in run-off. The area includes defined benefit pensions in Norway and Sweden, paid-up policies, public sector occupational pensions, and individual capital and pension insurance.

Guaranteed pension – Results

	2022				2021	Full year	
NOK million	Q4	Q3	Q2	Q1	Q4	2022	2021
Fee and administration income	413	398	395	391	418	1,597	1,631
Operational cost	-233	-208	-206	-202	-248	-850	-890
Operating profit	**180**	**190**	**189**	**189**	**169**	**747**	**741**
Risk result life & pensions	53	74	54	82	63	262	187
Net profit sharing	38	-116	11	-39	253	-106	504
Profit before amortisation	**270**	**148**	**254**	**232**	**485**	**903**	**1,432**

Financial performance

Guaranteed pension achieved a profit before amortisation of NOK 270m (NOK 485m) in the 4th quarter and NOK 903m (NOK 1,432m) for the full year.

Fee and administration income was stable at NOK 413m (NOK 418m) in the 4th quarter and NOK 1,597m (NOK 1,631m) for the full year. The majority of the guaranteed products are closed for new business and are in long term run-off. However, Public Occupational Pensions (reported under Defined Benefit Norway) is a growth area.

Operational cost amounted to NOK -233m (NOK -248m) in the 4th quarter and NOK -850m (NOK -890m) for the full year.

The operating profit was stable and amounted to NOK 180m (NOK 169m) in the 4th quarter and NOK 747m (NOK 741m) for the full year.

The risk result was NOK 53m (NOK 63m) in the 4th quarter and NOK 262m (NOK 187m) for the full year. A strong longevity risk result as well as a positive disability risk result in Norwegian Paid-up policies are the main contributing factors to the result. The other products had a marginally negative result in the quarter.

Net profit sharing amounted to NOK 38m (NOK 253m) in the 4th quarter and NOK -106m (NOK 504m) for the full year. Falling equity markets and a lower fair value of fixed income investments due to rising interest rates and wider credit spreads have resulted in weak investment returns in 2022. In Norway, losses have been absorbed by customer buffers, and net profit sharing has been marginal at NOK 1m (NOK 98m) in the 4th quarter and NOK 6m (NOK 154m) for the full year. The main impact on the result to shareholders in the 4th quarter and for the full year has been in the Swedish portfolio where net profit sharing amounted to NOK 36m (NOK 155m) in the quarter and NOK -112m (NOK 350m) in 2022. The main driver for the positive result in the quarter is good investment return on credit bonds, while the decrease in the volatility adjustment of 14bps during year has had the most significant negative impact and contributed to a total increase in deferred capital contribution (DCC) and financial loss of NOK 159m in 2022.

Balance sheet and market trends

The majority of the guaranteed products are in long term run-off as pension payments are paid out to policyholders. Most customers have switched from guaranteed to non-guaranteed products.

As of the 4th quarter, customer reserves of guaranteed pensions amounted to NOK 273bn. This is in line with previous quarter and a decrease of NOK -17bn since the beginning of the year. Net flow of guaranteed pensions amounted to NOK -2.9bn in 4th quarter and NOK -10.5bn in 2022. As a share of the total balance sheet, guaranteed reserves amounted to 46.5% (48.5%) at the end of the 4th quarter.

A growth area for Storebrand is public sector occupational pensions, where Storebrand won its first mandates in 2020. The public sector effort has been the driver for a net increase in Defined Benefit reserves in the Norwegian business over the last years. Mandates amounting to an estimated NOK 5.5bn of reserves were won in 2021, most of which was transferred to Storebrand in the first half of 2022. Public sector mandates are typically assigned in the second half of the year and in 2022 Storebrand won tenders that will add an additional NOK 2bn in reserves, most of which will be accounted for in the 1st quarter 2023.

Paid-up policies are experiencing some growth over time as active Defined Benefit contracts eventually become Paid-up policies. Reserves amounted to NOK 143bn as of the 4th quarter, a decrease of NOK 6.1bn in 2022. The decrease is primarily attributed to pension payments of NOK -6.9bn in 2022, and a decrease in the market value adjustment reserve due to financial market developments.

Guaranteed portfolios in the Swedish business totalled NOK 79bn as of the 4th quarter, a decrease of NOK 14.1bn in 2022, mainly driven by a lower fair value of assets and liabilities.

Storebrand's strategy is to have solid buffer capital levels in order to secure customer returns and shield shareholder's equity under turbulent market conditions. Buffer capital (excluding excess value of bonds at amortised cost) increased by NOK 0.4bn to NOK 23.9bn in the 4th quarter, and decreased by NOK 9.7bn in 2022 as a result of falling equity markets, rising interest rates, and wider credit spreads. As a share of guaranteed reserves, buffer capital levels in Norwegian products still amount to 6.3% (11.2%) and 19.6% (17.8%) in Swedish products. This does not include off-balance sheet excess values of bonds at amortised cost, which at the end of the 4th quarter amounted to a deficit of NOK -10.2bn from a surplus of NOK 3.4bn at the end of last year. The deficit indicates that the reinvestment yield in the market is currently higher than the average yield in the portfolio. As bonds at amortised cost mature, their excess values will trend to zero.

Guaranteed pension – Key figures

	2022				2021
NOK million	Q4	Q3	Q2	Q1	Q4
Guaranteed reserves	273,465	275,622	274,918	281,474	290,862
Guaranteed reserves in % of total reserves	46.5%	47.7%	49.9%	49.2%	48.5%
Net flow of premiums and claims	-2,892	-2,721	-2,454	-2,480	-2,591
Buffer capital in % of customer reserves Norway	6.3%	6.2%	6.9%	8.6%	11.2%
Buffer capital in % of customer reserves Sweden	19.6%	18.2%	17.5%	17.9%	17.8%

Other

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

Results excluding eliminations

	2022				2021	Full year	
NOK million	Q4	Q3	Q2	Q1	Q4	2022	2021
Fee and administration income	2	6	4	6	8	17	21
Operational cost	-77	-87	-70	-64	-103	-299	-246
Operating profit	**-75**	**-82**	**-66**	**-59**	**-96**	**-282**	**-225**
Financial items and risk result life	98	-7	-172	-57	0	-138	518
Profit before amortisation	**23**	**-89**	**-238**	**-116**	**-95**	**-420**	**293**

Eliminations

	2022				2021	Full year	
NOK million	Q4	Q3	Q2	Q1	Q4	2022	2021
Fee and administration income	-66	-70	-73	-75	-66	-284	-260
Operational cost	66	70	73	75	66	284	260
Financial items and risk result life							
Profit before amortisation							

Financial performance

The Other segment reported a profit before amortisation of NOK 23m (NOK -95m) in the 4th quarter and -420m (NOK 293m) for the full year. The loss this year stems primarily from operational cost in the holding company Storebrand ASA, and negative returns on investments in company portfolios due to fair value changes from wider credit spreads. Correspondingly, the running yield has increased. The profit in 2021 includes a positive financial result of NOK 546m from the divestment of AS Værdalsbruket.

The financial result for the Other segment includes the company portfolios of SPP and Storebrand Life Insurance, and the financial result of Storebrand ASA. The financial result for the Other segment amounted to NOK 98m in the 4th quarter and -138m for the full year, reflecting a reversal of some of the year's weak investment returns from wider credit spreads. The investments in the company portfolios are primarily in interest-bearing securities in Norway and Sweden. The Norwegian company portfolio achieved a return of 1.0% in the 4th quarter and 1.3% for the full year, while the Swedish company portfolio reported a return of 0.6% in the 4th quarter and -1.5% for the full year. The company portfolios in the Norwegian and Swedish life insurance companies and the holding company amounted to NOK 29.5bn at the end of the year.

The Storebrand Life Insurance Group is funded by a combination of equity and subordinated loans. Interest expenses in the quarter amounted to NOK -133m. The repurchase of EUR 212m of an issued subordinated loan had a financial cost of NOK 53m in the quarter. However, the amount approximately equals the savings on interest expenses before the loan's first call date. Given the interest rate level at the end of the 4th quarter, interest expenses of approximately NOK -160m per quarter are expected going forward.

Balance sheet and capital situation

- **Solvency II ratio 184%**
- **8.3% Return on Equity (adj.) in 2022, 6.1% excluding positive tax effect in 2022**
- **Buffer capital at 10% of customer reserves with guarantees**

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.

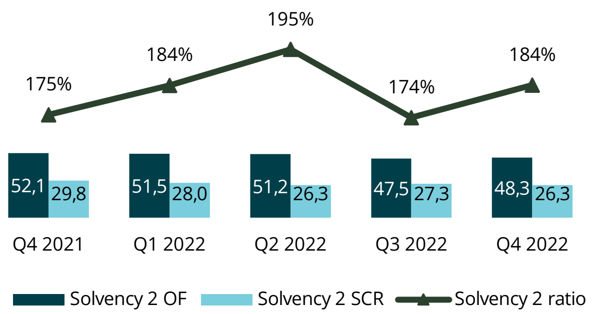
Storebrand Group

Solvency

Storebrand uses the standard model for the calculation of Solvency II. The Storebrand Group's target solvency ratio is 150%-175%. This includes the use of the transitional rules, but with the current balance sheet in the current interest rate environment, Storebrand does not benefit from any transitional capital.

The solvency ratio was 184% at the end of the 4th quarter, an increase of 10 percentage points from the previous quarter. The level is strong and above the threshold for overcapitalisation of 175%. Result generation from operations and positive financial market developments strengthened the solvency ratio, but the improvement was more than offset by regulatory factors including a lower volatility adjustment (VA) and higher symmetric equity stress adjustment (SA). Risk management, including increased levels of reinsurance, reduced foreign currency exposure, and balance sheet and investment exposure optimisations, added to the solvency ratio. In addition, a reset of available additional statutory accounts to absorb stresses at the turn of the year improved the solvency ratio.

Solvency development - Storebrand Group



Return on equity

Storebrand is a blend of fast-growing capital-light business that delivers high returns on equity, and capital-intensive run-off business with low returns on equity. The back book of guaranteed business ties up more than three quarters of the Group's capital, delivering an estimated return on equity of 2% over the last twelve months, whereas the front book, the "future Storebrand" delivered an estimated return on equity of 43%[1]. Large variations in the estimated pro forma return on equity in the front book are expected as earnings are market dependent, while the capital base is primarily related to mortgage lending in the bank and to insurance. Overall, the Group's return on equity (adjusted for amortisation) was 8.3% on an annualised basis, and 6.1% adjusted for the positive tax effects in 2022. As the business mix shifts, the return on equity is expected to be sustainably higher in the coming years.

Storebrand ASA

Storebrand ASA (holding company) held liquid assets of NOK 5.1bn at the end of the 4th quarter. Liquid assets consist primarily of short-term fixed income securities with a high credit rating and bank deposits. Storebrand ASA's total interest-bearing liabilities were NOK 0.5bn at the end of the 2nd quarter. The next maturity date for bond debt is in Sept 2025, when NOK 0.5bn matures. In addition to the liquidity portfolio, the company has an unused credit facility of EUR 200m that runs until December 2025.

Storebrand ASA owned 7,764,226 of the company's own shares at the end of the 4th quarter, representing 1.65% of the share capital, following repurchases under Storebrand's NOK 500m buyback program which was initiated in July and concluded in October. The total number of shares purchased under the program was 6,477,024, which will all be redeemed (i.e. cancelled) upon approval from Storebrand ASA's General Meeting in 2023.

Storebrand Livsforsikring Group[2]

The Solidity capital[3] measures the amount of IFRS capital available to cover customer liabilities. The solidity capital amounted to NOK 49.6bn at the end of 4th quarter 2022, an increase in the 4th quarter by NOK 3.4bn and a decrease of NOK 24.5bn for the year. The change in the quarter is primarily due to decreased interest rates and subordinated loan has been repurchased by EUR 212m and SEK 899m.

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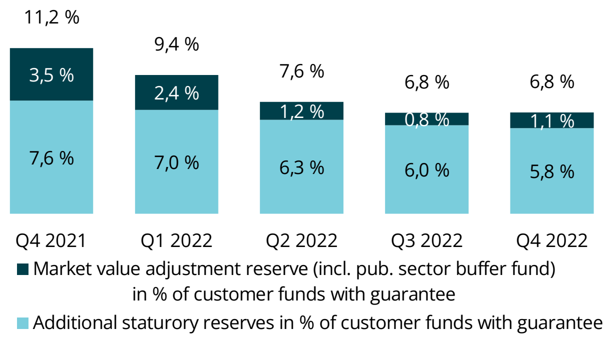
[1]The RoE is calculated based on the profit for the last 12 months, after tax and before amortisation of intangible assets, divided on a pro forma distribution of the IFRS equity less hybrid capital per line of business (opening balance). The capital is allocated based on the capital consumption under SII and CRD IV adjusted for positive capital contribution to own funds. The segments Savings, Insurance and Other are calibrated at 150% of the capital requirement (before own funds contribution), while the remainder of the capital is allocated to the Guaranteed segment. The methodology is an estimation of ROE pr. reporting segment.

[2] Storebrand Livsforsikring AS and SPP

[3] 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

Storebrand Livsforsikring AS

Customer buffers (NOR)



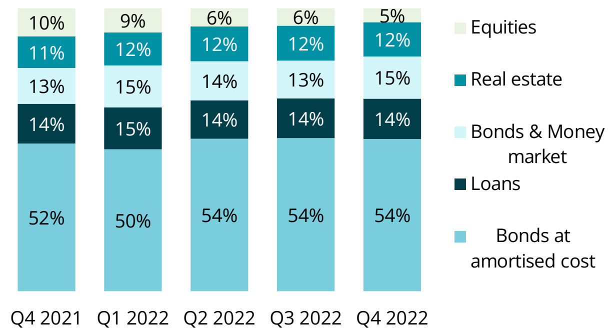
The market value adjustment reserve and bufferfund increased during the 4th quarter by NOK 0.4bn and decreased by NOK 4.5bn in 2022. At the end of year, the market value adjustment reserve and bufferfund amounted to NOK 1.8bn, corresponding to 1.1% (0.9% at the end of 3rd quarter 2022) of customer funds with a guarantee. New business transferred in contributed positively with NOK 0.8bn to the bufferfund for the year, while it was unchanged in 4th quarter.

The additional statutory reserves amounted to NOK 9.6bn, corresponding to 5.8% (6.2% at the end of the 3rd quarter 2022) of customer funds with guarantee at the end of 2022. Investment returns in customer portfolios higher than the guaranteed interest rate in the quarter decreased reserves by NOK 0.4bn in 4th quarter and NOK 2.7bn year to date. In connection with the implementation of the buffer fund in Public Occupational Pensions at the start of the year, NOK 1bn was transferred from the market value adjustments reserve and the additional statutory reserves.

Together, the customer buffers amounted to 6.6% (7.0% at the end of the 3rd quarter 2022) of customer funds with guarantee at the end of 2022.

The excess value of bonds and loans valued at amortised cost increased by NOK 3.1bn in the 4th quarter due to decreased interest rates, but a decrease by NOK 13.6bn in 2022 due to higher interest rates. The value was minus NOK 10.2bn at the end of 2022. The excess value of bonds and loans at amortised cost is not included in the financial statements.

Allocation of guaranteed customer assets (NOR)



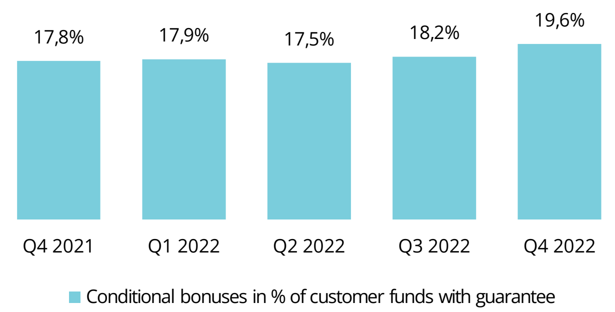
Customer assets increased in the 4th quarter by NOK 9.4bn and decreased by NOK 9.4bn for the year, amounting to NOK 346bn at the end of 2022. Customer assets within non-guaranteed savings increased by NOK 8.9bn during the 4th quarter and decreased by NOK 5.3bn in 2022, amounting to NOK 153bn at the end of the year. Guaranteed customer assets are increased by NOK 0.5bn in the 4th quarter and decreased by NOK 4.1bn during the year, amounting to NOK 194bn at the end of 2022.

Storebrand Danica Pensjonsforsikring AS

Customer assets amounted to NOK 28bn at the end of 2022, an increased in the 4th quarter by NOK 1.0bn. Customer assets within non-guaranteed savings amounted to NOK 27bn at the end of 2022, an increase in 4th quarter by NOK 1.0bn. Guaranteed customer assets amounted to NOK 1bn at the end of 2022 and were stable in the 4th quarter.

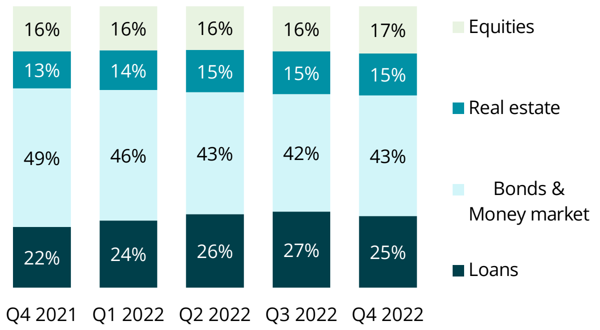
SPP

Customer buffers (SWE)



The buffer capital (conditional bonuses) amounted to SEK 13.3bn (SEK 14.1bn) at the end of the 4th quarter.

Allocation of guaranteed customer assets (SWE)



Customer assets amounted to SEK 223bn (SEK 246bn) at the end of the 4th quarter, corresponding to a decrease of SEK 23bn over the last year. Customer assets within non-guaranteed savings amounted to SEK 143bn (SEK 155bn) at the end of the 4th quarter, which is a decrease of SEK 12bn compared to the same quarter last year. Guaranteed customer assets decreased by SEK 12bn in the same period and amounted to SEK 80bn (SEK 92bn) at the end of the 4th quarter.

Storebrand Bank

Loans outstanding increased by NOK 2.2 billion during the quarter. The home mortgage portfolio managed on behalf of Storebrand Livsforsikring AS decreased by NOK 0.1 billion during the quarter. The combined portfolio of loans in Storebrand Bank and Storebrand Livsforsikring increased by NOK 2.1 billion during the quarter and by NOK 10 billion in 2022.

The bank group has had an increase in the risk-weighted balance sheet of NOK 4.0 billion in 2022. The Storebrand Bank Group had a net capital base of NOK 4.4 billion at the end of the quarter. The capital adequacy ratio was 21.3% and the Core Equity Tier 1 (CET1) ratio was 15.7% at the end of the quarter, compared with 20.3% and 15.4% respectively at the end of 2021. The combined requirements for capital and CET1 were 16.8% and 13.3% respectively at the end of the quarter.

Outlook

Strategy

Storebrand's strategy gives a compelling combination of self-funded growth in the front book, i.e. the growth areas of the "future Storebrand", and capital return from a maturing back book of guaranteed pensions.

Storebrand aims to (a) be the leading provider of Occupational Pensions in both Norway and Sweden, (b) continue a strategy to build a Nordic Powerhouse in Asset Management and (c) ensure fast growth as a challenger in the Norwegian retail market for financial services. The combined capital, customer base, cost and data synergies across the Group provide a solid platform for profitable growth and value creation.

Storebrand continues to manage capital and a back book with guaranteed products for increased shareholder return. This includes both a dividend policy of growing ordinary dividends from earnings as well as managing the legacy products that carry interest guarantees in a capital-efficient manner. The ambition is to return NOK 10bn of excess capital by the end of 2030, primarily in the form of share buybacks, while generating additional excess capital which may fund further growth or could be returned to shareholders.

Financial performance

At the capital markets day in December 2020, Storebrand announced an ambition to achieve a profit before amortisation and tax of about NOK 4bn in 2023. The profit ambition was reached in 2021, helped by gains from the sale of AS Værdalsbruket and strong performance in funds with performance fees. Despite turbulent financial markets in 2022 reducing assets under management and the resulting fee income, the profit ambition for 2023 is maintained, supported by strong and profitable growth across the Group, and higher expected financial results in a higher interest rate environment.

In Norway, the market for Defined Contribution pensions is growing structurally due to the young nature of the product. High single-digit growth in Defined Contribution premiums and double-digit growth in assets under management are expected during the next years. Storebrand aims to defend its strong position in the market, while also focusing on cost leadership and improved customer experience through end-to-end digitalisation. In July 2022, Storebrand acquired Danica in Norway, which will strengthen Storebrand's presence in the segment for small and medium sized businesses, and it will increase Storebrand's distribution capacity of both Defined Contribution pensions and personal risk products.

In the coming years, Storebrand is also looking to leverage customer, product and capital synergies by expanding our insurance offering to corporate clients within P&C. This will generate an additional income stream for the Group.

In Sweden, SPP is a leading market challenger within the segment for non-unionised pensions, with an edge in digital and ESG-enhanced solutions. SPP has become a significant profit contributor to the Storebrand Group, supported by an ongoing capital release from its guaranteed products in run-off. Growth is expected to continue, driven by new sales and transfers.

As a leading occupational pension provider in the private sector, Storebrand also has a competitive pension offering to the Norwegian public sector. It is a growing market which is larger than the private sector market. It is currently dominated by one monopolist. To succeed in the market, municipalities will need to tender their pension procurements to a larger extent than today. This represents a potential additional source of revenue for Storebrand. The ambition is to gain 1% market share annually, or approximately NOK 5bn in annual net inflow.

Overall reserves of guaranteed pensions are expected to decrease in the coming years. Guaranteed reserves represent a declining share of the Group's total pension reserves and amounted to 46.5% of the pension reserves at the end of the quarter, 2 percentage points lower than a year ago. With interest rates having risen in 2022 to approximately the average level of interest rate guarantees, the prospects for future profit sharing with customers has increased. Higher interest rates also allow Storebrand to build customer buffers at a faster pace, which strengthens the group's solvency position.

In addition to managing internal pension funds, Storebrand Asset Management is growing its external mandates from institutional and retail investors. Storebrand is a local partner for Nordic investors, and a gateway to the Nordics for international investors. We offer a full product range of index, factor and actively managed funds. Storebrand is also one of the strongest providers of alternative assets (private equity, real estate, private debt and infrastructure) in the Nordic region. Over the past three decades, Storebrand has focused on ESG investments with a strong track record. The overall ambition is to grow assets under management by NOK 250bn in the period 2021-2023, while maintaining a stable fee margin.

The brand name 'Storebrand' is well recognised in Norway. It facilitates our rapid growth in the Norwegian retail market to leverage capital, customer, and operational synergies. The ambition is to grow more than 10% annually within retail savings, mortgage lending and insurance through digital sales channels and distribution partnerships. P&C insurance is a key area for profitable growth. Storebrand Bank plays an important strategic role in offering a complete range of financial products and services to the retail market. In January 2023, Storebrand also strengthened its retail savings offering by acquiring the fast growing Norwegian fintech company Kron. The acquisition will combine Kron's user experience with Storebrand's product platform and distribution.

Storebrand maintains a disciplined cost culture. The Group reported flat nominal costs from 2012-2020, adjusted for acquisitions, currency and performance related cost. Simultaneously, assets under management more than doubled. To accelerate growth and the Group's profit ambitions, investments in profitable growth has gradually increased costs. This includes growth in public occupational pensions and P&C insurance, in addition to acquired business. Should the growth not materialise, management has contingency plans in place to cut costs. There are also cost savings initiatives in place to manage the effects of excess inflation. The cost guidance for 2023 is 5.3bn. This includes the cost base of the acquired companies Danica and Kron, but is before integration cost of acquired business, any potential new acquisitions, currency and performance related cost.

Risk

Our dynamic risk management framework is designed to take appropriate risk in order to deliver returns to customers and shareholders. At the same time, the framework shall ensure that we shield our customers, shareholders, employees and other stakeholders from undesirable incidents and losses. The framework covers all risks that Storebrand may be exposed to. In 2022, the outbreak of war on the European continent has led to increased geopolitical and economic uncertainty, resulting in increased financial market volatility and increased risk monitoring in the Group.

Financial market risk is the Group's biggest risk, but main risks also include business risk, insurance risk, counterparty risk, operational risk, climate risk and liquidity risk. In the Board's self-assessment of risk and solvency (ORSA) process, developments in interest rates, credit spreads, and equity and property values are considered to be the biggest risks that influence the solvency of the Group. Should the economic situation worsen, and financial markets deteriorate, investment losses may occur from reduced valuations of such instruments. Storebrand has invested in a high quality real estate portfolio. However, under prevailing market conditions model-based valuations of financial instruments (Level 3), such as investment property, contain greater uncertainty than usual. Storebrand operates an active risk management strategy to optimise customer returns and shield shareholder's equity under turbulent market conditions through dynamic risk management, strong customer buffers, and by holding a significant amount of bonds at amortised cost.

Storebrand has prioritised building buffer capital from excess returns over many years. The customer buffers limit the financial risk to shareholders and policyholders in turbulent financial markets by absorbing investment losses. With 10% of customer buffers as a share of customer reserves, Storebrand effectively has NOK 24bn more in customer assets than guaranteed liabilities.

Inflation has risen in much of the world, including in Norway and Sweden. High and rapidly rising inflation rates may increase costs and insurance claims in Storebrand. However, pension liabilities (payments) are not inflation linked, limiting the impact of inflation on the Group's liabilities. Pension premiums and some insurance premiums are directly linked to wage inflation, which automatically results in premium growth. Other products, including P&C insurance, are actively repriced to mitigate the negative effects of inflation.

A consequence of higher inflation may be rising interest rates, as seen in 2022. Higher interest rates strengthen Storebrand's balance sheet and improves our ability to fulfil guaranteed pension liabilities in the long run, which also strengthens the solvency ratio and reduces solvency risk. However, the immediate short-term impact of increasing rates lead to fair value losses on fixed income investments. To reduce the financial impact from rising interest rates, Storebrand holds shorter duration bonds at fair value, and has over time built a robust portfolio of long-duration bonds of high credit quality which are held at amortised cost. Changes in interest rates does not have an accounting effect on the latter.

In the long term, interest rates below the average guaranteed interest rate to customers could represent a financial risk. Over the last decade, during a period with record low interest rates, we have demonstrated Storebrand's ability to successfully adapt to the prevailing interest rate environment. The level of the average annual interest rate guarantee gradually declines as older policies with higher guarantees are phased out. To reduce the risk, Storebrand has over time reduced the asset-duration mismatch in the Norwegian portfolio and has an asset-duration matched portfolio in Sweden. Customer buffers also increase the expected booked returns in Norway and can compensate for a shortfall in returns in a low-rate environment, limiting the financial risk to shareholders and policyholders.

Increased longevity and development in disability are the main insurance risk factors for the Group. A weakening of the Norwegian economy that leads to higher unemployment may lead to higher disability levels, which can result in increased claims. The Covid-19 pandemic led to increased uncertainty in disability and related claims. The removal of infection controls in 2022 seems to have improved disability levels, but Storebrand continues to monitor the development closely.

Operational risk could also affect the Group adversely. As a consequence of increased geopolitical uncertainty in 2022, Storebrand has been on heightened alert with increased monitoring of suppliers and value chains, cyber risk, and anti-money laundering (AML). Several regulatory processes, both on the domestic and international level, with potential implications for capital, customer returns and commercial opportunities are also described below in a separate section.

Changes have been made to the Norwegian tax legislation for the insurance industry over many years. Storebrand and the Norwegian Tax Administration have interpreted some of the legislation changes and the associated transitional rules differently. Consequently, Storebrand has three uncertain tax positions with regards to recognised tax expenses. These are described in more detail in note 9. Should Storebrand's interpretation be accepted in all three cases, an estimated positive tax result of up to NOK 2.0bn may be recognised. Should all the Norwegian Tax Administration's interpretations be the final verdict, a tax expense of NOK 1.7bn could be recognised. The timeline for settling the process with the Norwegian Tax Administration might take several years. If necessary, Storebrand will seek clarification from the court of law on the matter.

Regulatory changes

More members and increased savings in Defined Contribution Schemes

New legislation has made occupational pension contributions mandatory for all employees, regardless of age or employment fraction. The legislation has been implemented this year, with a transition period that ended 1 July 2022. As of 30 September 2022, the number om employees covered by defined contribution schemes has increased to 1.85 million, from 1.57 million at the start of the year. It is estimated that the changes will increase total savings in the Defined Contribution pension market by about NOK 3bn per year, of which Storebrand expects to receive its market share of premiums of 31% (including Danica).

Changes in the National Insurance Pension Scheme

A report proposing changes in the Norwegian National Insurance Pension Scheme was delivered to the Government in June 2022 and has received public consultation. Among the proposals is an automatic adjustment of the earliest possible retirement age as longevity expectations increase. The report states that age limits in occupational and individual pension schemes should be adjusted accordingly. The Government will now work on a bill to parliament to follow up on the proposals.

The market for Public Occupational Pensions

Storebrand has filed two complaints to the EFTA Surveillance Authority (ESA) in an effort to improve the competitive landscape for Public Occupational Pensions, which is dominated by a single player. Storebrand has claimed that municipalities, regional health authorities (RHFs) and hospitals have entered into occupational pension contracts in breach of the rules on public procurement. Storebrand has also claimed that municipalities, RHFs and hospitals have granted KLP State aid in violation of Article 61 of the EEA Agreement. According to Storebrand, the mutual company KLP is given access to capital from municipalities and hospitals on more favourable terms than other market participants would receive by withholding retained earnings when customers move to other providers.

Solvency II review

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

The main purpose of the revision is to ensure that insurance companies continue to invest in accordance with the political priorities of the EU, especially with regards to financing the post Covid-19 recovery by facilitating long-term investments and increasing the capacity to invest in European business. The Commission emphasises the insurance sector's important role when it comes to financing the green transition and helping society to adapt to climate change. The review intends to correct deficiencies in current regulation and make the insurance sector more robust.

Storebrand currently applies the standard model. In the review, changes to the interest rate risk module could increase the solvency capital requirement for Norwegian and Swedish insurers. The Commission's proposals appear more representative for Norwegian interest rates than earlier proposals from EIOPA. The Commission also proposes changes that could have offsetting effects to increased capital requirements, such as a reduced risk margin. Several changes are proposed in the calculation of the volatility adjustment as well as an increased interval for the symmetric adjustment for equity risk. As they are currently outlined, the Commission's proposals are not expected to have a significant overall impact on Storebrand's solvency ratio.

The Commission has not outlined a timeline for the further process on adapting changes in the standard model, and changes are not expected to enter into force until 2025. The Commission will consider a phasing-in period of five years for new rules related to the calculation of interest rate risk and the new extrapolation method for interest rates will be phased in gradually until the end of 2031.

Changes in IFRS

A new accounting standard for insurance contracts, IFRS 17, will be implemented in 2023. The purpose is to introduce common accounting rules for insurance contracts and improve the comparability of financial statements. IFRS 17 entails, among other things, fair value measurement of liabilities, grouping of insurance contracts based on risk characteristics, internal management and issue date, income recognition over the contract period rather than upfront, and an amendment of the profit and loss statement. Storebrand will implement IFRS 9 for financial instruments at the same time.

The implementation of IFRS 9 and IFRS 17 is not expected to significantly affect the solvency calculations nor the Group's dividend capacity. To accommodate the new accounting standard, some adjustments will be made to financial targets that are based on IFRS accounts.

For Storebrand's consolidated financial statements, the new standards will lead to changes in the recognition, measurement and presentation of insurance contracts, classification of fixed income investments and how profits are recognised. A new balance sheet item called Contractual Service Margin (CSM), representing the unearned profits of insurance contracts, will be introduced as part of the transition to IFRS 17. Amortisations of CSM will be recognised as income as the service is provided. Storebrand expects that the transition to IFRS 17 will result in approximately 20% the Group's equity to become CSM. Storebrand's first quarter results 2023 will be the first reporting under IFRS 17.

Whether IFRS 17 is implemented in the statutory reporting requirements is decided by national regulations in each country. Storebrand will only implement IFRS 17 in the statutory reporting for Storebrand Forsikring AS (the P&C Insurance business). For the remaining companies within Storebrand Group, including the life insurance companies, the statutory reporting will remain unchanged from today. The Ministry of Finance has also passed a regulation allowing for the continued use of amortised cost valuation of assets in both customer accounts and life insurance companies' financial statements when IFRS 9 is implemented.

Sustainable Finance

The European Union's Action Plan on Sustainable Finance aims to contribute to realising the Paris goals of reduced carbon emissions. It intends to increase the share of sustainable investments, promote long-termism and clarify which financial products are actually sustainable. This is followed by new regulation to increase investments in sustainable activities and increase the resilience of the financial system when it comes to climate risk. New legislation introducing the EU Taxonomy on classification of sustainable activities and regulation on climate-related disclosures in Norwegian law was passed in December 2021. The new rules for sustainable finance will establish standards for sustainable asset management, as well as clarify disclosure and customer information requirements. The development should result in a higher quality of financial and nonfinancial reporting, give better information to key stakeholders, and make it easier to compare data across the financial sector.

Dividend policy

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 is sustainably above 175%, the Board will conduct share buyback programs. The purpose of buyback programs is to return excess capital released from the guaranteed liabilities that are in long-term run-off.

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 175%, the Board of Directors intends to propose special dividends or share buy backs.

Lysaker, 7 February 2023

Storebrand Group

Income statement

NOK million	Notes	Q4 2022	Q4 2021	01.01 - 31.12 2022	01.01 - 31.12 2021
Premium income		12,629	13,469	48,870	53,681
Net income from financial assets and real estate for the company:					
- equities and fund units at fair value		-1	8	-8	37
- bonds and other fixed-income securities at fair value		237	20	77	220
- derivatives at fair value		88	56	44	94
- loans at fair value		35	-2	40	3
- bonds at amortised cost		75	61	208	220
- loans at amortised cost		463	195	1,254	720
- profit from investments in associated companies/joint ventures		-15	3	-20	30
Net income from financial assets and real estate for the customers:					
- equities and fund units at fair value		8,146	19,135	-21,631	53,776
- bonds and other fixed-income securities at fair value		855	80	-2,107	780
- derivatives at fair value		6,734	84	-20,082	-2,834
- loans at fair value		8	8	31	26
- bonds at amortised cost		911	1,073	3,662	4,101
- loans at amortised cost		61	60	453	275
- properties		-245	612	713	2,164
- profit from investments in associated companies/joint ventures		-302	543	-314	790
Other income		1,219	1,754	4,913	5,698
Total income		**30,898**	**37,159**	**16,101**	**119,781**
Insurance claims		-9,880	-15,482	-39,677	-52,529
Change in insurance liabilities		-13,343	-15,833	25,834	-50,615
Change in capital buffer		-4,423	-2,392	8,471	-4,827
Operating expenses	8	-1,694	-1,694	-6,142	-5,784
Other expenses		-98	-196	-497	-836
Interest expenses		-619	-195	-1,374	-686
Total expenses before amortisation		**-30,057**	**-35,792**	**-13,385**	**-115,278**
Group profit before amortisation		**841**	**1,367**	**2,716**	**4,503**
Amortisation of intangible assets		-160	-140	-596	-527
Group pre-tax profit		**681**	**1,227**	**2,120**	**3,976**
Tax expenses	9	23	-310	270	-846
Profit/loss for the period		**704**	**917**	**2,390**	**3,130**
Profit/loss for the period attributable to:					
Share of profit for the period - shareholders		699	915	2,376	3,121
Share of profit for the period - hybrid capital investors		5	2	14	9
Total		**704**	**917**	**2,390**	**3,130**
Earnings per ordinary share (NOK)		1.50	1.95	5.07	6.68
Average number of shares as basis for calculation (million)				468.4	467.1
There are no financial instruments that gives diluted effect on earnings per share					

Storebrand Group

Statement of comprehensive income

	Q4		31.12.22	
NOK million	2022	2021	2022	2021
Profit/loss for the period	**704**	**917**	**2,390**	**3,130**
Actuarial assumptions pensions own employees	-7	139	-12	131
Fair value adjustment of properties for own use	5	66	63	139
Other comprehensive income allocated to customers	-5	-66	-63	-139
Tax on other comprehensive income elements not to be reclassified to profit/loss		9	-1	8
Total other comprehensive income elements not to be reclassified to profit/loss	**-8**	**147**	**-13**	**140**
Exchange rate adjustments	-54	-65	-123	-167
Gains/losses from cash flow hedging	10	-21	-15	-52
Total other comprehensive income elements that may be reclassified to profit/loss	**-43**	**-85**	**-137**	**-219**
Total other comprehensive income elements	**-51**	**62**	**-150**	**-79**
Total comprehensive income	**653**	**979**	**2,240**	**3,051**
Total comprehensive income attributable to:				
Share of total comprehensive income - shareholders	648	977	2,226	3,042
Share of total comprehensive income - hybrid capital investors	5	2	14	9
Total	**653**	**979**	**2,240**	**3,051**

Storebrand Group

Statement of financial position

NOK million	Notes	31.12.22	31.12.21
Assets company portfolio			
Deferred tax assets		1,289	1,104
Intangible assets and excess value on purchased insurance contracts		7,339	6,667
Tangible fixed assets		1,174	1,266
Investments in associated companies and joint ventures		442	387
Financial assets at amortised cost:			
- Bonds	7	11,741	12,955
- Loans to financial institutions	7	109	67
- Loans to customers	7, 10	52,546	38,503
Reinsurers' share of technical reserves		14	32
Accounts receivable and other short-term receivables		7,720	11,024
Financial assets at fair value:			
- Equities and fund units	7	453	543
- Bonds and other fixed-income securities	7	23,516	27,706
- Derivatives	7	317	903
- Loans to customers	7, 10	319	489
Bank deposits		4,573	3,543
Minority portion of consolidated mutual funds		55,005	54,912
Total assets company portfolio		**166,554**	**160,101**
Assets customer portfolio			
Investments in associated companies and joint ventures		8,469	7,141
Financial assets at amortised cost:			
- Bonds	7	110,299	104,974
- Bonds held-to-maturity	7	7,402	8,441
- Loans to customers	7, 10	18,679	23,051
Reinsurers' share of technical reserves		311	13
Investment properties at fair value	7	33,481	33,376
Properties for own use	7	1,689	1,659
Accounts receivable and other short-term receivables		800	638
Financial assets at fair value:			
- Equities and fund units	7	270,079	277,783
- Bonds and other fixed-income securities	7	132,699	140,810
- Derivatives	7	14,026	4,012
- Loans to customers	7, 10	6,757	7,443
Bank deposits		9,938	6,443
Total assets customer portfolio		**614,629**	**615,784**
Total assets		**781,184**	**775,885**

Storebrand Group

Statement of financial position (continued)

NOK million	Notes	31.12.22	31.12.21
Equity and liabilities			
Paid-in capital		13,163	13,192
Retained earnings		24,445	24,291
Hybrid capital		327	226
Total equity		**37,935**	**37,709**
Subordinated loans	6,7	10,585	11,441
Customer buffer	11	23,952	33,693
Insurance liabilities		575,051	575,457
Pension liabilities		162	181
Deferred tax		1,363	832
Financial liabilities:			
- Loans and deposits from credit institutions	6,7	403	502
- Deposits from banking customers	7	19,478	17,239
- Securities issued	6,7	32,791	24,924
- Derivatives company portfolio		713	208
- Derivatives customer portfolio		11,994	2,935
- Other non-current liabilities		1,120	1,210
Other current liabilities		10,630	14,643
Minority portion of consolidated mutual funds		55,005	54,912
Total liabilities		**743,249**	**738,177**
Total equity and liabilities		**781,184**	**775,885**

Storebrand Group

Statement of changes in equity

	Majority's share of equity								
NOK million	Share capital [1]	Own shares	Share premium	Total paid in equity	Currency translation differences	Other equity [2]	Total retained earnings	Hybrid capital [3]	Total equity
Equity at 31 December 2020	**2,339**	**-2**	**10,521**	**12,858**	**1,208**	**21,631**	**22,839**	**226**	**35,923**
Profit for the period						3,121	3,121	9	3,130
Total other comprehensive income elements					-167	87	-79		-79
Total comprehensive income for the period					**-167**	**3,208**	**3,042**	**9**	**3,051**
Equity transactions with owners:									
Own shares		-7		-7		-97	-97		-104
Issue of shares	21		320	341					341
Hybrid capital classified as equity						2	2		2
Paid out interest hybrid capital								-9	-9
Dividend paid						-1,513	-1,513		-1,513
Other						18	18		18
Equity at 31 December 2021	**2,360**	**-9**	**10,842**	**13,192**	**1,041**	**23,249**	**24,291**	**226**	**37,709**
Profit for the period						2,376	2,376	14	2,390
Total other comprehensive income elements					-123	-27	-150		-150
Total comprehensive income for the period					**-123**	**2,348**	**2,226**	**14**	**2,240**
Equity transactions with owners:									
Own shares		-30		-30		-431	-431		-460
Hybrid capital classified as equity						4	4	100	104
Paid out interest hybrid capital								-13	-13
Dividend paid						-1,646	-1,646		-1,646
Other						2	2		2
Equity at 31 December 2022	**2,360**	**-39**	**10,842**	**13,163**	**919**	**23,527**	**24,445**	**327**	**37,935**

[1] *471 974 890 shares with a nominal value of NOK 5.*

[2] *Includes undistributable funds in the risk equalisation fund amounting to NOK 820 million and security reserves/natural perials capital amounting NOK 197 million.*

[3] *Perpetual hybrid tier 1 capital classified as equity.*

Storebrand Group

Statement of cash flow

NOK million	01.01 - 31.12 2022	2021
Cash flow from operating activities		
Net receipts premium - insurance	34,488	31,510
Net payments claims and insurance benefits	-24,218	-22,151
Net receipts/payments - transfers	-1,704	-7,313
Other receipts/payments - insurance liabilities	30,472	2,942
Receipts - interest, commission and fees from customers	1,466	918
Payments - interest, commission and fees to customers	-152	-64
Taxes paid	-1,105	-222
Payments relating to operations	-6,542	-5,851
Net receipts/payments - other operating activities	7,912	5,582
Net cash flow from operations before financial assets and banking customers	*40,616*	*5,350*
Net receipts/payments - loans to customers	-9,027	-6,762
Net receipts/payments - deposits bank customers	2,239	1,733
Net receipts/payments - securities	-30,148	-6,524
Net receipts/payments - investment properties	1,447	178
Receipts - sale of investment properties	610	721
Payments - purchase of investment properties	-1,509	-1,859
Net change in bank deposits for insurance customers (bank deposit in customer portfolio)	-3,567	3,674
Net cash flow from financial assets and banking customers	*-39,955*	*-8,839*
Net cash flow from operating activities	**661**	**-3,489**
Cash flow from investing activities		
Receipts - sale of subsidiaries		815
Payments - purchase of subsidiaries	-2,405	-408
Net receipts/payments - sale/purchase of fixed assets	-137	-292
Net receipts/payments - sale/purchase of associated companies and joint ventures	-632	-4
Net cash flow from investing activities	**-3,173**	**111**
Cash flow from financing activities		
Receipts - new loans	9,822	6,430
Payments - repayments of loans	-1,932	-2,106
Payments - interest on loans	-621	-260
Receipts - subordinated loans	1,650	4,211
Payments - repayment of subordinated loans	-2,708	-1,072
Payments - interest on subordinated loans	-534	-388
Receipts - loans to financial institutions	16,690	4,634
Payments - repayments of loans from financial institutions	-16,789	-5,784
Receipts - issuing of share capital / sale of shares to employees	45	44
Payments - repayment of share capital	-500	-144
Payments - dividends	-1,646	-1,513
Receipts - hybrid capital	100	
Payments - interest on hybrid capital	-13	-9
Net cash flow from financing activities	**3,563**	**4,043**
Net cash flow for the period	**1,051**	**665**

Storebrand Group

Cash and cash equivalents at the start of the period	3,611	2,878
Currency translation cash/cash equivalents in foreign currency	20	68
Cash and cash equivalents at the end of the period [1)]	**4,681**	**3,611**

[1)] **Consists of:**		
Loans to financial institutions	109	67
Bank deposits	4,573	3,543
Total	**4,681**	**3,611**

Storebrand Group

Notes to the interim accounts Storebrand Group

Note 1 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 2021 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 2022 that have significant effect on Storebrand's consolidated financial statements.

Note 2 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 2021 annual report in note 2, insurance risk in note 7 and valuation of financial instruments at fair value is described in note 13.

Note 3 Acquisition

Danica Pensjonsforsikring AS

Storebrand Livsforsikring AS has purchased Storebrand Danica Pensjonsforsikring AS. Danica is the 6th largest provider of Defined Contribution pensions in Norway with 5% market share. In addition to managing NOK 22 billion in defined contribution pension funds for 14,000 companies and 98,000 active members, Danica manages NOK 6 billion in private savings and a small portfolio of guaranteed products of NOK 1 billion. Total asset under management amount to approximaterlig NOK 30 billion. Danica also offers commercial and private risk products, with a total of NOK 30 million in annual premiums. The transaction was completed on 1 July 2022.

The transaction was first known 20. December 2021, and approved by the Norwegian Financial Supervisory Authority and the Norwegian Competition Authority in June 2022. In connection with the purchase, the company has changed name to Storebrand Danica Pensjonsforsikring AS. A mother-daugther merger was completed 2. January 2023.

Storebrand Group

NOK million	Booked valuue - Company	Excess value upon	Book values
- Distribution		260	260
- Customer relationships		809	809
- IT systems	21	-21	
Total intangible assets	**21**	**1,048**	**1,069**
Financial assets	28,479		28,479
Other assets	309		309
Bank deposits	362		362
Total assets	**29,170**	**1,048**	**30,218**
Liabilities			
Insurance liabilities	27,724	68	27,792
Current liabilities	282	18	300
Deffered tax	24	240	264
Net identifiable assets and liabilities	**1,140**	**722**	**1,862**
Goodwill			186
Fair value at acquisition date			**2,048**
Cash payment			**2,048**

Income statement

NOK million	After acquisition	Before acquisition
Income [1]	2,905	-782
Profit [2]	87	29

1) According to the groups statement, Income contains premiums, net financial result and other income

2) According to the groups statement, Profit contains premiums, claims, changes in insurance obligations, financial result and other income and expences

Quantfolio AS

Storebrand Asset Management AS acquired 3 100 000 shares in Quantfolio AS on 11 January 2022 at a purchase price of NOK 65 million. This represents 34.13% of the ownership interest in the company.

S:t Erik Livförsäkring AB

SPP Pension & Försäkring has on 8th of July 2022 purchased S:t Erik Livsförsäkring AB. The purchase price was SEK 260 million. The excess value is allocated to customer relationships. The company handles the City of Stockholm's commitment to the employees within the Stockholm Stadshus AB group. The company manages approx. SEK 2.3 billion distributed among 5 000 insured. A mother-daughter merger was completed 1st of November 2022.

NOK million	Booked valuue - Company	Excess value upon	Book values
- Customer relationships		30	30
Total intangible assets		**30**	**30**
Financial assets	2,289		2,289
Other assets	32		32
Bank deposits	382		382
Total assets	**2,703**	**30**	**2,733**
Liabilities			
Insurance liabilities	2,443		
Deffered tax	30		
Net identifiable assets and liabilities	**230**	**30**	**260**
Cash payment			**260**

Income statement

NOK million	After acquisition 3)	Before acquisition
Income 1)	-77	-160
Profit 2)	2	-26

1) According to the gorups statement, Income contains premiums, net financial result and other income

2) According to the groups statement, Profit contains premiums, claims, changes in insurance obligations, financial result and other income and expences

3) After acquistion is from the time of purchase until 01.11.2022., when St:Erik was merged with SPP Pension and Försäkring AB

Kron AS

Storebrand ASA has entered into an agreement to acquire the Norwegian fintech company Kron AS ("Kron"). The transaction was approved by the Financial Supervisory Authority of Norway in December 2022. The company's office is in Oslo. The transaction was completed on 3 January 2023.

Kron offers its clients a wide range of funds through engaging digital tools and digital advisory services. The company was established in 2017 as a spin-off from the Nordic financial advisory firm, Formue. Approximately NOK 7 billion is managed on behalf of 67,000 retail customers who have established an investment account on Kron's platform. Kron has also assumed a position as a popular alternative among people who want to manage their pension account with a provider of their choice.

The purchase price (equity value) was NOK 399 million. Additional consideration is contingent on future commercial development at Kron. Kron's annual financial statements as of 31 December 2022 have not been completed, and an acquisition analysis will be presented in the quarterly accounts for the 1st quarter of 2023.

Note 4 Profit by segments

Storebrand Group

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 Swedish 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 of Storebrand Livsforsikring and SPP. 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 2021 annual report in note 4 Segment reporting.

	Q4		01.01 - 31.12	
NOK million	2022	2021	2022	2021
Savings	456	916	1,653	2,355
Insurance	92	61	580	423
Guaranteed pension	270	485	903	1,432
Other	23	-95	-420	293
Group profit before amortisation	**841**	**1,367**	**2,716**	**4,503**
Amortisation of intangible assets	-160	-140	-596	-527
Group pre-tax profit	**681**	**1,227**	**2,120**	**3,976**

Storebrand Group

Segment information as of Q4

	Savings		Insurance		Guaranteed pension	
	Q4		Q4		Q4	
NOK million	2022	2021	2022	2021	2022	2021
Fee and administration income	1,293	1,748			413	418
Insurance result			393	307		
- Insurance premiums for own account			1,630	1,366		
- Claims for own account			-1,237	-1,059		
Operating expense	-848	-838	-318	-253	-233	-248
Operating profit	**445**	**910**	**75**	**54**	**180**	**169**
Financial items and risk result life & pension	11	6	17	6	90	316
Group profit before amortisation	**456**	**916**	**92**	**61**	**270**	**485**
Amortisation of intangible assets [1)]						
Group pre-tax profit						

	Other		Storebrand Group	
	Q4		Q4	
NOK million	2022	2021	2022	2021
Fee and administration income	-64	-58	1,641	2,108
Insurance result			393	307
- Insurance premiums for own account			1,630	1,366
- Claims for own account			-1,237	-1,059
Operating expense	-11	-38	-1,410	-1,377
Operating profit	**-75**	**-96**	**624**	**1,038**
Financial items and risk result life & pension	98		217	329
Group profit before amortisation	**23**	**-95**	**841**	**1,367**
Amortisation of intangible assets [1)]			-160	-140
Group pre-tax profit			**681**	**1,227**

Storebrand Group

Segment information as of 01.01 - 31.12

	Savings		Insurance		Guaranteed pension	
	01.01 - 31.12		01.01 - 31.12		01.01 - 31.12	
NOK million	2022	2021	2022	2021	2022	2021
Fee and administration income	4,733	5,215			1,597	1,631
Insurance result			1,670	1,201		
- Insurance premiums for own account			6,088	5,175		
- Claims for own account			-4,419	-3,974		
Operating expense	-3,031	-2,927	-1,112	-875	-850	-890
Operating profit	**1,701**	**2,288**	**558**	**326**	**747**	**741**
Financial items and risk result life & pension	-49	67	22	97	157	691
Group profit before amortisation	**1,653**	**2,355**	**580**	**423**	**903**	**1,432**
Amortisation of intangible assets [1)]						
Group pre-tax profit						

	Other		Storebrand Group	
	01.01 - 31.12		01.01 - 31.12	
NOK million	2022	2021	2022	2021
Fee and administration income	-267	-239	6,062	6,607
Insurance result			1,670	1,201
- Insurance premiums for own account			6,088	5,175
- Claims for own account			-4,419	-3,974
Operating expense	-15	14	-5,008	-4,678
Operating profit	**-282**	**-225**	**2,724**	**3,130**
Financial items and risk result life & pension	-138	518	-8	1,372
Group profit before amortisation	**-420**	**293**	**2,716**	**4,503**
Amortisation of intangible assets [1)]			-596	-527
Group pre-tax profit			**2,120**	**3,976**

[1)] *Amortisation of intangible assets are included in Storebrand Group*

Storebrand Group

Key figures by business area

NOK million	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Group								
Earnings per ordinary share [1)]	5.07	3.57	2.75	1.88	6.68	4.73	3.46	0.94
Equity	37,935	37,375	37,268	38,430	37,709	36,735	35,823	36,069
Savings								
Premium income Unit Linked [2)]	6,583	6,279	5,333	5,288	5,350	5,201	5,316	5,346
Unit Linked reserves	314,992	302,337	276,319	291,036	308,351	295,790	295,195	278,702
AuM asset management	1,019,988	1,001,100	1,008,705	1,039,654	1,096,556	1,058,435	1,037,470	987,397
Retail lending	67,061	64,879	62,559	59,223	57,033	55,663	54,288	51,594
Insurance								
Total written premiums	7,822	7,648	7,005	6,791	6,445	6,263	6,133	5,745
Claims ratio [2)]	76%	70%	70%	74%	78%	74%	74%	82%
Cost ratio [2)]	20%	18%	18%	18%	19%	15%	17%	17%
Combined ratio [2)]	95%	88%	88%	92%	96%	90%	91%	98%
Guaranteed pension								
Guaranteed reserves	273,465	275,622	274,918	281,474	290,862	292,161	294,909	286,410
Guaranteed reserves in % of total reserves	46%	48%	50%	49%	49%	50%	50%	51%
Net transfer out of guaranteed reserves [2)]	-2,892	-2,721	-2,454	-2,480	-2,591	-2,753	-2,446	-2,107
Capital buffer in % of customer reserves Storebrand Life Group [3)]	6.3%	6.2%	6.9%	8.6%	11.2%	10.8%	11.3%	9.8%
Capital buffer in % of customer reserves SPP [4)]	19.6%	18.2%	17.5%	17.9%	17.8%	15.5%	15.1%	14.1%
Solidity								
Solvency II [5)]	184%	174%	195%	184%	175%	178%	172%	176%
Solidity capital (Storebrand Life Group [6)]	49,570	46,932	50,450	57,712	74,074	73,780	75,284	69,352
Capital adequacy Storebrand Bank	21.3%	20.3%	19.1%	20.5%	20.3%	19.6%	18.5%	17.4%
Core Capital adequacy Storebrand Bank	17.2%	16.1%	14.8%	15.6%	16.8%	16.1%	16.8%	15.6%

1) Accumulated

2) Quarterly figures

3) Additional statutory reserves + market value adjustment reserve

4) Conditional bonuses

5) See note 13 for specification of Solvency II

6) 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 5

Financial market risk and insurance risk

Risks are described in the annual report for 2021 in note 7 (Insurance risk), note 8 (Financial market risks), note 9 (Liquidity risk), note 10 (Credit risk) and note 11 (Risk concentrations).

Financial market risk

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

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

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

The market risk in customer portfolios without a guarantee (unit linked) is borne by the customers, meaning Storebrand is not directly affected by changes in value. Nevertheless, changes in value do affect Storebrand's profit indirectly. Income is based mainly on the assets under management 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. Rising interest rates are negative in the short term because resulting price depreciation for bonds and interest rates swaps reduce investment return and buffers. But long term, rising interest rates are positive due to higher probability of achieving a return above the guarantee.

The fourth quarter and the full year has been volatile for financial markets. The fourth quarter gave positive returns for most risk assets, but for the full 2022 returns have been mostly negative.

Going into 2022, inflation was already increasing due to supply-shortages and increased demand post Covid. The trend has been reinforced during the year, as the Ukraine war has led to a surge in energy and raw-material prices. This has led central banks to increase rates earlier and at a much faster pace than expected at the start of the year. Bank of Norway increased the policy rate by 2.25 pp to 2.75 percent during the year, of which 0.5 pp during the fourth quarter, and signal further increases to around 3 percent in 2023. The Swedish Riksbank increased the policy rate by 2.5 pp from zero during the year, of which 0.75 pp during the third quarter. The signal is for the rate to increase to slightly below 3 percent by early 2023.

The effects from Covid-19, the increase in inflation and the effects from the war in Ukraine going forward, implies that the risk may still be higher than normal market risk. Storebrand has risk management which through policies and principles handles and dampens the effect of volatile financial markets.

Global equities rose 7 percent in the fourth quarter but fell 16 percent in 2022. Norwegian equities rose 8 percent in the fourth quarter but fell 1 percent in 2022. The credit spreads for corporate bonds fell in the fourth quarter but rose in 2022.

Long-term interest rates were mixed in the fourth quarter but rose strongly during 2022. The Norwegian 10-year swap-rate fell 0.2 pp in the fourth quarter to 3.3 percent. For 2022, the increase was 1.4 pp. The Swedish 10-year swap-rate was little changed in the fourth quarter but rose 2.1 pp to 3.1 percent in 2022. Short-term interest rates have increased even more, as the central banks continued to raise interest rates and signal further increases going forward. Most of the interest rate investments in the Norwegian customer portfolios are held at amortized cost. This dampens the effect from interest rate changes on booked returns. The amortized cost portfolio valuation in the accounts is now higher than fair value. For other bond investments and exposure towards interest rate swaps, the increase in interest rates have affected investment returns negatively. Higher interest rates are positive for reinvestment opportunities and for the solvency position.

The Norwegian krone strengthened in the fourth quarter, particularly against the US dollar. For 2022, the Norwegian krone strengthened 4 percent against the Swedish krone but weakened 5 percent against the Euro and 11 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, the war in Ukraine, sanctions against Russia and rapid increase in inflation, creates extra uncertainty for the economy and may 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.

During the fourth quarter and full year 2022, the investment allocation towards equities has been reduced because of risk management. Interest rate duration has been reduced, as higher rates give lower hedging needs against the liabilities and for the solvency position.

The market-based return for guaranteed customer portfolios in Norway in general was positive in the fourth quarter but flat to negative in 2022, because of weak equity and credit markets and increased interest rates. The booked return in general was positive and sufficient to cover the guaranteed return after use of customer buffers. The effect on the financial result is limited, but customer buffers was reduced in 2022. The return for guaranteed customer portfolios in Sweden was negative. The effect on the financial result was limited, as reduced value of the liabilities from higher interest rates compensated for lower asset values. The financial result in SPP was also negatively affected by lower volatility adjustment (VA) of the interest curve used to discount the liabilities. VA fell to -3bp at the end of 2022 from 5bp at the end of the third quarter and 11bp at the end of 2021.

The return for the unit linked portfolios was generally positive in the fourth quarter but was negative in 2022 due to weak equity markets.

Sensitivity analyses
The tables show the fall in value for Storebrand Life Insurance and SPP's investment portfolios because of immediate changes in value related to financial market risk. The calculation is model-based, and the result is dependent on the choice of stress level for each category of asset. The stresses have been applied to the company portfolio and guaranteed customer portfolios as of 31 December 2022. The effect of each stress changes the return in each investment 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	Strestest 2
Interest level (parallel shiftt)	-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 of 31 December 2022, the customer buffers are of such a size that the effects on the result are significantly lower.

Stresstest 1

	Storebrand Livsforsikring		SPP Pension & Försäkring	
Sensitivity	NOK Million	Share of portfolio	NOK Million	Share of portfolio
Interest rate risk	1,452	0.6%	-171	-0.2%
Equtiy risk	-1,914	-0.9%	-2,353	-2.6%
Property risk	-2,884	-1.3%	-1,490	-1.7%
Credit risk	-864	-0.4%	-712	-0.8%
Total	**-4,210**	**-1.9%**	**-4,725**	**-5.3%**

Stresstest 2

	Storebrand Livsforsikring		SPP Pension & Försäkring	
Sensitivity	NOK Million	Share of portfolio	NOK Million	Share of portfolio
Interest rate risk	-1,452	-0.6%	171	0.2%
Equtiy risk	-1,149	-0.5%	-1,412	-1.6%
Property risk	-1,682	-0.8%	-869	-1.0%
Credit risk	-518	-0.2%	-427	-0.5%
Total	**-4,801**	**-2.1%**	**-2,537**	**-2.8%**

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 4.8 billion (NOK 6.0 billion as of 30 September 2022), which is equivalent to 2.1 (2.7) percent of the investment portfolio.

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

SPP Pension & Försäkring
For SPP it is stress test 1, which includes a fall in interest rates, that makes the greatest impact. The overall market risk is SEK 4.7 billion (SEK 4.4 billion as of 30 September 2022), which is equivalent to 5.3 (5.6) percent of the investment portfolio.

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

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

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

At the start of the third quarter, Storebrand acquired Danica Pensjon, affecting the insurance risk. Other insurance risk was not materially changed during 2022.

Storebrand Group

Note 6 Liquidity risk

Specification of subordinated loans [1)]

NOK million	Nominal value	Currency	Interest rate	Call date	Book value 31.12.22	Book value 31.12.21
Issuer						
Perpetual subordinated loans [2)]						
Storebrand Livsforsikring AS	1,100	NOK	Variable	2024	1,101	1,100
Storebrand Livsforsikring AS [3)]	900	SEK	Variable	2026	856	876
Dated subordinated loans						
Storebrand Livsforsikring A [3,4)]	899	SEK	Variable	2022		976
Storebrand Livsforsikring [3)]	900	SEK	Variable	2025	851	877
Storebrand Livsforsikring AS [3)]	1,000	SEK	Variable	2024	947	976
Storebrand Livsforsikring AS	500	NOK	Variable	2025	500	499
Storebrand Livsforsikring AS [5)]	650	NOK	Variable	2027	651	
Storebrand Livsforsikring AS 3 [3,5)]	750	NOK	Fixed	2027	773	
Storebrand Livsforsikring A [3,5)]	1,250	NOK	Variable	2027	1,261	
Storebrand Livsforsikring A [3,6)]	38	EUR	Fixed	2023	421	2,685
Storebrand Livsforsikring AS 3 [3,5)]	300	EUR	Fixed	2031	2,397	2,876
Storebrand Bank ASA	150	NOK	Variable	2022		150
Storebrand Bank ASA	125	NOK	Variable	2025	126	125
Storebrand Bank ASA	300	NOK	Variable	2026	300	300
Storebrand Bank ASA	400	NOK	Variable	2027	402	
Total subordinated loans and hybrid tier 1 capital					**10,585**	**11,441**

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

[2)] *In the case of perpetual subordinated loans, the cash flow is calculated through to the first call date*

[3)] *The loans are subject to hedge accounting*

[4)] *The loan has been repaid November 2022*

[5)] *Green bonds*

[6)] *The loan has partly been repaid 2021 and December 2022*

Specification of loans and deposits from credit institutions

NOK million	Book value 31.12.22	Book value 31.12.21
NOK million		
Call date		
2022		502
2023	403	
Total loans and deposits from credit institutions	**403**	**502**

Specification of securities issued

	Book value	
NOK million	31.12.22	31.12.21
NOK million		
Call date		
2022		5,532
2023	4,321	3,282
2024	6,110	6,100
2025	8,326	6,139
2026	7,375	3,075
2027	5,907	
2031	752	795
Total securities issued	**32,791**	**24,924**

The loan agreements contain standard covenants.

Covered bonds
For issued covered bonds (OMF) that are allocated to Storebrand Boligkreditt's collateral pool, regulatory requirement for over-collateralisation of 5 per cent applies.

Credit facilities
Storebrand ASA has an unused credit facility of EUR 200 million, expiration December 2025.

Note 7 Valuation of financial instruments and investment properties

Storebrand classify financial instruments valued at fair value in three different levels. The criteria for the classification and processes associated with valuing are described in more detail in note 13 in the annual report for 2021.

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

Storebrand Group

Valuation of financial instruments at amortised cost

NOK million	Fair value 31.12.22	Book value 31.12.22	Fair value 31.12.21	Book value 31.12.21
Financial assets				
Loans to and due from financial institutions	109	109	67	67
Loans to customers - corporate	4,391	4,541	5,057	5,046
Loans to customers - retail	66,395	66,683	56,521	56,507
Bonds held to maturity	7,474	7,402	9,103	8,441
Bonds classified as loans and receivables	112,190	122,039	120,623	117,929
Total financial assets 31.12.22	**190,558**	**200,774**		
Total financial assets 31.12.21			191,371	187,991
Financial liabilities				
Debt raised by issuance of securities	32,777	32,791	25,000	24,924
Loans and deposits from credit institutions	403	403	502	502
Deposits from banking customers	19,478	19,478	17,239	17,239
Subordinated loan capital	10,513	10,585	11,584	11,441
Total financial liabilities 31.12.22	**63,171**	**63,256**		
Total financial liabilities 31.12.21			54,324	54,106

Storebrand Group

Valuation of financial instruments and real estate at fair value

NOK million	Level 1 Quoted prices	Level 2 Observable assumptions	Level 3 Non-observable assumptions	31.12.22	31.12.21
Assets:					
Equities and fund units					
- Equities	30,690	16,635	402	47,728	40,707
- Fund units		204,699	18,105	222,804	237,619
Total equities and fund units 31.12.22	**30,690**	**221,334**	**18,507**	**270,532**	
Total equities and fund units 31.12.21	40,071	223,201	15,054		278,326
Loans to customers					
- Loans to customers - corporate			6,757	6,757	7,443
- Loans to customers - retail			319	319	489
Total loans to customers 31.12.22			**7,076**	**7,076**	
Total loans to customers 31.12.21			7,932		7,932
Bonds and other fixed-income securities					
- Government bonds	16,203	8,559		24,762	31,148
- Corporate bonds		43,058	8	43,066	55,354
- Collateralised securities		4,506		4,506	5,550
- Bond funds		70,029	13,810	83,839	76,464
Total bonds and other fixed-income securities 31.12.22	**16,203**	**126,195**	**13,818**	**156,215**	
Total bonds and other fixed-income securities 31.12.21	16,722	139,124	12,670		168,516
Derivatives:					
- Interest derivatives	7,761	-8,519		-759	2,292
- Currency derivatives		2,394		2,394	-519
Total derivatives 31.12.22	**7,761**	**-6,125**		**1,636**	
- of which derivatives with a positive market value	7,761	6,583		14,343	4,915
- of which derivatives with a negative market value		-12,708		-12,708	-3,143
Total derivatives 31.12.21		1,772			1,772
Properties:					
Investment properties			33,481	33,481	33,376
Properties for own use			1,689	1,689	1,659
Total properties 31.12.22			**35,171**	**35,171**	
Total properties 31.12.21			35,035		35,035

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 customers	Corporate bonds	Bond funds	Investment properties	Properties for own use
Book value 01.01.22	376	14,678	7,932	8	12,663	33,376	1,659
Net gains/losses on financial instruments	-268	1,318	-204		233	-380	51
Additions	250	762	367		1,501	1,448	61
Sales	44	1,432	-802		-258	-610	
Exchange rate adjustments		-85	-214		-329	-364	-86
Other			-2			10	4
Book value 31.12.22	**402**	**18,105**	**7,076**	**8**	**13,810**	**33,482**	**1,689**

As at 31.12.22, Storebrand Livsforisikring had NOK 8.211 million invested in Storebrand Eiendomsfond Norge KS and VIA, Oslo. The investments are classified as "Investment in associated companies and joint ventures" in the Consolidated Financial Statements.

Sensitivity assessments

Sensitivity assessments of investments on level 3 are described in note 13 in the 2021 annual report. There is no significant changes in sensitivity in this quarter.

Note 8 Operating expenses

	Q4		01.01 - 31.12	
NOK million	2022	2021	2022	2021
Personnel expenses	-773	-751	-2,871	-2,725
Amortisation/write-downs	-99	-115	-360	-329
Other operating expenses	-822	-829	-2,910	-2,731
Total operating expenses	**-1,694**	**-1,694**	**-6,142**	**-5,784**

Note 9 Tax

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

The tax rate for companies in Sweden is 20.6 per cent, but a majority of Storebrand's business related to occupational pension is subject to a standardized return tax on the assets managed on behalf of policyholders and not company tax. The expected tax rate from Storebrand's Swedish business is therefore lower than the company tax rate.

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

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

A. In 2015, Storebrand Livsforsikring AS discontinued the Norwegian subsidiary, Storebrand Eiendom Holding AS, with a tax loss of approximately NOK 6.5 billion and a corresponding increase in the tax loss carryforward. In January 2018, Storebrand Livsforsikring AS received notice of an adjustment to the tax returns for 2015 which claimed that the calculated loss was excessive but provided no further quantification. Storebrand Livsforsikring AS disagrees with the arguments that were put forward and submitted its response to the Norwegian Tax Administration on 2 March 2018. The notice was unclear, but based on the notice, a provision was made in the 2017 annual financial statements for an uncertain tax position of approximately NOK 1.6 billion related to the former booked tax loss (appears as a reduction in the loss carryforward and, in isolation, gave an associated increased tax expense for 2017 of approximately NOK 0.4 billion). In May 2019, Storebrand Livsforsikring AS received a draft decision from the Norwegian Tax Administration claiming changes in the tax return from 2015. Storebrand disagrees with the notice from the Norwegian Tax Administration and submitted its response in October 2019. In March 2021 Storebrand received a decision from the Norwegian Tax Administration based on similar grounds as the ones outlined in the draft decision. Storebrand continues to disagree with the view of the Norwegian Tax Administration in this case and will challenge the decision. The company considers it to be probable that Storebrand's understanding of the tax legislation will be accepted by a court of law and thus, no additional uncertain tax position has been recognised in the financial statements based on the received decision. If the Norwegian Tax Administration's position is accepted, Storebrand estimates that a tax expense for the company of approximately NOK 1.2 billion will arise. There will also be negative effects for returns on customer assets after tax. The effects are based on best estimates and following a review with external expertise.

B. New tax rules for life insurance and pension companies were introduced for the 2018 financial year. These rules contained transitional rules for how the companies should revalue/write-down the tax values as at 31 December 2018. In December 2018, the Norwegian Directorate of Taxes published an interpretive statement that Storebrand does not consider to be in accordance with the wording of the relevant act. When presenting the national budget for 2020 in October 2019, the Ministry of Finance proposed a clarification of the wording of the transitional rules in line with the interpretive statement from the Norwegian Directorate of Taxes. The clarification was approved by the Norwegian Parliament in December 2019. Storebrand considers there to be uncertainty regarding the value such subsequent work on a legal rule has as a source of law, and which in this instance only applies for a previous financial year. In the tax return for 2018, Storebrand Livsforsikring AS applied the wording in the original transitional rule. However, in October 2019 Storebrand received a notice of adjustment of tax assessment in line with the interpretive statement from the Norwegian Directorate of Taxes and the clarification from the Ministry of Finance. Storebrand Livsforsikring AS disagrees with the Norwegian Tax Administration's interpretation but considers it uncertain as to whether the company's interpretation will be accepted if the case is decided by a court of law. In April 2022 and January 2023 Storebrand received a decision from the Norwegian Tax Administration based on similar grounds as the ones outlined in the draft decision. Storebrand continues to disagree with the view of the Norwegian Tax Administration and has challenged the decision to the Norwegian Tax Appeals Committee. The uncertain tax position has therefore been recognised in the financial statements. Based on our revised best estimate, the difference between Storebrand's interpretation and the Norwegian Tax Administration's interpretation is approximately NOK 6.4 billion in an uncertain tax position. If Storebrand's interpretation is accepted, a deferred tax expense of approximately NOK 1.6 billion will be derecognised from the financial statements.

C. The outcome of the interpretation of tax rules for group contributions referred to above under (A) will have an impact when calculating the effect from the transitional rules for the new tax rules referred to under point (B). An equivalent interpretation to that described under (A) has been used as a basis in the financial statements when calculating tax input values on property shares owned by customer assets for 2016 and 2017. There is thus an uncertain tax position relating to the effect from the transitional rules described in (B). The decisions that Storebrand received in April 2022 and in January 2023 (described under point B) have reduced the uncertain tax position and have resulted in tax revenues of NOK 0.6 billion in the first quarter and NOK 0.2 billion in the fourth quarter. The effect as mentioned in point B depends on the interpretation and outcome of point A. If Storebrand's view prevails under item A, Storebrand will account for additional tax revenues of approximately NOK 0.044 billion if the company's view also prevails under item B. If the Norwegian Tax Administration prevails with its argument under point (A), Storebrand will recognise a tax expense of approximately NOK 0.5 billion.

Storebrand has reviewed the uncertain tax positions as part of the reporting process. The review has not reduced the company's assessment of the probability that Storebrand's interpretation will be accepted in a court of law. The timeline for the continued process with the Norwegian Tax Appeals Committee is unclear, but if necessary, Storebrand will seek clarification from the court of law for the aforementioned uncertain tax positions.

Note 10 Loans

NOK million	31.12.22	31.12.21
Corporate market	11,342	12,532
Retail market	67,066	57,042
Gross loans	**78,408**	**69,574**
Write-down of loans losses	-108	-88
Net loans[1)]	**78,301**	**69,486**
[1)] Of which Storebrand Bank	49,917	38,992
Of which Storebrand Livsforsikring	28,384	30,494

Non-performing and loss-exposed loans

NOK million	31.12.22	31.12.21
Non-performing and loss-exposed loans without identified impairment	73	48
Non-performing and loss-exposed loans with identified impairment	25	29
Gross non-performing loans	**98**	**77**
Individual write-downs	-17	-18
Net non-performing loans[1)]	**82**	**59**

[1)] The figures apply in their entirety Storebrand Bank

Storebrand Group

Note 11 Customer buffer

NOK million	31.12.22	31.12.21
Additional statutory reserves	9,643	13,602
Market adjustment reserves [1)]	1,769	6,309
Conditional bonuses	12,540	13,781
Total capital buffer	**23,952**	**33,693**

[1)]Includes the occupational pensions buffer fund. The Norwegian parliament passed new legislation in December 2021, valid from 1.1.2022, regulating the buffer capital within public occupational pension schemes. The new legislation merges the market value adjustment reserves with the additional statutory reserves into a more flexible customer buffer fund which can cover negative returns. There is no cap on the size of the new buffer fund.

Note 12 Contingent liabilities

NOK million	31.12.22	31.12.21
Unused credit facilities	3,737	3,322
Loan commitment retail market	3,246	3,516
Uncalled residual liabilities re limited partnership	4,087	4,870
Undrawn capital in alternative investment funds	12,238	10,093
Total contingent liabilities	**23,309**	**21,801**

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 note 2 and note 44 in the 2021 annual report.

Note 13 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 175%, 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

	31.12.22					31.12.21
NOK million	Total	Group 1 unlimited	Group 1 limited	Group 2	Group 3	Total
Share capital	2,360	2,360				2,360
Share premium	10,842	10,842				10,842
Reconciliation reserve	25,877	25,877				28,711
Including the effect of the transitional arrangement						
Counting subordinated loans	9,661		1,894	7,766		10,860
Deferred tax assets	540				540	356
Not-counting tier 3 capital	-231				-231	
Risk equalisation reserve	905			905		616
Deductions for CRD IV subsidiaries	-4,804	-4,804				-3,728
Expected dividend	-1,718	-1,718				-1,645
Total basic solvency capital	**43,431**	**32,557**	**1,894**	**8,671**	**309**	**48,369**
Subordinated capital for subsidiaries regulated in accordance with CRD IV	4,804					3,728
Total solvency capital	**48,236**					**52,098**
Total solvency capital available to cover the minimum capital requirement	**36,381**	**32,557**	**1,894**	**1,929**		**40,688**

Storebrand Group

Solvency capital requirement and -margin

NOK million	31.12.22	31.12.21
Market risk	21,267	25,258
Counterparty risk	1,119	720
Life insurance risk	9,004	10,829
Health insurance risk	971	931
P&C insurance risk	620	590
Operational risk	1,485	1,550
Diversification	-7,075	-7,804
Loss-absorbing ability deferred tax	-4,954	-5,218
Total solvency capital requirement - insurance company	**22,438**	**26,856**
Capital requirements for subsidiaries regulated in accordance with CRD IV	3,837	2,944
Total solvency capital requirement	**26,276**	**29,800**
Solvency margin	**184%**	**175%**
Minimum capital requirement	**9,647**	**10,738**
Minimum margin	**377%**	**379%**

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	31.12.22	31.12.21
Capital requirements for CRD IV companies	4,079	3,125
Solvency capital requirements for insurance	22,438	26,856
Total capital requirements	**26,517**	**29,982**
Net primary capital for companies included in the CRD IV report	4,804	3,728
Net primary capital for insurance	43,431	48,369
Total net primary capital	**48,236**	**52,098**
Overfulfilment	**21,719**	**22,116**

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 31 December 2022, the difference amounted to NOK 242 million.

Note 14 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 46 in the 2021 annual report.

Storebrand has not carried out any material transactions other than normal business transactions with related parties at the close of the 4rd quarter 2022.

Storebrand ASA

Income statement

NOK million	Q4 2022	Q4 2021	01.01 - 31.12 2022	01.01 - 31.12 2021
Operating income				
Income from investments in subsidiaries	3,178	4,542	3,187	4,542
Net income and gains from financial instruments:				
- equities and other units	-3	-1	-25	-2
- bonds and other fixed-income securities	64	6	51	39
- financial derivatives/other financial instruments				
Other financial instruments	1		2	204
Operating income	**3,239**	**4,547**	**3,215**	**4,783**
Interest expenses	-5	-5	-23	-18
Other financial expenses	18	-24	110	-79
Operating expenses				
Personnel expenses	-13	-11	-50	-44
Other operating expenses	-46	-48	-170	-136
Total operating expenses	**-59**	**-59**	**-220**	**-180**
Total expenses	**-47**	**-88**	**-133**	**-277**
Pre-tax profit	**3,193**	**4,459**	**3,082**	**4,505**
Tax	-192	-285	-143	-258
Profit for the period	**3,001**	**4,174**	**2,939**	**4,248**

Statement of total comprehensive income

NOK million	Q4 2022	Q4 2021	01.01 - 31.12 2022	01.01 - 31.12 2021
Profit for the period	**3,001**	**4,174**	**2,939**	**4,248**
Other total comprehensive income elements not to be classified to profit/loss				
Change in estimate deviation pension	14	6	14	6
Tax on other comprehensive elements	-3	-1	-3	-1
Total other comprehensive income elements	**10**	**4**	**10**	**4**
Total comprehensive income	**3,011**	**4,179**	**2,949**	**4,252**

Storebrand ASA

Statement of financial position

NOK million	31.12.22	31.12.21
Fixed assets		
Deferred tax assets	36	46
Tangible fixed assets	28	27
Shares in subsidiaries and associated companies	24,100	23,006
Total fixed assets	**24,164**	**23,079**
Current assets		
Owed within group	3,178	4,542
Other current receivables	14	15
Investments in trading portfolio:		
- equities and other units	40	55
- bonds and other fixed-income securities	4,629	4,811
- financial derivatives/other financial instruments		
Bank deposits	433	28
Total current assets	**8,294**	**9,450**
Total assets	**32,458**	**32,530**
Equity and liabilities		
Share capital	2,360	2,360
Own shares	-39	-9
Share premium reserve	10,842	10,842
Total paid in equity	**13,163**	**13,192**
Other equity	15,932	15,128
Total equity	**29,095**	**28,321**
Non-current liabilities		
Pension liabilities	118	142
Securities issued	501	1,001
Total non-current liabilities	**618**	**1,143**
Current liabilities		
Debt within group	1,002	1,193
Provision for dividend	1,718	1,645
Other current liabilities	25	228
Total current liabilities	**2,745**	**3,066**
Total equity and liabilities	**32,458**	**32,530**

Storebrand ASA

Statement of changes in equity

NOK million	Share capital	Own shares	Share premium	Other equity	Total equity
Equity at 31. December 2020	**2,339**	**-2**	**10,521**	**12,609**	**25,467**
Profit for the period				4,248	4,248
Total other result elements				4	4
Total comprehensive income				**4,252**	**4,252**
Issues of shares	21		320		341
Provision for dividend				-1,640	-1,640
Own shares sold[2)]		-7		-97	-104
Employee share[2)]				4	4
Equity at 31. December 2021	**2,360**	**-9**	**10,842**	**15,128**	**28,321**
Profit for the period				2,939	2,939
Total other result elements				10	10
Total comprehensive income				**2,949**	**2,949**
Own shares bought back [2)]		-32		-468	-500
Own shares sold[2)]		3		37	40
Employee share[2)]				4	4
Equity at 31. December 2022	**2,360**	**-39**	**10,842**	**15,932**	**29,095**

[1)] *471 974 890 shares with a nominal value of NOK 5.*

[2)] *In 2022, Storebrand ASA has bought 6.477.024 own shares. In 2022, 552.574 shares were sold to our own employees. Holding of own shares 31. December 2022 was 7.764.226.*

Storebrand ASA

Statement of cash flow

NOK million	01.01 - 31.12 2022	2021
Cash flow from operational activities		
Net receipts/payments - securities at fair value		
Net receipts/payments - securities at fair value	224	130
Payments relating to operations	-233	-184
Net receipts/payments - other operational activities	4,551	3,126
Net cash flow from operational activities	**4,541**	**3,071**
Cash flow from investment activities		
Receipts - sale of subsidiaries		202
Payments - purchase/capitalisation of subsidiaries	-1,511	-1,675
Net cash flow from investment activities	**-1,512**	**-1,473**
Cash flow from financing activities		
Payments - repayments of loans	-500	
Payments - interest on loans	-23	-18
Receipts - sold own shares to employees	45	44
Payments - buy own shares	-500	-144
Payments - dividends	-1,646	-1,513
Net cash flow from financing activities	**-2,624**	**-1,631**
Net cash flow for the period	**405**	**-33**
Net movement in cash and cash equivalents	405	-33
Cash and cash equivalents at start of the period	28	61
Cash and cash equivalents at the end of the period	**433**	**28**

Notes to the financial statements Storebrand ASA

Note 1 Accounting policies

The financial statements are presented in accordance with the accounting policies applied in the annual financial statements for 2021. The accounting policies are described in the 2021 annual report.
The financial statements are presented in accordance with the accounting policies applied in the annual financial statements for 2021. The accounting policies are described in the 2021 annual report.

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

Note 2 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 3 Income from subsidiaries

NOK million	2022	2021
Storebrand Livsforsikring AS	2,325	3,210
Storebrand Bank ASA	208	238
Storebrand Asset Management AS	510	948
Storebrand Forsikring AS	134	146
Storebrand Facilities AS	1	
Storebrand Helseforsikring AS	9	
Total	**3,187**	**4,542**

Note 4 Bond and bank loan

				01.01 - 31.12	
NOK million	Interest rate	Currency	Net nomial value	2022	2021
Bond loan 2020/2025	Variable	NOK	500	501	500
Bond loan 2017/2022	Variable	NOK	500		501
Total [1]				**501**	**1,001**

[1] 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, expiration December 2025.

Financial calendar

21 March 2023	Annual Report 2022
13 April 2023	AGM 2023
10 May 2023	Results Q1 2023
14 July 2023	Results Q2 2023
25 October 2023	Results Q3 2023

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