storebrand

Interim report 2nd quarter 2023

Storebrand Livsforsikring AS (unaudited)

Contents

Important notice:

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

Interim report Storebrand Livsforsikring Group
Second quarter 2023

Storebrand Livsforsikring AS is a wholly owned subsidiary of the listed company Storebrand ASA. For information about the Storebrand Group's 2nd quarter result please refer to the Storebrand Group's interim report for the 2nd quarter of 2023. Storebrand Group'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.

The figures in brackets are from the corresponding period last year.

Changes in IFRS – How to read this report

From the 1st quarter 2023, Storebrand Livsforsikring Group reports its official IFRS financial statements in accordance with IFRS 17 and IFRS 9, which replaces IFRS 4 and IAS 39 from 1 January 2023. The purpose of the new standard is to establish uniform practices for the accounting treatment of insurance contracts and greater transparency, both between insurance companies and sectors. The implementation of IFRS 17 has a significant impact on the accounting for insurance contracts in the Storebrand Livsforsikring Group, including the timing of recognition and presentation in the financial statements.

A comment on the financial performance under IFRS is given in the subsection below. For the remainder of the report, Storebrand will continue to report and comment on the alternative income statement in parallel with IFRS statements of financial position. The alternative income statement may differ significantly from the IFRS financial statements, especially for the insurance part of the business reporting in accordance with IFRS 17. While the alternative income statement is an approximation of the cash generated in the period, the IFRS statement includes profit-and-loss effects of updated estimates and assumptions about the timing of future cash flows and insurance services provided. Detailed disclosure of Storebrand Group's IFRS statements and notes are available under the "Financial statements Storebrand Livsforsikring Group" section in this report.

The alternative income statement is based on statutory accounts issued in accordance with Norwegian GAAP (NGAAP) for the Norwegian entities and Swedish GAAP (SGAAP) for the Swedish entities. The reporting frameworks are similar to the previous reporting under IFRS 4. The alternative income statement is adjusted for intercompany transactions and result items related to customers' funds. The introduction of IFRS 17 will not have any material impact on neither the statutory accounts nor the alternative income statement, and the result is still a good approximation of free cash flow generated by the business units.

Financial performance (IFRS)

Storebrand Livsforsikring Group's profit after tax expenses was NOK 778m (NOK 268) in the 2nd quarter and year to date NOK 1 767m (NOK 1 232m) under IFRS. Higher volatility is expected on general basis under IFRS 17 due to measurement models applied. For more information about implementation effects of IFRS 17 and IFRS 9, please see note 1, 2 and 8.

Financial performance (alternative income statement)

Profit Storebrand Livsforsikring Group

NOK million	2023 Q2	Q1	2022 Q4	Q3	Q2	01.01 - 30.06 2023	2022	Full year 2022
Fee and administration income	926	937	940	916	856	1,863	1,753	3,609
Insurance result	231	194	243	304	208	425	392	939
Operational expenses	-754	-728	-772	-718	-625	-1,482	-1,243	-2,733
Cash equivalent earnings from operations	**402**	**403**	**411**	**502**	**438**	**805**	**902**	**1,815**
Financial items and risk result life & pension	237	225	115	-44	-157	463	-162	-92
Cash equivalent earnings before amortisation	**640**	**628**	**525**	**458**	**281**	**1,268**	**740**	**1,723**
Amortisation	-44	-50	-50	-48	-27	-93	-53	-151
Cash equivalent earnings before tax	**596**	**578**	**476**	**410**	**255**	**1,175**	**687**	**1,572**
Tax	275	109	78	-87	15	385	438	429
Cash equivalent earnings after tax	**872**	**688**	**554**	**323**	**270**	**1,559**	**1,125**	**2,002**

The cash equivalent earnings before amortisation was NOK 640m (NOK 281m) in the 2nd quarter and NOK 1 268m (NOK 740m) year to date. The figures in brackets are from the corresponding period previous year.

The underlying growth continues to be strong across the business. Rising global equity markets, positive net flow and favourable currency effects year to date drive assets under management. ing global equity markets, positive net flow and favourable currency effects year to date drive record high assets under management. External factors such as persistent high inflation and increased claims across some insurance segments represent increased uncertainty.

Total fee and administration income amounted to NOK 926m (NOK 856m) in the 2nd quarter and NOK 1,863m (NOK 1,753m) year to date, corresponding to an increase of 8% compared to the same quarter last year and an increase of 6% year to date (5% 2nd quarter and 4% year to date adjusted for currency). Income growth is driven by strong premium growth in Unit Linked Norway, supported by the Danica acquisition.

The Insurance result was NOK 231m (NOK 208m) in the 2nd quarter and NOK 425m (NOK 392m) year to date with high claims Group business lines. Compared to the corresponding period last year growth remains strong for all segments, driven by a combination of organic growth and the Danica acquisition. 'Group life' has a high claims ratio driven by increased claims frequency and high disability respectively. Measures, including further repricing with full effect from 2024, have been taken to improve the robustness and profitability in the affected segments. The total combined ratio for the Insurance segment was 90% (88%) in the 2nd quarter and 93% (89%) year to date.

The Group's operational cost amounted to NOK -754m (NOK -625m) in the 2nd quarter and NOK -1,482m (NOK -1,243m) year to date. The increase is attributed to inflation, currency, acquired business, growth initiatives and digital investments. Storebrand continues to focus on strong cost discipline, as has been demonstrated over the past decade.

Overall, the cash equivalent earnings from operations amounted to NOK 402m (NOK 438m) in the 2nd quarter and NOK 805m (NOK 902m) year to date.

The 'financial items and risk result' amounted to NOK 237m (NOK -157m) in the 2nd quarter and NOK 463m (NOK -162m) year to date. Net profit sharing amounted to NOK 53m (NOK 11m) in the 2nd quarter and NOK 72m (NOK -28m) year to date. In the Norwegian portfolio focus is on rebuilding buffer capital after last year's reduction, and profit sharing is close to zero in the quarter and year to date. In the Swedish business profit sharing is positive but moderate in the quarter and year to date driven by development in market returns as well as the high Swedish inflation. The risk result amounted to NOK 69m (NOK 54m) in the 2nd quarter and NOK 149m (NOK 135m) year to date. A strong longevity risk result as well as a positive reserve adjustment in Norwegian Paid-up policies are the main contributing factors.

Amortisation of intangible assets from acquired business amounted to NOK -44m (NOK -27m) in the 2nd quarter and

NOK -93m (NOK -53m) year to date. The increase compared to the restated figures for 2022 is attributed to the Danica acquisition.

Storebrand Livsforsikring Group booked a tax income of NOK 336m (NOK 34m) in the 2nd quarter and NOK 355m (NOK 476m) year to date. As previously announced, Storebrand Livsforsikring AS appealed to the Tax Appeals Committee (Skatteklagenemda) a decision made by The Norwegian Tax Administration (TNTA) regarding the uncertain tax position for the income year 2015 claiming changes should be made in the tax returns for Storebrand Livsforsikring AS. During the quarter, Storebrand received a ruling from the Tax Appeals Committee, which gives Storebrand full consent. Based on the decision from the Tax Appeals Committee, Storebrand has recognized a tax gain of approx. NOK 440m in the quarter. The tax case in question is described in more detail in note 28 in the annual accounts for 2022 as "case A" and "case C". 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.

Profit Storebrand Livsforsikring group - by business ares

	2023		2022			01.01 - 30.06		Full year
NOK million	Q2	Q1	Q4	Q3	Q2	2023	2022	2022
Savings	156	201	161	171	162	357	373	705
Insurance	112	48	87	165	97	160	178	430
Guaranteed pensions	293	285	270	148	254	578	485	903
Other	79	94	8	-27	-232	173	-296	-315
Cash equivalent earnings before amortisation	**640**	**628**	**525**	**458**	**281**	**1,268**	**740**	**1,723**

The Group reports its cash equivalent earnings by business segment. For a more detailed description, see the sections by segment in the report. Savings reported a profit before amortisation of NOK 156m (NOK 162m) in the 2nd quarter. Profit before amortisation in Insurance amounted to NOK 112m (NOK 97m) in the quarter. In Guaranteed pensions, it increased to NOK 293m (NOK 254m) in the 2nd quarter. In the Other segment, profit before amortisation was NOK 79m (NOK -232m) in the quarter supported by higher interest rates.

Capital situation

The solvency ratio was 196% at the end of the 2nd quarter, an increase of 17 percentage points from the previous quarter. Increased interest rates in combination with an increased volatility adjustment (VA) is the main explanation behind the strengthening. A strong post tax result also contributes positively to the solvency position. The solvency ratio continues to be above the threshold for overcapitalisation of 175%.

Savings

- Total assets under management all-time high, amounting to NOK 357bn, up 29% y/y by premium income, acquisition, asset return and FX
- 32% growth in quarterly Unit Linked premiums y/y

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

Savings

	2023		2022			01.01 - 30.06		Full year
NOK million	Q2	Q1	Q4	Q3	Q2	2023	2022	2022
Fee and administration income	538	559	527	519	460	1,098	967	2,013
Operational expenses	-375	-357	-376	-345	-292	-731	-585	-1,306
Cash equivalent earnings from operations	**164**	**203**	**151**	**173**	**169**	**366**	**382**	**706**
Financial items and risk result life & pension	-8	-2	9	-2	-7	-10	-9	-2
Cash equivalent earnings before amortisation	**156**	**201**	**161**	**171**	**162**	**357**	**373**	**705**

Profit

The Savings segment reported cash equivalent earnings before amortisation of NOK 156m (NOK 162m) in the 2nd quarter and NOK 357m (NOK 373m) year to date. Positive net flow, acquisition, FX and good market returns have led to strong growth in assets under management year to date to an all-time high level of 357 bn.

The fee and administration income in the Savings segment amounted to NOK 538 m (NOK 460m) in the 2nd quarter and NOK 1,098m (NOK 967m) year to date, corresponding to a growth of 13% (adjusted for currency effect NOK vs SEK). In Unit Linked Norway, income grew 23% compared to the same quarter last year and 22% year to date. The growth is attributed to the Danica acquisition and solid growth in the underlying business. In Sweden, income grew 10% compared to the same quarter last year and 4% year to date.

Operational cost amounted to NOK -375m (NOK -292m) in the 2nd quarter and NOK -731m (NOK -585m) year to date. Cost increases are below inflation, adjusted for currency effects and costs associated with acquisitions.

Balance sheet and market trends

Total assets under management in Unit Linked increased to NOK 357bn (NOK 276bn) from NOK 343bn last quarter. Unit Linked premiums increased to NOK 7.0bn (NOK 5.3bn) in the 2nd quarter. Net inflow (from premiums, claims and withdrawals, and transfers) amounted to NOK 1.0bn (NOK 1.6bn).

In the Norwegian Unit Linked business, assets under management increased to NOK 196bn (NOK 146bn). The growth stems from high in occupational pension premiums, new sales, asset return 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 30,5% of gross premiums written (at the end of the 1st quarter 2023).

In the Swedish market, SPP is the second largest provider of non-unionised occupational pensions with a market share of 16% measured by gross premiums written including transfers (at the end of the 1st quarter 2023). In local currency, Unit Linked assets under management increased during the quarter by SEK 11.0bn and amounted to SEK 162bn. The underlying growth is driven by strong growth in sales (APE), amounting to NOK 841m (NOK 676m) in the quarter. The transfer balance has shown a positive development and net inflow amounted to NOK 2.0bn (NOK -0.1bn) in the 2nd quarter.

Savings - Key figures

	2023		2022		
NOK mill	Q2	Q1	Q4	Q3	Q2
Unit Linked Reserves	343,347	343,347	314,992	302,337	276,319
Unit Linked Premiums	6,883	6,883	6,583	6,279	5,333

Insurance

- 24% overall growth in portfolio premiums y/y
- Combined ratio of 90% in the quarter impacted by high disability claims

The Insurance segment provides personal risk products in the Norwegian and Swedish retail market and employee insurance and pension-related insurance in the Norwegian and Swedish corporate markets.

Insurance

NOK million	2023 Q2	Q1	2022 Q4	Q3	Q2	01.01 - 30.06 2023	2022	Full year 2022
Insurance result	231	194	243	304	208	425	392	939
- Insurance premiums f.o.a.	995	970	923	939	803	1,965	1,573	3,435
- Claims f.o.a.	-764	-776	-680	-635	-595	-1,540	-1,181	-2,496
Operational expenses	-136	-151	-145	-139	-114	-287	-222	-507
Cash equivalent earnings from operations	**95**	**43**	**98**	**165**	**94**	**138**	**170**	**432**
Financial items and risk result life & pension	16	6	-11	0	4	22	9	-3
Cash equivalent earnings before amortisation	**112**	**48**	**87**	**165**	**97**	**160**	**178**	**430**

Profit

Insurance premiums f.o.a. amounted to NOK 995 m (NOK 803m) in the 2nd quarter and NOK 1,965m (NOK 1,573m) year to date, corresponding to an increase of 24% compared to the same quarter last year and an increase of 25% year to date. Adjusted for Danica, insurance premiums f.o.a. increased by 10% compared to the same quarter last year.

Cash equivalent earnings before amortisation amounted to NOK 112m (NOK 97m) in the 2nd quarter and NOK 160m (NOK 178m) year to date. The total combined ratio was 90% (88%) in the 2nd quarter and 93% (89%) year to date. High disability claims are negative contributor.

Within 'Individual life', strong growth continued with premiums f.o.a. growing 38% in the 2nd quarter compared to last year. The cash equivalent earnings before amortisation was NOK 80m (NOK 50m) in the 2nd quarter and NOK 125m (NOK 85m) year to date. The claims ratio was 76% (78%) in the 2nd quarter and 80% (66%) year to date.

'Group life' reported a cash equivalent earnings before amortisation of NOK -29m (NOK 14m) in the 2nd quarter and NOK -33m (NOK 15m) year to date. The disability development in the associations segment of the Group life business has been challenging and measures including repricing is taken to improve the profitability. The corporates segment of the business had a positive development in the 2nd quarter. In Group life reserves have been strengthened in the quarter due to inflation adjustment of the national base amount, which defines compensation levels in the products. In sum, 'Group life' reported a combined ratio of 114% (97%) in the 2nd quarter and 108% (99%) year to date.

The cash equivalent earnings before amortisation for 'Pension related disability insurance Nordic' was NOK 62m (NOK 34m) in the 2nd quarter and NOK 70m (NOK 78m) year to date. Disability levels improved in the Norwegian business in the 2nd quarter, but the development is being monitored closely as we generally see disturbing trends in work absence due to sickness and disability statistics. Price increases will be implemented with full effect from 2024. In the Swedish business development is stable with satisfactory claims levels. Altogether the combined ratio was 86% (91%) in the 2nd quarter and 93% (89%) year to date.

The cost ratio was 14% (15%), with cost amounting to NOK -136m (NOK -114m) in the 2nd quarter and NOK -287m (NOK -222m) year to date. The higher cost level is driven by growth in the business and the take-over of the Danica Business.

The Insurance investment portfolio is primarily invested in fixed income securities with short to medium duration and achieved a financial return of 0.7% in the 2nd quarter and 1.7% year to date. 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.

Overall growth in annual portfolio premiums amounted to 26% compared to the same quarter last year. Growth in 'Individual life' amounted to 45% and is driven by strong contribution from sales agents, distribution, partnerships and the Danica acquisition. Group life grew by 12%, while 'Pension related disability insurance' grew by 26%, driven by price adjustments and salary increases, and the acquisition of Danica.

Portfolio premiums (annual)

NOK million	2023 Q2	Q1	2022 Q4	Q3	Q2
Individual life *	1,174	1,150	1,132	832	807
Group life **	1,027	978	966	946	919
Pension related disability insurance ***	1,856	1,738	1,703	1,487	1,474

** Individual life disability insurance*

*** Group disability, workers compensation insurance*

**** DC disability risk premium Norway and disability risk Sweden*

Key Figures

	2023 Q2	Q1	2022 Q4	Q3	Q2
Claims ratio	77%	80%	74%	68%	74%
Cost ratio	14%	16%	16%	15%	14%
Combined ratio	**90%**	**96%**	**89%**	**82%**	**88%**

Guaranteed pension

- **Stable cash equivalent earnings from operations**
- **Continued strong risk result**
- **Improved profit sharing result**

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

	2023		2022			01.01 - 30.06		Full year
NOK million	Q2	Q1	Q4	Q3	Q2	2023	2022	2022
Fee and administration income	387	378	413	398	395	765	786	1,597
Operational cost	-216	-192	-233	-208	-206	-408	-409	-850
Cash equivalent earnings from operations	**171**	**186**	**180**	**190**	**189**	**357**	**377**	**747**
Risk result life & pensions	69	81	53	74	54	149	135	262
Net profit sharing	53	18	38	-116	11	72	-28	-106
Cash equivalent earnings before amortisation	**293**	**285**	**270**	**148**	**254**	**578**	**485**	**903**

Financial performance
Guaranteed pension achieved cash equivalent earnings before amortisation of NOK 293m (NOK 254m) in the 2nd quarter and NOK 578m (NOK 485m) year to date.

Fee and administration income was reduced to NOK 387m (NOK 395m) in the 2nd quarter and NOK 765m (NOK 786m) year to date. The reduction mainly stems from the paid-up policies where some adjustments in the fee structure and income accruals were made. The majority of the guaranteed products are closed for new business and are in long term run-off, which should gradually reduce the fee income. However, Public Occupational Pensions (reported under Defined Benefit Norway) is a growth area.

Operational cost amounted to NOK -216m (NOK -206m) in the 2nd quarter and NOK -408m (NOK -409m) year to date.

The cash equivalent earnings from operations was stable and amounted to NOK 171m (NOK 189m) in the 2nd quarter and NOK 357m (NOK 377m) year to date.

The risk result was NOK 69m (NOK 54m) in the 2nd quarter and NOK 149m (NOK 135m) year to date. A strong longevity and disability risk, result as well as a positive reserve adjustment in Norwegian Paid-up policies are the main contributing factors to the result, which altogether amounted to NOK 59m (NOK 24m) in the quarter.

Net profit sharing amounted to NOK 53m (NOK 11m) in the 2nd quarter and NOK 72m (NOK -28m) year to date, generated in the Swedish business. In the Norwegian portfolio focus is on rebuilding buffer capital after last year's reduction, and profit sharing is close to zero in the quarter and year to date. In the Swedish business profit sharing is positive but moderate in the quarter and year to date driven by development in market returns as well as the high Swedish inflation. The deferred capital contributions (DCC) was reduced in the quarter.

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 2nd quarter, customer reserves of guaranteed pensions amounted to NOK 279bn. This is an increase of NOK 6bn in the year to date, primarily from growth in public sector pensions as well as currency effects from the Swedish business. Net flow of guaranteed pensions amounted to NOK -2.5bn in 2nd quarter (NOK -2.5bn in 2022). As a share of the total balance sheet, guaranteed reserves amounted to 43.9% (49.9%) at the end of the 2nd 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. Reserves for public sector mandates were NOK 18bn as of the 2nd quarter reflecting an increase of 2bn year to date due to tender offers won in late 2022. A new municipality representing 0.5bn was won in the 2nd quarter and will be transferred in 2024.

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 2nd quarter, the same level as the start of the year.

Guaranteed portfolios in the Swedish business totalled NOK 83bn as of the 2nd quarter, an increase of NOK 3bn year to date, driven by strengthening of the currency (SEK).

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) was 25.4bn as of the 2nd quarter, in line with the 1st quarter and an increase of NOK 2.0bn year to date. As a share of guaranteed reserves, buffer capital levels in Norwegian products amount to 6.0% (6.9%) and 21.1% (17.5%) in Swedish products. This does not include off-balance sheet excess values of bonds at amortised cost, which at the end of the 2nd quarter amounted to a deficit of NOK -15.5bn (NOK -9.6bn). The deficit indicates that the reinvestment yield in the market currently is 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

	2023		2022		
NOK million	Q2	Q1	Q4	Q3	Q2
Guaranteed reserves	279,358	282,559	273,673	275,622	274,918
Guaranteed reserves in % of total reserves	43.9%	45.1%	46.5%	47.7%	49.9%
Net flow of premiums and claims	-2,486	-2,259	-2,846	-2,720	-2,454
Buffer capital in % of customer reserves Norway	6.0%	6.5%	6.3%	6.2%	6.9%
Buffer capital in % of customer reserves Sweden	21.1%	19.0%	19.0%	18.2%	17.5%

Other

Under Other, the company portfolios of Storebrand Livsforsikring and SPP are reported.

	2023		2022			01.01 - 30.06		Full year
NOK million	Q2	Q1	Q4	Q3	Q2	2023	2022	2022
Operational expenses	-28	-29	-19	-26	-14	-56	-26	-71
Cash equivalent earnings from operations	-28	-29	-19	-26	-14	-56	-26	-71
Financial items and risk result life & pension	107	123	27	-1	-218	229	-270	-244
Cash equivalent earnings before amortisation	**79**	**94**	**8**	**-27**	**-232**	**173**	**-296**	**-315**

Profit

The Other segment reported cash equivalent earnings before amortisation of NOK 79m (NOK -232m) in the 2nd quarter and 173m (NOK -296m) year to date. The positive result this year stems primarily from positive returns on investments in company portfolios due to higher interest rates and hence higher running yield in the bond portfolios.

The operational cost amounted to NOK -28m (NOK -14m) in the 2nd quarter and -56m (NOK -26m) year to date, but includes integration costs related to acquired business of NOK 30m in the quarter.

The financial result for the Other segment amounted to NOK 107m in the 2nd quarter and 229m year to date, reflecting higher yields on fixed income investments at higher interest rates. The result mainly stems from returns in the company portfolios of SPP and Storebrand Life Insurance. The investments in the company portfolios are primarily in interest-bearing securities in Norway and Sweden. The Norwegian company portfolio achieved a return of 0.8% in the 2nd quarter and 2.5% year to date, while the Swedish company portfolio reported a return of 0.8% in the 2nd quarter and 1.8% year to date. The company portfolios in the Norwegian and Swedish life insurance companies and the holding company amounted to NOK 26.0bn at the end of the quarter.

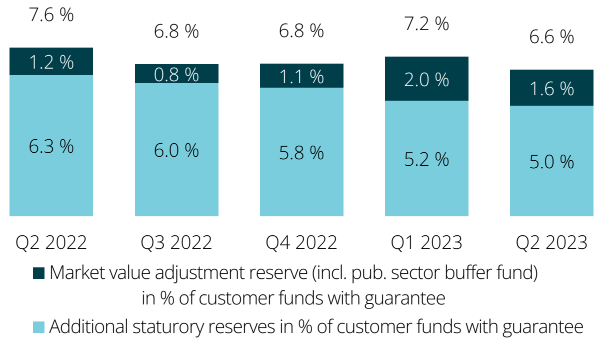
The Storebrand Life Insurance Group is funded by a combination of equity and subordinated loans. Interest expenses in the quarter amounted to NOK -139m. Given the interest rate level at the end of the 2nd quarter, interest expenses of approximately NOK -190m per quarter are expected going forward.

Balance sheet and capital situation

Continuous monitoring and active risk management is a core area of Storebrand's business. Risk and solidity are both followed up on at the Group level and in the legal entities. Regulatory requirements for financial strength and risk management follow the legal entities to a large extent. The section is thus divided up by legal entities

Storebrand Livsforsikring AS

Customer buffers (NOR)



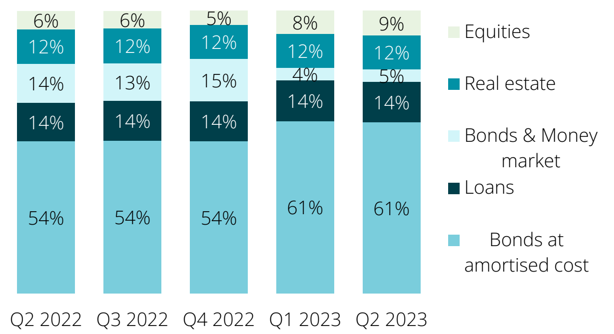
The market value adjustment reserve and bufferfund decreased during the 2nd quarter by NOK 0.6bn and increased by NOK 0.9bn year to date. At the end of 2nd quarter 2023 the market value adjustment reserve and bufferfund amounted to NOK 2.7bn, corresponding to 1.6% (2.0% at the end of 1st quarter 2023) of customer funds with a guarantee. New business transferred in contributed positively with NOK 0.2bn in bufferfund for the 1st quarter 2023.

The additional statutory reserves amounted to NOK 8.3bn, corresponding to 5.0% (5.2% at the end of the 1st quarter 2023) of customer funds with guarantee at the end of the 2nd quarter 2023. Investment returns in customer portfolios lower than the guaranteed interest rate in the quarter decreased reserves by NOK 0.4bn in 2nd quarter and NOK 0.7bn year to date.

Together, the customer buffers amounted to 6.6% (7.2% at the end of the 1st quarter 2023) of customer funds with guarantee at the end of the 2nd quarter 2023.

The excess value of bonds and loans valued at amortised cost decreased by NOK 5.7bn in the 2nd quarter and NOK 5.3bn year to date due to increased interest rates and amounted to minus NOK 15.5bn at the end of the 2nd quarter 2023. The excess value of bonds and loans at amortised cost is not included in the financial statements of Storebrand Livsforsikring AS.

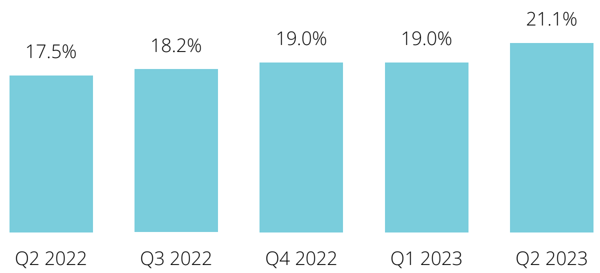
Allocation of guaranteed customer assets (NOR)



Customer assets increased in the 2nd quarter by NOK 4.2bn and by NOK 20.3bn year to date, amounting to NOK 393bn at the end of 2nd quarter 2023. Customer assets within non-guaranteed savings increased by NOK 4.9bn during the 2nd quarter and by NOK 16.7bn year to date, amounting to NOK 196bn at the end of 2nd quarter 2023. Guaranteed customer assets are decreased by NOK 0.7bn in the 2nd quarter and increased by NOK 3.7bn year to date, amounting to NOK 197bn at the end of 2nd quarter 2023.

SPP

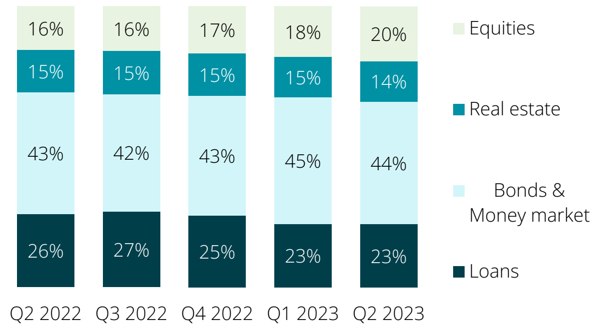
Customer buffers (SWE)



The buffer capital (conditional bonuses) amounted to SEK 14.5 bn (SEK 12.5bn) at the end of the 2nd quarter.

.

Allocation of guaranteed customer assets (SWE)



Customer assets amounted to SEK 242bn (SEK 215bn) at the end of the 2nd quarter. Customer assets within non-guaranteed savings amounted to SEK 162bn (SEK 135bn) at the end of the 2nd quarter, which is an increase of 20% compared to the same quarter last year. Guaranteed customer assets had a flat development compared to the same quarter last year and amounted to SEK 80bn (SEK 80bn).

Outlook

Strategy
Storebrand Groups's (in which Storeband Life insurance is a significant part) 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 Group 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 Group 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 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
External factors such as persistent high inflation and an increasing disability trend represent increased uncertainty for the financial result.

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 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 43.9% of the pension reserves at the end of the quarter, 6 percentage points lower than a year ago. With interest rates having risen 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.

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.

Strong cost discipline will be a critical success factor to deliver on the earnings ambition. Storebrand will continue to reduce underlying costs, but it will also be necessary to make selective investments to facilitate profitable growth. Should the growth not materialise, management has contingency plans in place to cut costs. High inflation rates, particularly wage inflation, is expected to increase the cost base and acquired business such as Danica will add to the total cost base.

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, currency 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 27bn 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 Group Life 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.

Storebrand is affected by currency movements between the Norwegian krone and foreign currency. The exchange rate between the Norwegian krone and the Swedish krona affects the reported balance sheet and results in the Swedish entities at a consolidated level, including the effective tax rate for the Group. Several reporting lines are exposed to foreign exchange risk as a result of investments in international securities, but also as a result of some international debt funding.

To limit currency risk, Storebrand uses hedging instruments. For company portfolios and guaranteed customer portfolios, most of the assets that are in currencies other than the domestic currency are hedged. Currency hedging is also performed for a significant part of Unit Linked related investments, and for borrowing in foreign currency.

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 had three uncertain tax positions with regards to recognised tax expenses. These are described in more detail in in more detail in note 27 in the annual accounts for 2022, as "case A", "case B" and "Case C". During the quarter, Storebrand received a ruling from the Tax Appeals Committee (Skatteklagenemda), which gives Storebrand full consent regarding the uncertain tax position for the income year 2015 claiming changes should be made in the tax returns for Storebrand Livsforsikring AS. Based on the decision from the Tax Appeals Committee, Storebrand has recognized a tax gain of approx. NOK 440 million in the quarter. The tax case in question is described in more detail in note 27 in the annual accounts for 2022 as "case A" and "case C". The decision from the Tax Appeals Committee can be appealed to the court within 6 months. Should Storebrand's interpretation be accepted in "case B" an estimated positive tax result of up to NOK 1.6bn may 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. The uncertain tax position is described in more detail in note 8.

Regulatory changes

Flexible buffer for guaranteed pension products from 1 January 2024

Parliament has passed new legislation on flexible buffer fund for private sector guaranteed pension products, such as defined benefit contracts and paid-up policies. The new regulation will take effect from 1 January 2024.

Market value adjustment reserves will merge 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. The buffer fund is allocated to contracts, and can be subject to profit sharing. Storebrand believe that the new flexible buffer fund will have a positive impact on the investment strategy for guaranteed pension products.

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 been on public hearing. Among the proposals is automatic adjustment of retirement age for earliest possible withdrawal of pensions as longevity expectations increase. The report states that age limits in occupational and individual pension schemes should be adjusted accordingly. The Government will present proposals to parliament this autumn.

The market for municipal occupational pensions
Storebrand has filed two complaints to the EFTA Surveillance Authority (ESA). Storebrand has claimed that municipalities, RHFs and hospitals have entered contracts on occupational pension with KLP, 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, KLP, by withholding earned equity when customers move to other providers, is given access to capital from municipalities and hospitals on more favourable terms than other market participants would receive.

The Norwegian government has commented on the complaints, and argues that EEA-legislation does not apply, as KLP is not an economic actor and municipal occupational pension is social security. Storebrand argues that this is an insurance product delivered by life insurance companies in the marketplace. Facilitating competition has been a major goal for Norwegian insurance regulation, also for regulation particular to this product.

Storebrand expect ESA to decide on the complaints before the end of the year.

Lysaker, 13 July 2023

Board of Directors Storebrand Livsforsikring AS

Storebrand Livsforsikring Group

Income statement

NOK million	Q2 2023	Q2 2022	01.01 - 30.06 2023	01.01 - 30.06 2022 *	Full year 2022 *
Insurance revenue	1,508	1,404	3,066	2,783	5,826
Insurance service expenses	-970	-796	-1,898	-1,527	-3,687
Net expenses from reinsurance contracts held	-44	-2	-55	-13	-34
Net insurance service result	**494**	**606**	**1,114**	**1,243**	**2,104**
Income from unit linked	523	419	1032	870	1888
Other income	119	96	161	187	271
Total income	**1,136**	**1,121**	**2,307**	**2,301**	**4,263**
Operating expenses	-453	-361	-891	-718	-1,629
Other expenses	-89	-41	-182	-89	-169
Operating profit	**593**	**719**	**1,233**	**1,493**	**2,465**
Income from investments in subsidiaries, associated companies and joint ventures companies	-162	32	-49	163	-327
Net income on financial and property investments	17,220	-32,221	31,323	-60,968	-36,388
Net change in investment contract liabilities	-20,982	19,655	-28,533	32,110	9,833
Finance expenses from insurance contracts issued	3,920	12,189	-2,114	28,188	26,624
Interest expenses securities issued and other interest expenses	-110	-121	-368	-192	-534
Net financial result	**-114**	**-466**	**259**	**-698**	**-793**
Profit/loss before amortisation and tax	**479**	**254**	**1,492**	**795**	**1,673**
Amortisation of intangible assets	-37	-20	-79	-39	-123
Tax expenses	336	34	355	476	192
Profit/loss for the period	**778**	**268**	**1,767**	**1,232**	**1,742**
Change in actuarial assumptions	-3	-2	-5	-4	-29
Fair value adjustment of properties for own use	-18	39	-32	41	63
Other comprehensive income allocated to customers	18	-39	32	-41	-63
Tax on other profit elements not to be reclassified to profit/loss	-2		2		4
Other comprehensive income not to be reclassified to profit/loss	**-4**	**-2**	**-3**	**-4**	**-25**
Profit/loss cash flow hedging	5	-8	-10	-15	-12
Translation differences foreign exchange	111	-59	-289	-94	-4
Unrealised profit/loss on financial instruments FVOCI	-165	-177	-139	-576	-576
Tax on other profit elements that may be reclassified to profit/loss		43		144	144
Other profit comprehensive income that may be reclassified to profit	**-49**	**-201**	**-438**	**-541**	**-448**
Other comprehensive income	**-53**	**-203**	**-441**	**-544**	**-473**
TOTAL COMPREHENSIVE INCOME	**725**	**65**	**1,326**	**687**	**1,269**
PROFIT IS ATTRIBUTABLE TO:					
Share of profit for the period - shareholders	778	268	1,767	1,232	1,742
Share of profit for the peride - non-controlling interests					
COMPREHENSIVE INCOME IS ATTRIBUTABLE TO:					
Share of profit for the period - shareholders	725	65	1,326	687	1,269
Share of profit for the peride - non-controlling interests					

* Restated numbers

Storebrand Livsforsikring Group

Statement of financial position

NOK million	30.06.23	30.06.22 *	31.12.22 *
ASSETS			
Goodwill			
Other intangible assets	2,936	1,832	2,968
Total intangible assets	**2,936**	**1,832**	**2,968**
Tangible fixed assets	655	647	633
Tax assets	3,361	3,221	2,943
Equities and units in subsidiaries, associated companies and joint ventures	8,514	8,767	8,685
Investment properties	35,817	35,594	35,171
Loans	27,211	28,095	28,384
Bonds and other fixed-income securities	259,818	251,055	261,689
Equities and fund units	319,660	248,577	270,216
Derivatives	12,562	9,677	14,289
Bank deposits	12,057	11,914	13,470
Total investments	**675,639**	**593,679**	**631,905**
Insurance contracts assets			
Reinsurance contracts assets	183	33	301
Receivable in the group	105	90	138
Accounts receivable and other short-term receivables	43,213	11,031	3,576
TOTAL ASSETS	**726,092**	**610,534**	**642,464**
EQUITY AND LIABILITIES			
Paid in equity	15,578	15,150	15,150
Earned equity	618	1,018	1,622
Total equity	**16,196**	**16,169**	**16,772**
Subordinated loans and hybrid tier 1 capital	9,834	11,015	9,757
Insurance contracts liabilities	303,891	303,210	302,168
Reinsurance contracts liabilities	2	9	38
Investment contracts liabilities	332,934	255,088	292,931
Pension liabilities etc.	42	30	41
Deferred tax	1,205	589	1,137
Derivatives	14,277	13,912	12,561
Liabilities to group companies	24	26	27
Other liabilities	47,688	10,487	7,032
Total liabilities	**700,062**	**583,351**	**615,934**
TOTAL EQUITY AND LIABILITIES	**726,092**	**610,534**	**642,463**
* Restated numbers			

Storebrand Livsforsikring Group

Statement of changes in equity

	Majority's share of equity					
NOK million	Share capital	Share premium	Other paid in equity	Total paid in equity	Other equity	Total equity
Equity at 31.12.2021	**3,540**	**9,711**	**1,110**	**14,361**	**11,649**	**26,010**
Equity effect when implementing IFRS 9 and IFRS 17					**-8,077**	
Equity at 1.1.2022	**3,540**	**9,711**	**1,110**	**14,361**	**3,572**	**26,010**
Profit for the period					1,232	1,232
Other comprehensive income					-544	-544
Total comprehensive income for the period					**687**	**687**
Equity transactions with owner:						
Received dividend/group contributions			790	790		790
Paid dividend/group contributions					-3,210	-3,210
Other					-31	-31
Equity at 30.06.2022	**3,540**	**9,711**	**1,900**	**15,151**	**1,019**	**16,169**
Profit for the period					1,817	1,817
Other comprehensive income					-549	-549
Total comprehensive income for the period					**1,268**	**1,268**
Equity transactions with owner:						
Received dividend/group contributions			790	790		790
Paid dividend/group contributions					-3,210	-3,210
Other					-9	-9
Equity at 31.12.2022	**3,540**	**9,711**	**1,899**	**15,150**	**1,621**	**16,772**
Profit for the period					1,767	1,767
Other comprehensive income					-441	-441
Total comprehensive income for the period					**1,326**	**1,326**
Equity transactions with owner:						
Received dividend/group contributions			427	427		427
Paid dividend/group contributions					-2,325	-2,325
Other					-4	-4
Equity at 30.06.2023	**3,540**	**9,711**	**2,327**	**15,578**	**618**	**16,196**

Storebrand Livsforsikring Group/AS

Statement of cash flow

Storebrand Livsforsikring group			Storebrand Livsforsikring AS	
01.01 - 30.06			01.01 - 30.06	
2022	2023	NOK million	2023	2022
		Cash flow from operating activities		
14,856	12,941	Net received - direct insurance	12,214	9,897
-10,683	-9,646	Net claims/benefits paid - direct insurance	-6,659	-6,559
-106	-323	Net receipts/payments - policy transfers	-387	937
109	24,906	Net change insurance liabilities	24,898	785
-921	-405	Taxes paid	86	-750
-1,202	-312	Net receipts/payments operations	-857	-722
196	2,330	Net receipts/payments - other operational activities	-823	-1,072
2,249	29,491	**Net cash flow from operating activities before financial assets**	28,472	2,517
2,328	3,657	Net receipts/payments - loans to customers	849	2,115
822	-32,096	Net receipts/payments - financial assets	-29,506	-2,728
-15	605	Net receipts/payments - property activities		
622	1	Receipts - sale of investment properties		
-789	-266	Payment - purchase of investment properties		
2,967	-28,099	**Net cash flow from operating activities from financial assets**	-28,657	-613
5,216	1,392	**Net cash flow from operating activities**	-184	1,903
		Cash flow from investing activities		
-562		Net payments - purchase/capitalisation associated companies		
-18	-23	Net receipts/payments - sale/purchase of fixed assets	-11	-3
-580	-23	**Net cash flow from investing activities**	-11	-3
		Cash flow from financing activities		
650	-7	Receipts - subordinated loans issued	-7	650
-237	-204	Payments - interest on subordinated loans	-204	-237
1,050	565	Payments received of dividend and group contribution	1,441	2,432
-3,210	-2,325	Payment of dividend and group contribution	-2,325	-3,210
-1,846	-2,403	**Net cash flow from financing activities**	-1,527	-464
2,791	-1,034	**Net cash flow for the period**	-1,722	1,437
-176	27,065	of which net cash flow for the period before financial assets	26,934	2,050
2,791	-1,034	Net movement in cash and cash equivalent assets	-1,722	1,437
9,139	13,090	Cash and cash equivalents at the start of the period	8,814	5,245
-16		Currency translation differences		
11,914	12,057	**Cash and cash equivalent assets at the end of the period**	7,091	6,682

Storebrand Livsforsikring Group
Notes to the financial statements

Note 1 Accounting policies

The Group's interim financial statements include Storebrand Livsforsikring AS, subsidiaries, associated and joint-ventures companies. The financial statements are prepared in accordance with the "Regulation on the annual accounts etc. of life insurance companies" for the parent company and the consolidated financial statements 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.

This is the first set of the group's interim financial statements in which IFRS 17 Insurance contracts and IFRS 9 Financial Instruments have been applied. The new changes to significant accounting policies are described below.

The remainder of the of the accounting policies applied in the preparation of the financial statements are described in the 2022 annual report, and the interim financial statements are prepared in accordance with these accounting policies. Accounting policies that relate to IFRS 4 Insurance contracts and IAS 39 Financial Instruments are no longer applicable.

Storebrand Livsforsikring AS - the company's financial statements
The financial statements have been prepared in accordance with the accounting principles that were used in the annual report for 2022.

1.1 New standards and changes to the accounting policies applied

IFRS 9

IFRS 9 Financial Instruments replaced IAS 39 and was generally applicable from 1 January 2018. However, for insurance-dominated groups and companies, IFRS 4 allowed for the implementation of IFRS 9 to be deferred until implementation of IFRS 17. The Storebrand Livsforsikring Group qualified for temporary deferral of IFRS 9 because over 90 per cent of the Group's total liabilities as at 31 December 2015 were linked to the insurance businesses. For the Storebrand Livsforsikring Group, IFRS 9 was implemented together with IFRS 17 from 1 January 2023. Storebrand has restated the 2022-figures according to IFRS 9.

The Storebrand Livsforsikring Group did conduct a provisional analysis of the classification and measurement of financial instruments in accordance with IAS 39 for the transition to IFRS 9, based on the business model for the individual instruments. For debt instruments that were expected to be classified and measured at amortised cost or fair value through total comprehensive income upon transition to IFRS 9, a SPPI ("Solely payment of principal and interest") test was carried out. A significant majority of the financial assets has been measured at fair value (the fair value option was used).

The Ministry of Finance has stipulated regulatory provisions that permit pension providers to recognise investments that are measured at fair value through total comprehensive income in accordance with IFRS 9 at amortised cost in the customer and company accounts. For the consolidated financial statements, the financial assets are measured at fair value through profit or loss, where the fair value option is used because the insurance liabilities are measured at fair value.

IFRS 9 - Financial instruments to amortised cost and FVOCI

NOK million	IAS 39 classification	IFRS 9 classification	Booked value after IAS 39 31.12.2022	Fair value after IFRS 9 1.1.23
Financial assets				
Bank deposits	AC	AC	13 470	13 470
Bonds and other fixed-income securities	AC	FVOCI	7 460	6 908
Accounts receivable and other short-term receivables	AC	AC	6 761	6 761
Total financial assets			**27 691**	**27 139**
Financial liabilities				
Subordinated loan capital	AC	AC	9 757	9 757
Other current liabilities	AC	AC	9 739	9 739
Total financial liabilities			**19 496**	**19 496**

IFRS 9 - Financial instruments at fair value

NOK million	IAS 39 classification	IFRS 9 classification	Booked value after IAS 39 31.12.2022	Fair value after IFRS 9 1.1.23
Financial assets				
Shares and fund units	FVP&L (FVO)	FVP&L	270 216	270 216
Bonds and other fixed-income securities	FVP&L (FVO)	FVP&L	146 724	146 724
Bonds and other fixed-income securities	AC	FVP&L	117 701	108 489
Loans to customers	FVP&L (FVO)	FVP&L	6 757	6 757
Loans to customers	AC	FVP&L	21 628	21 193
Derivatives	FVP&L/ Hedge accounting	FVP&L/ Hedge accounting	14 289	14 289
Total financial assets			**577 315**	**567 669**
Financial liabilities				
Derivatives	FVP&L/ Hedge accounting	FVP&L/ Hedge accounting	12 640	12 640
Total financial liabilities			**12 640**	**12 640**

An assessment of the effects for the Group from IAS 39 to IFRS 9 shows that the most significant changes in the transition from IAS 39 to IFRS 9 will be linked to hedge accounting and new calculation of expected losses. According to IFRS 9, provisions for losses must be calculated based on expected credit losses when establishing a commitment and must be continuously assessed for impairment in subsequent periods. At year-end 2022, expected credit loss (ECL) was calculated at NOK 1.2 million for the Storebrand Livsforsikring Group. The expected credit loss has not changed significantly when compared with the loss provision under IAS 39. The most important changes in hedge accounting for the Storebrand Livsforsikring Group is that IFRS 9 sets different criteria than IAS 39 for the use of hedge accounting. It is no longer a requirement under IFRS 9 that the hedging arrangement needs to be within a specific interval, and it is now possible to rebalance the hedge under existing hedging arrangements and it is also possible to use multiple hedging instruments for the same hedge item. The transition to IFRS 9 has no accounting effects for existing hedging.

IFRS 17

The Storebrand Livsforsikring Group have implemented IFRS 17 in the consolidated financial statements. The financial statements for Storebrand Livsforsikring AS and SPP Pension & Försäkring AB, the statutory reporting remains unchanged. Storebrand has chosen not to apply the OCI option for contracts measured under IFRS 17. The OCI option involves recognizing impacts of changes in financial assumptions for products measured under GMM or PAA over the other comprehensive income, rather than in the profit and loss.

1.1.1 Scope:

An insurance contract pursuant to IFRS 17 is a contract in which Storebrand accepts significant insurance risk from a policyholder by consenting to pay compensation to the policyholder if an insured event adversely affects the policyholder. Certain investment contracts that have a legal form of an insurance contract, but do not expose the Group to significant insurance risk, are classified as investment contracts under IFRS 9. Unit link for Storebrand and unit link at SPP are not considered to satisfy the definition of an insurance contract pursuant to IFRS 17 due to the insurance risk being considered immaterial. The contracts are therefore recognised in accordance with IFRS 9.

Storebrand uses reinsurance to limit insurance risk. Reinsurance contracts are covered by IFRS 17, but since the reinsurance programme is relatively limited, the new accounting policies have a minor impact on the accounts.

1.2 Accounting policies

1.2.1 Measurement model
IFRS 17 introduces measurement models in which insurance revenue is recognised through profit and loss over time as the entity provides insurance related services. The model is based on the present value of expected future cash flows that are expected to arise when the entity fulfils contracts (FCF), an explicit risk adjustment for non-financial risk (RA) and the unearned profit the entity expects to earn as it provides services, the contractual service margin (CSM).

Insurance contracts are subject to different requirements for measurement models based on whether the insurance contracts are classified as contracts with or without direct participation features, meaning whether the policyholder is expected to receive an amount equal to a substantial share of the returns on the underlying items, the contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items, and the entity expects to pay a substantial proportion of any change in the amounts paid to the policyholder to vary with the change in fair value of the underlying items. Contracts with direct participation features are measured according to the variable fee approach (VFA), and contracts without direct participation features are measured according to the general measurement model (GMM). For short-term contracts with a coverage period up to 12 months, the simplified premium allocation approach (PAA) is applied.

Storebrand determines whether a contract meets the definition of a contract with direct participation features at inception. There is no new classification of the contract unless the contract is modified by amending the contract terms in such a manner that they no longer meet the mentioned conditions. Storebrand issues a number of insurance contracts which are essentially investment-related service contracts, for which the company promises a return on investment based on underlying items. These satisfy the definition of insurance contracts with direct participation features and include a substantial proportion of the Group's guaranteed products. Insurance contracts with direct participation features are measured using the variable fee approach. Other insurance contracts with a short coverage period up to 12 months are measured according to the premium allocation approach. The group disability pensions is measured according to the general measurement model.
An assessment of the effects for the Group from IAS 39 to IFRS 9 shows that the most significant changes in the transition from IAS 39 to IFRS 9 will be linked to hedge accounting and new calculation of expected losses. According to IFRS 9, provisions for losses must be calculated based on expected credit losses when establishing a commitment and must be continuously assessed for impairment in subsequent periods. At year-end 2022, expected credit loss (ECL) was calculated at NOK 60.4 million for the Storebrand Livsforsikring Group. The expected credit loss has not changed significantly when compared with the loss provision under IAS 39. The most important changes in hedge accounting for the Storebrand Livsforsikring Group is that IFRS 9 sets different criteria than IAS 39 for the use of hedge accounting. It is no longer a requirement under IFRS 9 that the hedging arrangement needs to be within a specific interval, and it is now possible to rebalance the hedge under existing hedging arrangements and it is also possible to use multiple hedging instruments for the same hedge item. The transition to IFRS 9 has no accounting effects for existing hedging.

IFRS 17

The Storebrand Livsforsikring Group have implemented IFRS 17 in the consolidated financial statements. The financial statements for Storebrand Livsforsikring AS and SPP Pension & Försäkring AB, the statutory reporting remains unchanged. Storebrand has chosen not to apply the OCI option for contracts measured under IFRS 17. The OCI option involves recognizing impacts of changes in financial assumptions for products measured under GMM or PAA over the other comprehensive income, rather than in the profit and loss.

1.1.1 Scope:
An insurance contract pursuant to IFRS 17 is a contract in which Storebrand accepts significant insurance risk from a policyholder by consenting to pay compensation to the policyholder if an insured event adversely affects the policyholder. Certain investment contracts that have a legal form of an insurance contract, but do not expose the Group to significant insurance risk, are classified as investment contracts under IFRS 9. Unit link for Storebrand and unit link at SPP are not considered to satisfy the definition of an insurance contract pursuant to IFRS 17 due to the insurance risk being considered immaterial. The contracts are therefore recognised in accordance with IFRS 9.

Storebrand uses reinsurance to limit insurance risk. Reinsurance contracts are covered by IFRS 17, but since the reinsurance programme is relatively limited, the new accounting policies have a minor impact on the accounts.

1.2 Accounting policies

1.2.1 Measurement model
IFRS 17 introduces measurement models in which insurance revenue is recognised through profit and loss over time as the entity provides insurance related services. The model is based on the present value of expected future cash flows that are expected to arise when the entity fulfils contracts (FCF), an explicit risk adjustment for non-financial risk (RA) and the unearned profit the entity expects to earn as it provides services, the contractual service margin (CSM).

Insurance contracts are subject to different requirements for measurement models based on whether the insurance contracts are classified as contracts with or without direct participation features, meaning whether the policyholder is expected to receive an amount equal to a substantial share of the returns on the underlying items, the contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items, and the entity expects to pay a substantial proportion of any change in the amounts paid to the policyholder to vary with the change in fair value of the underlying items. Contracts with direct participation features are measured according to the variable fee approach (VFA), and contracts without direct participation features are measured according to the general measurement model (GMM). For short-term contracts with a coverage period up to 12 months, the simplified premium allocation approach (PAA) is applied.

Storebrand determines whether a contract meets the definition of a contract with direct participation features at inception. There is no new classification of the contract unless the contract is modified by amending the contract terms in such a manner that they no longer meet the mentioned conditions. Storebrand issues a number of insurance contracts which are essentially investment-related service contracts, for which the company promises a return on investment based on underlying items. These satisfy the definition of insurance contracts with direct participation features and include a substantial proportion of the Group's guaranteed products. Insurance contracts with direct participation features are measured using the variable fee approach. Other insurance contracts with a short coverage period up to 12 months are measured according to the premium allocation approach. The group disability pensions is measured according to the general measurement model.

Company	Product category	Measurement model
Storebrand Livsforsikring	Group pension, paid-up policy and paid-up policy with investment choice (Private)	Variable fee approach
	Individual endowment and pension insurance	Variable fee approach
	Group pension (Public)	Variable fee approach
	Hybrid pension	Variable fee approach
	Group pension related disability	General measurement model
	Group life and individual life	Premium allocation approach
SPP Pension & Försäkring	Individual pension insurance	Variable fee approach
	Group pension (Private)	Variable fee approach
	Individual pension related	Premium allocation approach

1.2.2 Contracts measured according to variable fee approach and general measurement method.

At initial recognition, the carrying value of the insurance contract liability is measured as the sum of:

1. An explicit, unbiased and probability-weighted estimate of all cash flows within the contract's boundary.
2. An adjustment for the time value of money based on a risk-free discount rate that is adjusted to reflect the liquidity of the cash flows.
3. An explicit risk adjustment for non-financial risk.
4. Contractual service margin which represents the unearned profit the entity will recognise as it provides insurance contract services in accordance with the insurance contracts in the Group.

Storebrand classifies a contract as onerous at initial recognition if the fulfilment cash flows that are allocated to the contracts, plus any cash flows previously recognised upon acquisition or at initial recognition, are expected to be a net outflow. This does not apply to contracts measured at transition based on the fair value.

The contractual service margin is included in the insurance liability for contracts that are not onerous and is systematically recognised in the income statement over the coverage period based on the pattern of transferred insurance contract services. Determining the release pattern is subject to significant use of judgement and is determined by:

- Identifying the coverage units (CU) in the Group based on the quantity of the insurance contract services that are provided under the contracts in the Group and the expected coverage period.
- Allocating the contractual service margin to each coverage unit provided in the current period and expected to be provided in the future.
- Recognising in profit or loss the amount allocated to coverage units provided in the period.

If an insurance contracts' cash flows is negative, Storebrand recognises a loss component (LC) in profit or loss equivalent to the net outflow for the group of onerous contracts. The determination of a loss component entails that the carrying value of the liability for the contract group is equal to the fulfilment cash flows, and that the contract group's contractual service margin is equal to zero after the loss recognition.

Upon subsequent measurement, the carrying value of a group of insurance contracts at the reporting date corresponds to the total sum of the liability for remaining coverage (LRC) and the liability for incurred claims (LIC). Liability for remaining coverage period corresponds to the present value of future fulfilment cash flows that relate to future services and the remaining contractual service margin. The liability for incurred claims includes fulfilment cash flows that relate to incurred claims, including events that have occurred but for which claims have not been reported, and other incurred insurance expenses.

The present value of expected future cash flows is updated at the end of each period based on updated estimates of future cash flows, discount rate and risk adjustment for non-financial risk. The change in fulfilment cash flows is recognised as follows for contracts measured using the variable fee approach:

Changes that relate to future services, such as changes in assumptions relating to long life expectancy, disability and mortality.	Adjusted in relation to contractual service margin
Differences between any investment component expected to become payable in the period and the actual investment component that becomes payable.	Adjusted in relation to contractual service margin
Changes that relate to current or previous services, for example difference between estimated and actual insurance service expenses.	Recognised in profit and loss from insurance services
The entity's share of the effects that result from the time value of money, financial risk and the effect of these on the cash flows.	Adjusted in relation to contractual service margin

In the subsequent measurement, the contractual service margin is only adjusted for changes that apply to future services. This entails that changes in cash flows for future services are recognised as profit or loss as Storebrand provides services. At the end of each reporting period, the contractual service margin represents the profit that is not recognised in the income statement as profit or loss since it relates to future services.

One of the primary differences between the variable fee approach and general measurement model is that when using the variable fee approach, the contractual service margin must be adjusted for the entity's share of any effects resulting from market variables and their effect on the cash flows. The purpose of the adjustment is to reduce mismatch and volatility by recognising Storebrand's share of changes in the value of the underlying items in the contractual service margin.

When applying general measurement model, the entity is not permitted to make such an adjustment. The change in fulfilment cash flows is thereby recognised as follows for contracts measured using general measurement model:

Changes that relate to future services, such as changes in assumptions relating to long life expectancy, disability and mortality.	Adjusted in relation to contractual service margin.
Differences between any investment component expected to become payable in the period and the actual investment component that becomes payable.	Not applicable for Storebrand contracts measured under the general measurement model.
Changes that relate to current or previous services, for example difference between estimated and actual insurance service expenses.	Recognised in profit and loss from insurance services.
Effects that result from time value of money, financial risk and the effect of these on the cash flows.	Recognised as financial insurance income or expenses.

CONSEQUENCES OF TRANSITION TO IFRS 17 IN THE FINANCIAL STATEMENT:

Change from IFRS 4	Net effect on equity upon transition to IFRS 17
The present value of fulfilment cash flows increases in total as a result of a reduction in discounting, since IFRS 17 requires the use of market values.	Reduction
IFRS 17 requires the calculation of a risk adjustment for non-financial risk that increases the present value of FCF.	Reduction
The contractual service margin upon transition is determined using the fair value method.	Reduction
Reclassification of risk equalisation reserve from equity to liability.	Reduction
Under IFRS 4, the value-of-in-force (VIF) that arises in connection with acquisitions is classified as intangible assets and amortized on an ongoing basis. With the introduction of IFRS 17, VIF is included as part of contractual service margin and thus the total intangible assets will be reduced upon the transition to IFRS 17.	Reduction

1.2.3 Contracts measured according to premium allocation approach

The premium allocation approach is an optional, simplified measurement model for insurance and reinsurance contracts with a short coverage period that is a maximum of 12 months, or when the entity reasonably expects that applying the premium allocation approach would produce a measurement of the liability for remaining coverage for the Group that would not differ materially from the one that would be produced applying the general measurement model. The coverage period is defined as the period during which the entity provides insurance contract services, which includes the insurance contract services that apply to all premiums within the limits of the contract. The premium allocation approach measures the liability for the remaining coverage period based on premiums received, rather than the present value of expected future fulfilment cash flows as under variable fee approach and general measurement model. Storebrand applies premium allocation approach to all P&C insurance and risk products in the Norwegian and Swedish markets.

Upon initial recognition of each group of insurance contracts, the carrying value of the liability for the remaining coverage period is measured as the total of premiums received as of the recognition date. Storebrand has chosen to recognise cash flows for the acquisition of insurance costs in the income statement when these are incurred. In the subsequent measurement, the carrying value of the liability for the remaining coverage period is increased by new premiums received and reduced by the share of premiums recognised for services provided. Insurance income for the period is equal to the amount of expected premium payments allocated to the period. The expected premium payments are allocated over each period based on the passage of time unless the expected pattern for release of risk during the coverage period differs significantly from the passage of time. Since Storebrand provides insurance services within one year of receiving the premiums, there will be no need to adjust the liability for the remaining coverage period for the time value of money in accordance with IFRS 17. If, at any time during the coverage period, facts and circumstances indicate that a group of insurance contracts is onerous, Storebrand recognises a loss in the income statement and correspondingly increase the liability for the remaining coverage period.

Storebrand recognises a liability for incurred claims for claims that are incurred as of the reporting date. The cash flows for incurred claims are adjusted for non-financial risk (RA) and discounted using the current discount rate if cash flows are expected to be paid out more than 12 months from the claim date. The premium allocation approach applies correspondingly to reinsurance contracts, with some adjustments which reflect that the reinsurance contracts entail that Storebrand has a net asset and that the risk adjustment is negative.

Change from IFRS 4	Effect on equity upon transition to IFRS 17
The present value of fulfilment cash flows related to claims incurred is discounted if the cash flows are paid more than 12 months from the date of the claim.	Increase
IFRS 17 requires the calculation of risk adjustment for non-financial risk that increases the present value of fulfilment cash flows.	Reduction
IFRS 17 requires adjustment of the income profile/liability for remaining coverage if the expected pattern of release of risk during the coverage period differs significantly from the passage of time.	Increase/decrease

1.2.4 Aggregation level for insurance contracts

Under IFRS 17, insurance contracts are measured at group level. Groups of insurance contracts are determined by identifying portfolios of insurance contracts that include contracts that are subject to similar risk and are managed together. Storebrand identifies groups of insurance contracts by assessing the underlying insurance risk in the contracts and how changes in underlying assumptions influence the contracts. The insurance risks are described in more detail in Note 5. Furthermore, managed together is assessed based on, among other things, how the business areas manage the insurance contracts internally, the levels used when reporting to management and in risk management. Contracts within different product lines, or that are issued by different Group companies, are included in different portfolios of contracts. At initial recognition, contracts within a portfolio are further divided into groups of onerous contracts, groups that have no significant possibility of becoming onerous if any and groups of the remaining contracts in the portfolio.

The standard prohibits the grouping of contracts issued more than one year apart in the same group. This involves requirements for further division into annual cohorts based on the year of issue. In adopting IFRS 17, the EU has introduced an optional exemption from annual cohorts for contracts with direct participation features measured under variable fee approach. This means that portfolios of contracts with direct participation features are grouped solely based on profitability, irrespective of the year of issue. Storebrand has chosen to make use of the EU exemption from annual cohorts.

1.2.5 Cash flows within the boundaries of a contract

When measuring a group of insurance contracts under IFRS 17, all future cash flows within the boundaries of an existing insurance contract are included. Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the entity can compel the policyholder to pay the premiums or in which the entity has a substantive obligation to provide the policyholder with insurance contract services.

Such an obligation to provide insurance contract services ends when:

- Storebrand has the practical ability to reassess the risks of the particular policyholder and, as a result, can set a price or level of benefits that fully reflects those risks; or
- Storebrand has the practical ability to set a price or level of benefits that fully reflects the risk in the portfolio until the date when the risks are reassessed and does not take into account the risks that relate to periods after the reassessment date.

For guaranteed products measured under the variable fee approach, the boundaries of the contract generally include future premiums, as well as the associated fulfilment cash flows. This is because Storebrand is unable to reassess the policyholder's risk and thus cannot set a new price or level of benefits that fully reflects these risks. This applies both to the individual contracts and at portfolio level.

The estimated cash flows for a group of contracts include all ingoing and outgoing payments that are directly related to the fulfilment of insurance contract services. This includes benefits and compensation to policyholders including, but not limited to:

- Premiums and any additional cash flows resulting from these premiums.
- Claims and benefits to or on behalf of a policyholder.
- Costs associated with handling compensation claims.
- Costs associated with handling and maintaining policies.
- Lapse from Storebrand.
- Transaction-based taxes and fees for SPP.
- An allocation of fixed and variable joint expenses that are directly attributable to fulfilling insurance contracts (for example, costs of accounting, HR and IT). Allocation takes place at group level using systematic and rational methods that are applied consistently.

In addition, cash flows arising from expenses relating to the sale, subscription and establishment of a group of insurance contracts will be included in the measurement of an insurance contract. This applies to cash flows that are directly attributable to the portfolio of insurance contracts to which the group belongs.

1.2.6 Risk adjustment

The risk adjustment for non-financial risk (RA) represents the compensation that Storebrand requires for bearing the uncertainty about the amount and timing of cash flows that arise from non-financial risk. The risks covered by the risk adjustment for non-financial risk are insurance risk and other non-financial risks such as:

• Mortality
• Long life expectancy
• Disability/reactivation
• P&C insurance risk
• Expenses
• Catastrophe
• Lapse

The risk adjustment is calculated separately from the estimates of future cash flows and included in the measurement of insurance contracts in an explicit way. This ensures that the estimates of future cash flows do not account for any additional risk adjustment beyond the explicitly calculated risk adjustment. The method used to calculate the risk adjustment for non-financial risks is described in Note 2.

1.2.7 Discount rate

To calculate a present value of future expected cash flows, a discount rate must be defined that reflects the time value of money and the financial risks associated with those cash flows. The discount curve is determined for the first time at the transition date and then updated continuously at each reporting date. Storebrand has chosen to use a bottom-up approach for determining the discount rate, whereby a risk-free yield curve is used that is adjusted for liquidity premium to reflect the liquidity characteristics of insurance contracts. The risk-free yield curve is derived using the Norwegian and Swedish ten year swap rate, and the credit risk adjustment is determined by using EIOPAs credit risk adjustment. After ten years, the yield curve is extrapolated to a forward rate using EIOPAs ultimate forward rate (UFR). An illiquidity premium is added to reflect the assumption that the fulfilment cash flows is illiquid during the period.

1.3 Transition to IFRS 17

According to IFRS 17 a retrospective transition method must be applied for the opening balance sheet. However, a modified retrospective transition method or fair value approach is permitted if retrospective application is impracticable. Storebrand has decided to use the fair value approach at the transition date when transitioning to IFRS 17, since the retrospective transition method is not considered to be practicable. This applies to contracts with a coverage period of more than one year. For contracts with a coverage period of less than one year the full retrospective approach has been applied, as there is concluded that only current and prospective information is required to reflect circumstances at the transition date. Storebrand uses the fair value hierarchy in accordance with IFRS 13, where fair value reflects the market price that well-informed parties would agree on as a fair transaction price. For products for which there is an active transfer market, the transfer value is used as an estimate of fair value. For contracts where there are no active market, Storebrand uses relevant transactions as a reference point to determine the fair value. By using the fair value approach at the transition date of 1 January 2022, the difference between the fair value of a group of contracts and the fulfilment cash flows, with the addition of risk adjustment in accordance with IFRS 17, will form the basis for the contractual service margin. For all contracts measured under the fair value approach, Storebrand has used reasonable and documentable information available at the transition date to make assessments related to the recognition and measurement of the contracts, including:

- Determining the level of aggregation based on portfolios and profitability groups.
- Determining risk adjustment.
- Determining measurement method, including assessment of criteria for the use of premium allocation approach for contracts with a short coverage period and variable fee approach for contracts that satisfy the definition of contracts with direct participation features.
- How to identify discretionary cash flows for insurance contracts without direct participation features.

1.3.1 Changes in equity at transition

The following table shows changes in equity during the transition to IFRS 17. In the transition to IFRS 17, the equity is decreased by approximately 31%. The decrease in equity will mainly be offset by the creation of the contractual service margin. Under IFRS 4, Value-of-in-force (VIF) which arises in connection with acquisitions were classified as intangible assets and are amortized on an ongoing basis. With the introduction of IFRS 17, VIF is included as part of contractual service margin and thus total intangible assets will be reduced by the transition to IFRS 17.

NOK million	Note	
Equity as of 31.12.2021		**26 010**
Implementation of new accounting standards (IFRS 9 and IFRS 17):		
Contractual service margin	1	-11 810
Risk adjustment	2	-4 627
Present value of future cash flows	3	5 461
Risk equalisation fund	4	-547
Deferred aquisition cost swedish business	5	-119
Value of business in force (VIF) acquired insurance business	6	-1 607
IFRS 9 - reclassification from amortised cost to fair value	7	3 363
Deferred tax assets	8	1 809
Equity opening balance as of 1.1.2022		**17 933**

Opening balance

The table below shows a consolidated statement of the financial position in accordance with IFRS 9 and IFRS 17 for the opening balance on 1 January 2022 against the balance in the annual accounts as of 31.12.2021.

NOK million	Note	31.12.21	IFRS 17 and IFRS 9	1.1.22
Assets				
Deferred tax assets	8	1 058	1 809	2 868
Other assets	6	5 038	-1 607	3 431
Financial assets	7	636 072	3 363	639 435
Bank deposit		9 139		9 139
Receivable	5	8 797	-119	8 678
Total assets		**660 104**	**3 446**	**663 550**
Equity and liabilities				
Equity		**26 010**	**-8 077**	17 933
Insurance contract liabilities (excl CSM)	3,4	298 900	-4 914	293 986
Contractual Service Margin (CSM)	1	0	11 810	11 810
Risk Adjustment (RA)	2	0	4 627	4 627
Investment contracts liabilities		309 330		309 330
Reinsurance contracts liabilities		14		14
Financial liabilities		12 862		12 862
Other liabilities		12 987		12 987
Total liabilities		**634 093**	**11 523**	**645 617**
Total equity and liabilities		**660 104**	**3 446**	**663 550**

Deferred tax assets

The increase in deferred tax asset is due to effects on deferred tax as a result of changes in equity when implementing IFRS 9 and 17.

Other assets

Under previous reporting framework, IFRS 4, the value-of-in-force (VIF) that arises in connection with acquisitions was classified as intangible assets and amortized on an ongoing basis. With the introduction of IFRS 17, VIF is included as part of CSM and thus the total intangible assets is reduced.

Financial assets

The increase in financial assets is due to transition to IFRS 9 and is mainly related to an increase in the valuation of debt instruments which is measured at fair value through profit or loss. These instruments were previously measured at amortised cost under IFRS 4.

Receivable

The decrease in receivables is mainly related to reclassification effects where the receivables related to direct operations in the P&C business is reclassified to insurance liabilities. The decrease is related to deferred acquisition cost from the Swedish insurance business, SPP. With the introduction of IFRS 17, deferred acquisition costs is reduced, which impacts both receivables and other liabilities.

Equity

The decrease in equity is explained in the equity reconciliation above.

Insurance liabilities

The insurance liabilities excluding CSM and risk adjustment decrease with the introduction of IFRS 17. The decrease is due to reclassification effects as explained under Receivable, new measurement models and discounting effects. According to IFRS 17, the CSM and risk adjustment is a part of the insurance contract liability and will be presented collectively in the financial statement.

Contractual service margin

The contractual service margin is introduced with the transition to IFRS 17 and represents expected future profits. The contractual service margin is derived at transition from the difference between the fair value of a group of contracts and insurance liabilities including risk adjustment.

Risk adjustment

The risk adjustment is introduced with the transition to IFRS 17 and represents the non-financial risk arising from insurance contracts.

Other liabilities

The decrease is related to deferred acquisition cost from the Swedish insurance business, SPP. With the introduction of IFRS 17, deferred acquisition cost is reduced, which impacts both receivables and other liabilities.

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 2022 annual report in note 2, valuation of financial instruments at fair value is described in note 13 and in the interim financial statements note 10 Solvency II.

A description of the use of significant judgement and accounting estimates related to the new accounting policies introduced by IFRS 17 Insurance contracts and IFRS 9 Financial instruments is provided below.

2.1 Insurance contracts

2.1.1 Definition and classification:

Significance of insurance risk: Storebrand applies judgement to assess the significance of insurance risk. The assessment is performed at initial recognition on a contract-by-contract basis. When classifying contracts under IFRS 17, Storebrand takes into consideration its substantive rights and obligations, irrespective of whether these stem from a contract, a law, or a regulation. Storebrand considers possible elements that have commercial substance when assessing the significance of insurance risk, including events that are extremely unlikely.

Contracts that have a legal form of an insurance contract are considered to have insignificant insurance risk if the additional amounts paid upon the occurrence of an insured event make up 5% or less of the amount payable to the policyholder in all other circumstances. Contracts that fall marginally above or below this threshold are subject to closer assessment from a specialized unit to insure consistency across all group companies. The application of judgement in this area excludes unit-link contracts with investment choice in Storebrand and SPP from the scope of IFRS 17.

Investment component: Storebrand considers all the contractual terms to determine whether an investment component exists. The amount an insurance contract requires the group to repay to a policyholder in all circumstances, regardless of whether an insured event occurs, are classified as non-distinct investment components. For collective group insurance contracts with mutualization features, amounts repayable to "a policyholder" include amounts the group is required to repay to any current or future policyholder within the collective group of policyholders.

All contracts measured under the variable fee approach feature investment components that the group is required to repay to current or future policyholders under all possible circumstances. Payouts that relate to such amounts are not part of the insurance service expenses. The effect of any deviation or changes in the expected pattern or timing of such repayments adjusts the CSM.

2.1.2 The methods and assumptions used to measure insurance contracts:

Storebrand uses a combination of deterministic and stochastic projection methods to estimate the future cash flows for a group of insurance contracts. The estimates of future cash flows reflect the Group's best estimates given current conditions at the reporting date and take into account any relevant market variables in accordance with observable market data.

Expenses: The estimated future expenses that are directly attributed to the fulfilment of existing insurance contracts are taken into account. The expenses are estimated according to the Group’s own cost analyses and are based on the current level of operating costs during the most recent periods combined with assumptions about future inflationary trends and wage developments that reflect the management's best estimate. Only immediate cost-rationalization measures are taken into account when estimating future expenses.
The cash flows within the contract boundary include an allocation of fixed and variable overhead costs directly attributable to the fulfilment of insurance contracts. To reflect such overhead costs, Storebrand uses systematic and rational allocation methods that reflect the products driving the costs. The allocation method is applied consistently for cost categories that share similar characteristics.

Biometric assumptions: Contracts measured under the general measurement model and the variable fee approach expose Storebrand to biometric risks such as longevity, mortality and disability. This means that a key source of estimation uncertainty when measuring the fulfilment cash flows for non-PAA contracts is related to assumptions and estimates concerning biometric variables.

Storebrand applies widely recognized actuarial models to make best estimate assumptions related to biometric variables. When estimating biometric variables, the Group incorporates measures to reflect recent historical data and the characteristics of the underlying populations, including gender, age, disability and other relevant policyholder data. The best estimate assumptions used under IFRS 17 are consistent with those applied under Solvency II.

Adverse development in biometric risks may result in a reduction in the insurance service result or the contractual service margin. However, due to mutualisation, Storebrand's exposure to biometric risk is often limited by existing buffers.

Lapse rates: Lapse rates are determined using statistical measures based on the Group's own experience and vary by product category and external market conditions. For large parts of the guaranteed pension segment, the lapse rate is assumed to be close to zero percent. This is due to an inactive market for group and individual defined benefit plans in a low interest rate environment in recent years. Changes in the expected lapse rates affects mainly the contractual service margin.

Investment returns: Storebrand applies a stochastic modelling technique to project asset returns for all contracts measured under the variable fee approach or the general measurement model. Using this model, the Group generates a range of potential economic scenarios based on a probability distribution that reflects the investment strategy and other relevant market variables. The random variations are therefore based on the volatility of asset portfolios backing a specific category of insurance contracts.

Applying IFRS 17 standard, the expected return on assets equals on average the discount rate applied in the measurement of the fulfilment cash flows.

Discount rates: The discount rate is determined as the risk-free rate, plus an illiquidity premium to reflect the liquidity characteristics of the insurance contracts. The key sources of estimation uncertainty relate to determining the yield curve beyond the observable data points at which interest rate swaps in Norway and Sweden are traded, and adjusting for any inherent credit risk in the underlying reference rates. Storebrand addresses this uncertainty by using well established methodologies set out by EIOPA to determine the ultimate forward rate and credit risk adjustment. The methodology used is described in Note 1. This method maximizes the use of observable market variables and ensures that the estimates reflect the current market conditions and other reasonably available information. Other sources of estimation uncertainty relate to the estimation of the liquidity characteristics of the insurance contracts and the underlying financial instruments.

The yield curves that were applied for discounting the estimated future cash flows are listed below:

Q2 2023	1 year	5 years	10 years	15 years	20 years
NOK	5.11 %	4.34%	3.96%	3.82 %	3.75 %
SEK	4.11%	3.25 %	2.92 %	3.02%	3.12%

Risk adjustment for non-financial risk: The risk adjustment is calculated based on cost of capital. The basis for the calculation is the capital charge under Solvency II standard model for the relevant risks for the entire coverage period and a cost of capital of 6 percent p.a., discounted by the discount rate. This shares similarities with the risk margin under Solvency II, but with some adjustments which primarily are the exclusion of operational risk and counterparty risk.

The corresponding confidence level is based on the distribution of the one-year value at risk for the solvency capital due to losses from the included risks. The risk calibration is based on the partial internal model, including a simplified approach for non-life risks which are outside of scope for the partial internal model. The confidence level is >95 percent.

The main source of uncertainty when determining the risk adjustment for non-financial risk is related to the non-financial risk factors listed in note 5 Insurance risks.

Amortization of the contractual service margin: Storebrand applies judgement to identify the quantity of benefits provided in a group of insurance contracts and allocate the contractual service margin based on coverage units. The coverage units are determined based on the expected duration linked to the group of insurance contracts, this is applied consistently over time and across contracts that share similar characteristics:

Contracts with direct participation (VFA): Storebrand Livsforsikring uses the policyholder's reserves as a basis for determining the level of benefits provided when calculating the coverage unit per group of insurance contracts measured under the variable fee approach. For SPP, policyholder funds, including the deferred capital contribution (DCC), are used as a basis for the assessment of coverage unit. This insures a relatively stable amortization and serves as a scaling factor for variable fee approach contracts providing both insurance coverage and investment-related services. Non-participating contracts (GMM): For group disability insurance in Norway, Storebrand uses insurance premiums as a basis to determine the quantity of benefits during the first coverage year (accumulation phase), as opposed to the policyholder reserves during the pay-out phase. At the end of each reporting period, the total coverage units are reassessed to reflect the expected pattern of service, contract cancellations and lapse when applicable. Storebrand provides no investment-return services under the group disability insurance, as the contract does not feature any investment components.

For contracts measured under the variable fee approach, Storebrand makes further adjustments to the coverage units to ensure that the contractual service margin release reflects the insurance services provided in the reporting period. These adjustments are made to account for the fact that the expected financial return on average exceeds the discount rate used to project future assets under IFRS 17. This creates a state in which the contractual service margin release must be adjusted to avoid an artificial delay in the recognition of such excess earnings for variable fee approach contracts. The contractual service margin is discounted using the discount rates provided above.

Note 3 Acquisitions

A final purchase price allocation (PPA) analysis has been completed within the measurement period of 12 months in accordance with IFRS 3. The final PPA of Danica Pensjonsforsikring is shown in the table below.

NOK mill.	Book values in the company Book values	Excess value upon acquistion	Book values
Assets			
- Distribution		106	106
- Customer relationships		809	809
- IT systems	21	-21	
Total intangible assets	21	894	915
Financial assets	**28,479**		**28,479**
Other assets	309		309
Bank deposits	362		362
Total assets	**29,170**	**894**	**30,064**
Liabilities			
Insurance liabilities	27,724	68	27,792
Current liabilities	282	18	300
Deferred tax	24	202	226
Net identifiable assets and liabilities	**1,140**	**606**	**1,746**
Goodwill			302
Fair value at acquisition date			**2,048**
Cash payment			**2,048**

Storebrand Livsforsikring Group

Note 4 Profit by segments

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

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

Insurance
The insurance segment provides 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 savings 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 the company portfolios of Storebrand Livsforsikring and SPP are reported in the Other segment.

Reconciliation between the income statement and alternative income statement (segment)

The alternative income statement is based on the statutory accounts of the legal entities in the Group, adjusted for intercompany transactions. The statutory accounts in the legal entities is primarily similar to IFRS with the exception of IFRS 17 for Storebrand Livsforsikring AS and SPP Pension & Försäkring AB where the local GAAP is more aligned with the historical IFRS 4 reporting. Since the alternative income statement is based on the statutory accounts of the legal entities, the group adjustments related to amortisation and tax effects on acquired business is not included in the alternative income statement. The results in the segments are reconciled against the statutory income statement of each legal entity in the Group.

Due to the fundamental differences between the alternative income statement and IFRS 17, it is not possible to reconcile the numbers for most IFRS 17 products since the underlying drivers for the profit and loss recognition is based on different principles. Storebrand has communicated that it will continue to report its alternative income statement post IFRS 17, as this cash-equivalent reporting provides useful information about the value creation in the business.

Fee and administration income
Storebrand Livsforsikring charges a fee for interest rate guarantee and profit risk. The interest rate guarantees in group pension insurance with a interest guarantee must be priced upfront. The level of the interest rate guarantee, the size of the buffer capital (additional statutory reserves and market value adjustment reserve), and the investment risk of the portfolio in which the pensions assets are invested determine the fee that the customer pays for the interest rate guarantee.
There are also fee's for asset management and other administration fees for both savings and guaranteed products.

The **insurance result** consists of insurance premiums and claims

Insurance premiums consist of premium income related to risk products (insurance segment) that are classified as insurance income in the statutory financial income statements.

Claims consist of paid-out claims and changes in provisions for claims incurred but not reported (IBNR) and claims reported but not settled (RBNS) relating to risk products that are classified as insurance expenses in the statutory income statements.

Operating costs consist of the Group's operating costs excluding operating costs allocated to traditional individual products with profit sharing. Operating costs are classified as operating expenses and insurance expenses in the statutory income statement.

Financial items and risk result life and pensions include risk result life and pensions and financial result includes net profit sharing and Loan Losses.

Risk result life and pensions consists of the difference between risk premium and claims for products relating to defined-contribution pension, unit linked insurance contracts (savings segment) and defined-benefit pension (guaranteed pension segment). Risk premium is classified as insurance income in the statutory income statements.
The financial result consists of the return for the company portfolios of Storebrand Livsforsikring AS and SPP Pension & Försäkring AB (Other segment), while returns for the other company portfolios in the Group are a financial result within the segment which the business is associated with. Return on company portfolios are classified as net income on financial and property investment in the statutory income statements. The net income financial and property investment in the statutory income statements also includes return on customer assets, both guaranteed and non guaranteed.

Net profit sharing

Storebrand Livsforsikring AS

A modified profit-sharing regime was introduced for old and new individual contracts that have left group pension insurance policies (paid-up policies), which allows the company to retain up to 20 per cent of the profit from returns after any allocations to additional statutory reserves. The modified profit-sharing model means that any negative risk result can be deducted from the customers' interest profit before sharing, if it is not covered by the risk equalisation fund. Individual endowment insurance and pensions written by the Group prior to 1 January 2008 will continue to apply the profit rules effective prior to 2008. New contracts may not be established in this portfolio. The Group can retain up to 35 per cent of the total result after allocations to additional statutory reserves. Any negative returns on customer portfolios and returns lower than the interest guarantee that cannot be covered by additional statutory reserves/buffer reserves must be covered by the company's equity and will be included in the net profit-sharing and losses line.

SPP Pension & Försäkring AB

For premiums paid from and including 2016, previous profit sharing is replaced by a guarantee fee for premium-determined insurance (IF portfolio). The guarantee fee is annual and is calculated as 0.2 per cent of the capital. This goes to the company. For contributions agreed to prior to 2016, the profit sharing is maintained, i.e. that if the total return on assets in one calendar year for a premium-determined insurance (IF portfolio) exceeds the guaranteed interest, profit sharing will be triggered. When profit sharing is triggered, 90 per cent of the total return on assets passes to the policyholder and 10 per cent to the company. The company's share of the total return on assets is included in the financial result. In the case of defined-benefit insurance (KF portfolio), the company is entitled to charge an indexing fee if the group profit allows the indexing of the insurance. Indexing is allowed up to a maximum equalling the change in the consumer price index (CPI) between the previous two Septembers. Pensions that are paid out are indexed if the ratio between assets and guaranteed insurance liabilities in the portfolio as at 30 September exceeds 107 per cent, and half of the fee is charged. The entire fee will be charged if the ratio between assets and guaranteed insurance liabilities in the portfolio as at 30 September exceeds 120 per cent, in which case paid-up policies can also be included. The total fee equals 0.8 per cent of the insurance capital. The guaranteed liability is continuously monitored. If the guaranteed liability is higher than the value of the assets, a provision must be made in the form of a deferred capital contribution. If the assets are lower than the guaranteed liability when the insurance payments start, the company supplies capital up to the guaranteed liability in the form of a realised capital contribution. Changes in the deferred capital contribution are included in the financial result.

Loan losses: Loan losses consist of individual and group write-downs on lending activities that are on the balance sheet of Storebrand Bank Group. In the Group's income statement, the item is classified under loan losses. With regard to loan losses that are on the balance sheet of the Storebrand Livsforsikring Group, these will not be included on this line in either the alternative income statement or in the Group's income statement, but in the Group's income statement will be included in the item, net income on financial and property investment in the statutory income statements.

.

Storebrand Livsforsikring Group

Profit by segments

	Q2		01.01 - 30.06		Full year
NOK million	2023	2022	2023	2022	2022
Savings	156	162	357	373	705
Insurance	112	97	160	178	430
Guaranteed pension	293	254	578	485	903
Other	79	-232	173	-296	-315
Profit before amortisation	**640**	**281**	**1,268**	**740**	**1,723**
Amortisation intangible assets	-44	-27	-93	-53	-151
Profit before tax	**596**	**255**	**1,175**	**687**	**1,572**

Segment information Q2

	Savings		Insurance		Guaranteed pension	
NOK million	2023	2022	2023	2022	2023	2022
Fee and administration income	538	460			387	395
Insurance result			231	208		
- Insurance premiums for own account			995	803		
- Claims for own account			-764	-595		
Operational cost	-375	-292	-136	-114	-216	-206
Cash equivalent earnings from operations	**164**	**169**	**95**	**94**	**171**	**189**
Financial items and risk result life & pension	-8	-7	16	4	69	54
Net profit sharing					53	11
Cash equivalent earnings before amortisation	**156**	**162**	**112**	**97**	**293**	**254**

Storebrand Livsforsikring Group

NOK million	Other 2023	Other 2022	Storebrand Livsforsikring group 2023	Storebrand Livsforsikring group 2022
Fee and administration income			926	856
Insurance result			231	208
- Insurance premiums for own account			995	803
- Claims for own account			-764	-595
Operational cost	-28	-14	-754	-625
Cash equivalent earnings from operations	**-28**	**-14**	**402**	**438**
Financial items and risk result life & pension	107	-218	237	-157
Cash equivalent earnings before amortisation	**79**	**-232**	**640**	**281**
Amortisation of intangible assets			-44	-27
Cash equivalent earnings before tax	**79**	**-232**	**596**	**255**
Tax			275	15
Cash equivalent earnings after tax			**872**	**270**

Segment information as at 30.06

NOK million	Savings 2023	Savings 2022	Insurance 2023	Insurance 2022	Guaranteed pension 2023	Guaranteed pension 2022
Fee and administration income	1,098	967			765	786
Insurance result			425	392		
- Insurance premiums for own account			1,965	1,573		
- Claims for own account			-1,540	-1,181		
Operational cost	-731	-585	-287	-222	-408	-409
Cash equivalent earnings from operations	**366**	**382**	**138**	**170**	**357**	**377**
Financial items and risk result life & pension	-10	-9	22	9	149	135
Net profit sharing					72	-28
Cash equivalent earnings before amortisation	**357**	**373**	**160**	**178**	**578**	**485**

Storebrand Livsforsikring Group

NOK million	Other 2023	Other 2022	Storebrand Livsforsikring group 2023	Storebrand Livsforsikring group 2022
Fee and administration income			1,863	1,753
Insurance result			425	392
- Insurance premiums for own account			1,965	1,573
- Claims for own account			-1,540	-1,181
Operational cost	-56	-26	-1,482	-1,243
Cash equivalent earnings from operations	**-56**	**-26**	**805**	**902**
Financial items and risk result life & pension	229	-270	463	-162
Cash equivalent earnings before amortisation	**173**	**-296**	**1,268**	**740**
Amortisation of intangible assets			-93	-53
Cash equivalent earnings before tax			**1,175**	**687**
Tax			385	438
Cash equivalent earnings after tax			**1,559**	**1,125**

Note 5 Financial market risk and insurance risk

Risks are described in the annual report for 2022 in note 8 (Financial market risk), note 9 (Liquidity risk), note 10 (Credit risk), note 11 (Concentrations of risk) and note 12 (Climate risk).

The group accounts for Storebrand Livsforsikring are prepared in accordance with IFRS. From 2023, new accounting standards for financial instruments (IFRS 9) and insurance contracts (IFRS 17) applies. The corporate account for Storebrand Livsforsikring AS (Storebrand Livsforsikring) continue to be prepared in accordance with Norwegian GAAP, consistent with the customer accounts. The statutory accounts for SPP Pension & Försäkring AB (SPP) continues to be prepared in accordance with Swedish GAAP.

The risk management of the investments is still aimed at controlling the risk based on the customer accounts and GAAP corporate account for Storebrand Livsforsikring and SPP. The description of financial market risk below, mainly reflect the risk measured by these principles.

The new IFRS-standards change the dynamics of the reported group results. The effect of changes in financial market for the IFRS result is reported below under Sensitivities.

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 are interest rate risk, equity market risk, property price risk, credit risk and currency exchange rate risk.

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 insurance) and customer portfolios with a guarantee.

The market risk in the company portfolios has a direct impact on the profit. Storebrand aims to take low financial risk for the company portfolios, and most of the funds are invested in short and medium-term fixed income securities with low credit risk.

Storebrand Livsforsikring Group

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

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

During the first half of 2023, high inflation, together with Russia’s invasion of Ukraine, continued to impact the economic news flow. Economic activity has held up better than expected. Inflation has fallen slightly from elevated levels, particularly due to falling energy prices, but the underlying price and wage-pressure is still high. Central banks have continued to rise interest rates to combat inflation. During the first half of 2023, Norges Bank raised the interest rate by 100bp to 3,75 percent and the Sveriges Riksbank raised the interest rate by 125bp to 3,75 percent. Both banks signal further increases later in 2023.

The equity market was positive in the first half of 2023. Global equities rose 15 percent and Norwegian equities rose 2 percent. The credit market was temporarily negatively affected by the closure of two regional banks in the US and the forced merger of Credit Suisse with UBS, but credit spreads generally have fallen slightly during the first half of the year.

Short-term interest rates continued to increase in the first half of 2023, in line with increased policy-rates from the central banks. Long-term interest rates were volatile during the first half of the year, as the market aims to balance the need for combating inflation against the risk of a weaker economy. The Norwegian 10-year swap-rate rose 0.5 pp to 3.8 percent. The Swedish 10-year swap-rate fell 0.1 pp to 3.0 percent.

For the customer accounts and the corporate accounts for Storebrand Livsforsikring AS, most of the interest rate investments in the Norwegian guaranteed customer portfolios are valued 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 SPP, both investments and liabilities are valued at fair value. Since SPP has a similar interest rate sensitivity on assets and liabilities, changes in interest rates have a quite limited net effect on SPP's financial result under Swedish GAAP.

For the group accounts for Storebrand Livsforsikring AS and Storebrand ASA, all interest rate investments are valued at fair value. The value of these investments is negatively affected by rising interest rates and positively affected by falling interest rates. For the group accounts, the value of the insurance liabilities is also interest rate sensitive with value moving in the opposite direction of the investments. This dampens the risk, but net the risk is falling interest rates.

The Norwegian krone weakened 6 percent against the Swedish krone, 11 percent against the euro and 10 percent against the US dollar in the first half of 2023. 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.

There is an elevated risk associated with the valuation of financial instruments. There is thus greater uncertainty than normal related to pricing of financial instruments that are priced based on models, and it must be assumed that, when concerning illiquid assets, there is a difference between the estimated value and the price achieved when sold in the market. Valuations related to investment properties are considered to have particularly increased uncertainty because of macroeconomic developments, and the total transaction volume for investment properties was significantly lower in 2022 and in the first half of 2023 when compared to 2021. Furthermore, the valuation of investment properties is sensitive to changes in input factors such as inflation and interest rates. There is a wide spectrum of possible outcomes for these input factors and thus for the modelled valuations. The values therefore reflect management’s best estimate, however, contain greater uncertainty than what would be the case in a normal year.

The market-based return for guaranteed customer portfolios in Norway in general was positive in the first half of 2023. The booked return was also positive but was lower than accrued interest rate guarantee for some of the portfolios. Based on expected investment returns for the rest of the year and the possibility of utilising customer buffers, the effect on the financial result was limited.

The return for guaranteed customer portfolios in Sweden was positive and higher than the change in the value of the liabilities. The effect on the financial result was limited.

The return for the unit linked portfolios was generally positive in the first half of 2023 due to positive equity markets.

During the first quarter, the investment allocation towards equities was increased for the guaranteed customer portfolios in Norway. Other than that, investment allocation has not been materially changed during the first half of 2023.

Sensitivity analyses for the group IFRS result

The sensitivities show the effect for the IFRS result from changes in financial market variables. The effect is disclosed for Fulfillment cash-flows and Contractual Service Margin (CSM) or Loss component (LC).

Changes in Fulfillment cash-flows does not affect the result directly but impact the result through changes in CSM or LC. The CSM is transformed to result as the contractual service is performed. A lower CSM will correspond to a proportionate fall in future results. The CSM can't be negative, so further falls will lead to a LC with an immediate negative result effect. Similarly, an increase in LC will correspond to an immediate negative result effect.

For SPP the effect on CSM from interest rate movements should be limited as the interest rate sensitivity on the asset side closely matches the liability side. The interest rate hedge is however constructed to minimize volatility in the financial result according to Swedish GAAP and there could hence be some volatility in CSM due to the differences between the two accounting standards (IFRS and Swedish GAAP).

Part of SPP's investment strategy is to take investments risk via investments in credits, equities and real assets and the financial result is hence affected by movements in these type of assets. The asset allocation is however individualized, and the investment risk is adjusted according to the risk capacity on the different policies.

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.

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 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. The compensation for the Norwegian products group life and workmen's compensation is defined based upon the base amount (grunnbeløpet i folketrygden) at time of payment. The size of future payments will be estimated based upon assumed value of the future base amount and inflation. However, the current insurance reserves represent Storebrand's best estimate of the insurance liabilities.

Storebrand Livsforsikring AS acquired Danica Pensjonsforsikring Norge AS in 2022 and renamed the company to Storebrand Danica Pensjonsforsikring AS. The companies merged on the 2 January 2023. The insurance risk from Storebrand Danica Pensjonsforsikring is mainly related to disability risk. Other insurance risk was not materially changed during the first half of 2023.

Sensitivities
The following sensitivities are calculated:

Financial sensitivities:
- Interest rates up 50bp: The interest rate curve is parallel shifted up 50 basis points for the first 10 years, which constitutes the liquid part of the curve. After 10 years the curve is extrapolated towards the long-run ultimate forward rate (UFR).
- Interest rates down 50bp: The interest rate curve is parallel shifted down 50 basis points for the first 10 years, which constitutes the liquid part of the curve. After 10 years the curve is extrapolated towards the long-run ultimate forward rate (UFR).
- Equity -25%: The value of all equities is reduced by 25 %.
- Spread +50bp: The credit spreads are increased by 50 basis points. The liquidity premium of the discount curve is increased by 15 basis points.
- Reals estate -10 %: The value of all real estate is reduced by 10 %.

Non-financial sensitivities:
- Expenses +5 %: All administration and overhead expenses are increased by 5 % for all the years of the projection.
- Disability +5 %, reactivation -5 %: Best estimate for disability is increased by 5 % for all the years of the projection, while the reactivation is reduced by 5 %.
- Mortality -5 %: The level of the best estimate for mortality is reduced by 5 %, reducing the mortality intensity for all the years of the projection. The trend is kept unchanged.

The insurance risk and financial market risk affect the CSM volatility and consequently the profit and loss. The sensitivities indicate the uncertainty of the mentioned risks. Storebrand's products hold different insurance- and financial market risk, but the sensitivity calculation is based on the same sensitivities for each product as it is assumed that any changes in assumptions are distributed evenly between the products. The sensitivities are calculated separately for SPP and SBL.
The sensitivities are chosen based on the assumption that they are expected to have the highest impact on the results.
- Non-financial: Expenses, mortality, disability, and reactivation
- Financial: Risk free interest rate curve up and down, real estate, credit spread and equity

The table presents the CSM impact per 30.06.2023 for the mentioned sensitivities.
The sensitivity calculations indicate that the financial market risks have the largest impact on CSM. A fall in the equity, real estate and interest rates reduce the CSM as it reduces the probability of achieving returns according to the guarantee. In addition, Storebrand's revenue decreases in line with the lower market value of the portfolio. CSM is also impacted negatively with the increase of credit spreads. Changes in non-financial factors gives a lower impact on the CSM.

NOK million	CSM as at end of period	Impact on CSM
	10 634	
Equity down		-2 411
Property down		-1 320
Interest rate up		622
Interest rate down		-1 256
Spread up		-1 320
Mortality down		-298
Disability up		-10
Expenses up		-281

Storebrand Livsforsikring Group

Note 6 Liquidity risk

Specification of subordinated loans

NOK million	Nominal value	Currency	Interest rate	Call date	Book value 30.06.23	Book value 30.06.22	Book value 31.12.22
Issuer							
Perpetual subordinated loans [1]							
Storebrand Livsforsikring AS	1,100	NOK	Variable	2024	1,101	1,100	1,101
Storebrand Livsforsikring AS [3]	900	SEK	Variable	2026	896	870	856
Dated subordinated loans							
Storebrand Livsforsikring AS [2,3]	899	SEK	Variable	2022		869	
Storebrand Livsforsikring AS [3]	900	SEK	Variable	2025	892	867	851
Storebrand Livsforsikring AS [3]	1,000	SEK	Variable	2024	994	965	947
Storebrand Livsforsikring AS	500	NOK	Variable	2025	500	500	500
Storebrand Livsforsikring AS [5]	650	NOK	Variable	2027	652	652	651
Storebrand Livsforsikring AS [3,5]	750	NOK	Fixed	2027	770		773
Storebrand Livsforsikring AS [5]	1,250	NOK	Variable	2027	1,258		1,261
Storebrand Livsforsikring AS [3,4]	38	EUR	Fixed	2023		2,639	421
Storebrand Livsforsikring AS [3,5]	300	EUR	Fixed	2031	2,772	2,552	2,397
Total subordinated loans and hybrid capital					**9,834**	**11,015**	**9,757**

[1] Regarding perpetual subordinated loans, the cash flow has been calculated until the first call.

[2] The loan has been repaid in November 2022

[3] The loans are subject to hedge accounting.

[4] The loan has been repaid in April 2023

[5] Green bonds

Note 7 Valuation of financial instruments and investment properties

The Group categorises financial instruments valued at fair value on three different levels. Criteria for the categorisation and processes associated with valuing are described in more detail in note 13 in the annual report for 2022.

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

Fair value of financial assets and liabilities at amortised cost

NOK million	Fair value 30.06.23	Fair value 31.12.22	Book value 30.06.23	Book value 31.12.22
Subordinated loan capital	9,876	9,714	9,834	9,757

Storebrand Livsforsikring Group

Valuation of financial instruments at fair value OCI

NOK million	Level 1 Quoted prices	Level 2 Observable assumptions	Level 3 Non-observable assumptions	Total 30.06.2023	Total 31.12.2022
Bonds and other fixed income securities					
- Government bonds		1,783		1,783	1,863
- Corporate bonds		4,108		4,108	4,567
- Structured notes		464		464	479
Total bonds and other fixed income securities 30.06.2023		**6,355**		**6,355**	
Total bonds and other fixed income securities 31.12.2022		**6,909**			**6,909**

Storebrand Livsforsikring Group

Valuation of financial instruments and properties at fair value

NOK million	Level 1 Quoted prices	Level 2 Observable assumptions	Level 3 Non-observable assumptions	30.06.23	31.12.22
Assets					
Equities and fund units					
- Equities	40,224	8,300	114	48,638	47,645
- Fund units		249,900	21,122	271,022	222,571
Total equities and fund units 30.06.2023	**40,224**	**258,201**	**21,236**	**319,660**	
Total equities and fund units 31.12.2022	**30,690**	**221,065**	**18,461**		**270,217**
Total loans to customers					
- Loans to customers - corporate			10,997	10,997	11,534
- Loans to customers - private			16,214	16,214	16,850
Bonds and other fixed income securities					
- Government bonds	25,369	31,707		57,076	54,222
- Corporate bonds		102,607	8	102,614	105,635
- Structured notes		13,131		13,131	14,292
- Collateralised securities		3,063		3,063	2,887
- Bond funds		62,719	14,859	77,579	77,745
Total bonds and other fixed income securities 30.06.2023	**25,369**	**213,227**	**14,867**	**253,463**	
Total bonds and other fixed income securities 31.12.2022	**16,824**	**224,138**	**13,818**		**254,780**
Derivatives:					
- Equity derivatives					
- Interest derivatives	7,742	-8,619		-878	-665
- Currency derivatives		-836		-836	2,393
Total derivatives 30.06.2023	**7,742**	**-9,456**		**-1,714**	
- derivatives with a positive market value	7,742	4,821		12,563	14,289
- derivatives with a negative market value		-14,277		-14,277	-12,561
Total derivatives 31.12.2022	**7,761**	**-6,111**			**1,728**
Properties:					
- investment properties			34,085	34,085	33,481
- Owner-occupied properties			1,731	1,731	1,689
Total properties 30.06.2023			**35,817**	**35,817**	

Movement level 3

NOK million	Equities	Fund units	Loans to customers	Corporate bonds	Bond funds	Investment properties	Owner-occupied properties
Book value 01.01	**356**	**17,666**	**6,757**	**8**	**13,810**	**33,482**	**1,689**
Policy change IFRS 9			20,178				
Net profit/loss	-40	3,117	27		478	-244	-38
Supply/disposal	-201	569			871	265	38
Sales/overdue/settlement		-406	-77		-874		-1
To quoted prices and observable assumptions							
Currency translation differences		164	326		574	599	46
Other		12				-16	-2
Book value 30.06.2023	**114**	**21,122**	**27,211**	**8**	**14,859**	**34,085**	**1,731**

Sensitivity assessments

Sensitivity assessments of investments on level 3 are described in note 13 in the 2022 annual report. There is no significant change in sensitivity in this quarter.

Note 8 IFRS 17

Insurance revenue and expenses

NOK million	Guaranteed pension: Guaranteed products - Norway	Guaranteed pension: Guaranteed products - Sweden	Guaranteed pension: Pension related disability insurance - Norway	Insurance: P&C and Individual Life	Insurance: Group Life and Disability Insurance	30.06.23 Total	30.06.22	31.12.22
Contracts measured under VFA and GMM								
Amounts relating to changes in LRC								
Expected incurred claims and other insurance service expenses								
Expected incurred claims			289			289	218	482
Expected incurred expenses	257	101	55			413	376	773
Change in the risk adjustment for non-financial risk for risk expired	92	50	28			170	179	344
CSM recognised in P&L for services provided	556	232	191			979	1,035	2,056
Other								
Recovery of insurance acquisition cash flows	1	2	3			6	2	7
Insurance revenue from contracts measured under VFA and GMM	**906**	**385**	**566**			**1,857**	**1,810**	**3,662**
Insurance revenue from contracts measured under the PAA				555	653	1,208	973	2,164
Total insurance revenue	**906**	**385**	**566**	**555**	**653**	**3,065**	**2,784**	**5,826**
Incurred claims and other directly attributable expenses								
Incurred claims	-1		-271	-302	-544	-1,118	-1,010	-1,904
Incurred expenses	-294	-106	-48	-97	-89	-634	-563	-1,213
Changes that relate to past service - Adjustment to the LIC				-78	-36	-114	123	-97
Losses on onerous contracts and reversal on those losses	283	-6	-294		-9	-26	-74	-467
Insurance acquisition cash flows amortisation	-1	-2	-3			-6	-2	-7
Total insurance service expenses	**-12**	**-114**	**-616**	**-477**	**-678**	**-1,897**	**-1,527**	**-3,687**
Net income (expenses) from reinsurance contracts held		-8		-40	-6	-55	-13	-34
Total insurance service result	**894**	**263**	**-51**	**38**	**-31**	**1,113**	**1,244**	**2,104**

Composition of the balance sheet

NOK million	Guaranteed pension				Insurance			Total
	Guaranteed products - Norway	Guaranteed products - Sweden	Pension related disability insurance - Norway	Total Guaranteed pension	P&C and Individual Life	Group Life and Disability Insurance	Total Insurance	
30.06.23								
Insurance contract assets								
Insurance contract liabilities	206,310	82,979	8,231	297,519	2,674	3,696	6,371	**303,890**
Reinsurance contract assets	1			1	174	7	181	**182**
Reinsurance contract liabilities		3		3	-4	3	-1	**2**
30.06.22								
Insurance contract assets								
Insurance contract liabilities	209,944	81,041	6,616	297,601	2,000	3,608	5,608	**303,210**
Reinsurance contract assets	-1			-1		33	33	**32**
Reinsurance contract liabilities		9		9				**9**
31.12.22								
Insurance contract assets								
Insurance contract liabilities	209,311	79,168	7,692	296,171	2,646	3,350	5,996	**302,167**
Reinsurance contract assets					292	9	301	**301**
Reinsurance contract liabilities		4		4	34		34	**38**

Storebrand Livsforsikring Group

Reconciliation of the liability for remaining coverage (LRC) and the liability for incurred claims (LIC)

	30.06.23			
	LRC			
NOK million	Excluding loss component	Loss component	LIC	Total
Opening insurance contract liabilities	295,234	937		296,171
Opening insurance contract assets				
Net opening balance	**295,234**	**937**		**296,171**
Insurance revenue	-1,857			-1,857
Insurance service expenses				
Incurred claims and other directly attributable expenses		-5	726	721
Adjustment to liabilities for incurred claims				
Losses on onerous contracts and reversal of those losses		17		17
Insurance acquisition cash flows amortisation	6			6
Insurance service expenses	**6**	**12**	**726**	**743**
Insurance service result	**-1,851**	**12**	**726**	**-1,114**
Finance expenses from insurance contracts issued recognised in profit or loss	2,117	-4		2,113
Finance expenses from insurance contracts issued recognised in OCI				
Finance expenses from insurance contracts issued	**2,117**	**-4**		**2,113**
Total amounts recognised in comprehensive income	**266**	**8**	**726**	**999**
Investment components	-8,057	-7	8,064	
Other changes	39			39
Effect of changes in foreign exchange rates	*3,888*			
Cash flows				
Premiums recieved	5,839			5,839
Claims and other directly attributable expenses paid	-601		-8,790	-9,391
Insurance acquisition cash flows	-26			-26
Total cash flows	**5,212**		**-8,790**	**-3,578**
Net closing balance	**296,582**	**938**		**297,519**
Closing insurance contract liabilities	296,582	938		297,519
Closing insurance contract assets				
Net closing balance	**296,582**	**938**		**297,519**

Storebrand Livsforsikring Group

NOK million	30.06.22 LRC Excluding loss component	Loss component	LIC	Total
Opening insurance contract liabilities	327,380	480		327,860
Opening insurance contract assets				
Net opening balance	**327,380**	**480**		**327,860**
Insurance revenue	-1,810			-1,810
Insurance service expenses				
Incurred claims and other directly attributable expenses			640	640
Adjustment to liabilities for incurred claims				
Losses on onerous contracts and reversal of those losses		60		60
Insurance acquisition cash flows amortisation	2			2
Insurance service expenses	**2**	**60**	**640**	**702**
Insurance service result	**-1,808**	**60**	**640**	**-1,108**
Finance expenses from insurance contracts issued recognised in profit or loss	-28,188			-28,188
Finance expenses from insurance contracts issued recognised in OCI				
Finance expenses from insurance contracts issued	**-28,188**			**-28,188**
Total amounts recognised in comprehensive income	**-29,996**	**60**	**640**	**-29,296**
Investment components	-7,581		7,581	
Other changes	-37			-37
Effect of changes in foreign exchange rates	*-1,101*			*-1,101*
Cash flows				
Premiums recieved	8,211			8,211
Claims and other directly attributable expenses paid	217		-8,221	-8,004
Insurance acquisition cash flows	-31			-31
Total cash flows	**8,397**		**-8,221**	**176**
Net closing balance	**297,062**	**540**		**297,601**
Closing insurance contract liabilities	297,062	540		297,601
Closing insurance contract assets				
Net closing balance	**297,062**	**540**		**297,601**

Storebrand Livsforsikring Group

NOK million	LRC Excluding loss component	31.12.22 Loss component	LIC	Total
Opening insurance contract liabilities	327,380	480		327,860
Opening insurance contract assets				
Net opening balance	**327,380**	**480**		**327,860**
Insurance revenue	-3,662			-3,662
Insurance service expenses				
Incurred claims and other directly attributable expenses			1,331	1,331
Adjustment to liabilities for incurred claims				
Losses on onerous contracts and reversal of those losses		457		457
Insurance acquisition cash flows amortisation	7			7
Insurance service expenses	**7**	**457**	**1,331**	**1,795**
Insurance service result	**-3,655**	**457**	**1,331**	**-1,867**
Finance expenses from insurance contracts issued recognised in profit or loss	-26,624			-26,624
Finance expenses from insurance contracts issued recognised in OCI				
Finance expenses from insurance contracts issued	**-26,624**			**-26,624**
Total amounts recognised in comprehensive income	**-30,279**	**457**	**1,331**	**-28,492**
Investment components	-15,216		15,216	
Other changes	-285			-285
Effect of changes in foreign exchange rates	*-2,693*			
Cash flows				
Premiums recieved	17,227			17,227
Claims and other directly attributable expenses paid	-843		-16,546	-17,390
Insurance acquisition cash flows	-56			-56
Total cash flows	**16,328**		**-16,546**	**-218**
Net closing balance	**295,235**	**937**		**296,172**
Closing insurance contract liabilities	295,235	937		296,172
Closing insurance contract assets				
Net closing balance	**295,235**	**937**		**296,172**

Storebrand Livsforsikring Group

Reconciliation of the measurement component of insurance contract balances

	30.06.23			
NOK million	Present value of future cash flows	Risk adjustment for non-financial risk	CSM	Total
Opening insurance contract liabilities	283,085	3,557	9,530	296,172
Opening insurance contract assets				
Net opening balance	**283,085**	**3,557**	**9,530**	**296,172**
Changes that relate to current service				
CSM recognised in profit or loss for the services provided			-979	-979
Change in the risk adjustment for non-financial risk for the risk expired		-171		-171
Experience adjustments	18			18
Total changes that relate to current service	**18**	**-171**	**-979**	**-1,132**
Change that relate to future service				
Changes in estimates that adjust the CSM	-1,657	131	1,526	
Changes in estimates that results in onerous contract losses or reversal of losses	-187	24		-162
Contracts initially recognised in the period	-316	92	403	179
Total changes that relate to future service	**-2,160**	**247**	**1,929**	**17**
Changes that relate to past service				
Adjustment to liabilities for incurred claims				
Insurance service result	**-2,142**	**76**	**950**	**-1,115**
Finance expenses from insurance contracts issued recognised in profit or loss	2,092		21	2,113
Finance expenses from insurance contracts issued recognised in OCI				
Finance expenses from insurance contracts issued	**2,092**		**21**	**2,113**
Total amount recognised in comprehensive income	**-50**	**76**	**972**	**998**
Other changes	39			39
Effect of changes in foreign exchange rates	3,707	49	133	3,888
Cash flows				
Premiums received	5,839			5,839
Claims and other directly attributable expenses paid	-9,391			-9,391
Insurance acquisition cash flows	-26			-26
Total cash flows	**-3,578**			**-3,578**
Net closing balance	**283,203**	**3,683**	**10,634**	**297,519**
Closing insurance contract liabilities	283,203	3,683	10,634	297,519
Closing insurance contract assets				
Net closing balance	**283,203**	**3,683**	**10,634**	**297,519**

Storebrand Livsforsikring Group

NOK million	30.06.22 Present value of future cash flows	Risk adjustment for non-financial risk	CSM	Total
Opening insurance contract liabilities	311,532	4,517	11,810	327,860
Opening insurance contract assets				
Net opening balance	**311,532**	**4,517**	**11,810**	**327,860**
Changes that relate to current service				
CSM recognised in profit or loss for the services provided			-1,035	-1,035
Change in the risk adjustment for non-financial risk for the risk expired		-180		-180
Experience adjustments	47			47
Total changes that relate to current service	**47**	**-180**	**-1,035**	**-1,169**
Change that relate to future service				
Changes in estimates that adjust the CSM	-3,211	-807	4,017	
Changes in estimates that results in onerous contract losses or reversal of losses	-163	-50		-213
Contracts initially recognised in the period	-63	84	253	274
Total changes that relate to future service	**-3,436**	**-774**	**4,271**	**61**
Changes that relate to past service				
Adjustment to liabilities for incurred claims				
Insurance service result	**-3,390**	**-954**	**3,236**	**-1,108**
Finance expenses from insurance contracts issued recognised in profit or loss	-27,850		-338	-28,188
Finance expenses from insurance contracts issued recognised in OCI				
Finance expenses from insurance contracts issued	**-27,850**		**-338**	**-28,188**
Total amount recognised in comprehensive income	**-31,239**	**-954**	**2,897**	**-29,296**
Other changes	-37			-37
Effect of changes in foreign exchange rates	-1,035	-17	-49	-1,101
Cash flows				
Premiums received	8,211			8,211
Claims and other directly attributable expenses paid	-8,004			-8,004
Insurance acquisition cash flows	-30			-30
Total cash flows	**177**			**177**
Net closing balance	**279,398**	**3,546**	**14,659**	**297,602**
Closing insurance contract liabilities	279,397	3,546	14,659	297,601
Closing insurance contract assets				
Net closing balance	**279,397**	**3,546**	**14,659**	**297,601**

Storebrand Livsforsikring Group

NOK million	31.12.22 Present value of future cash flows	Risk adjustment for non-financial risk	CSM	Total
Opening insurance contract liabilities	311,532	4,517	11,810	327,860
Opening insurance contract assets				
Net opening balance	**311,532**	**4,517**	**11,810**	**327,860**
Changes that relate to current service				
CSM recognised in profit or loss for the services provided			-2,056	-2,056
Change in the risk adjustment for non-financial risk for the risk expired		-344		-344
Experience adjustments	75			75
Total changes that relate to current service	**75**	**-344**	**-2,056**	**-2,325**
Change that relate to future service				
Changes in estimates that adjust the CSM	900	-660	-240	
Changes in estimates that results in onerous contract losses or reversal of losses	193	-21		172
Contracts initially recognised in the period	-288	101	472	286
Total changes that relate to future service	**805**	**-580**	**232**	**458**
Changes that relate to past service				
Adjustment to liabilities for incurred claims				
Insurance service result	**880**	**-923**	**-1,824**	**-1,867**
Finance expenses from insurance contracts issued recognised in profit or loss	-26,276		-349	-26,624
Finance expenses from insurance contracts issued recognised in OCI				
Finance expenses from insurance contracts issued	**-26,276**		**-349**	**-26,624**
Total amount recognised in comprehensive income	**-25,396**	**-923**	**-2,173**	**-28,492**
Other changes	-285			-285
Effect of changes in foreign exchange rates	-2,548	-38	-107	-2,693
Cash flows				
Premiums received	17,227			17,227
Claims and other directly attributable expenses paid	-17,390			-17,390
Insurance acquisition cash flows	-56			-56
Total cash flows	**-218**			**-218**
Net closing balance	**283,085**	**3,556**	**9,530**	**296,171**
Closing insurance contract liabilities	283,085	3,556	9,530	296,171
Closing insurance contract assets				
Net closing balance	**283,085**	**3,556**	**9,530**	**296,171**

Impact of contracts recognised in the year

NOK million	Contracts originated		Contracts aquired		Total		
	Non-onerous contracts originated	Onerous contracts originated	Non-onerous contracts aquired	Onerous contracts aquired	Non-onerous contracts total	Onerous contracts total	Total 30.06.23
Estimates of the present value of future cash outflows							
Insurance acquisition cash flows	12	14			12	14	26
Claims and other directly attributable expenses	978	2,328	839		1,817	2,328	4,145
Estimates of the present value of cash flows	990	2,342	839		1,829	2,342	4,171
Estimates of the present value of future cash inflows	-1,346	-2,213	-929		-2,275	-2,213	-4,488
Risk adjustment for non-financial risk	35	49	8		43	49	92
CSM	321		82		403		403
Increase in insurance contract liabilities from contracts recognised in the period		**178**				**178**	**178**

Storebrand Livsforsikring Group

Reconciliation of the liability for remaining coverage and the liability for incurred claims

NOK million	30.06.23 LRC Excluding loss component	LRC Loss component	LIC for contracts under the PAA Present value of future cash flows	LIC for contracts under the PAA Risk adjustment for non-financial risk	Total
Opening insurance contract liabilities	252	10	5,623	112	5,996
Opening insurance contract assets					
Net opening balance	**252**	**10**	**5,623**	**112**	**5,996**
Insurance revenue	**-1,208**				**-1,208**
Insurance service expenses					
Incurred claims and other directly attributable expenses			1,032		1,032
Adjustment to liabilities for incurred claims			121	-8	114
Losses on onerous contracts and reversal of those losses		9			9
Insurance acquisition cash flows amortisation					
Insurance service expenses		**9**	**1,153**	**-8**	**1,155**
Insurance service result	**-1,208**	**9**	**1,153**	**-8**	**-53**
Finance expenses from insurance contracts issued recognised in profit or loss					
Finance expenses from insurance contracts issued recognised in OCI					
Finance expenses from insurance contracts issued					
Total amounts recognised in comprehensive income	**-1,208**	**9**	**1,153**	**-8**	**-53**
Investment components					
Other changes					
Effect of changes in foreign exchange rates			48	3	51
Cash flows					
Premiums recieved	1,352				1,352
Claims and other directly attributable expenses paid			-975		-975
Insurance acquisition cash flows					
Total cash flows	**1,352**		**-975**		**377**
Net closing balance	**396**	**19**	**5,849**	**107**	**6,371**
Closing insurance contract liabilities	396	19	5,849	107	6,371
Closing insurance contract assets					
Net closing balance	**396**	**19**	**5,849**	**107**	**6,371**

Storebrand Livsforsikring Group

	30.06.22				
	LRC		LIC for contracts under the PAA		
NOK million	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment for non-financial risk	Total
Opening insurance contract liabilities	243		5,010	110	5,362
Opening insurance contract assets					
Net opening balance	**243**		**5,010**	**110**	**5,362**
Insurance revenue	**-973**				**-973**
Insurance service expenses					
Incurred claims and other directly attributable expenses			933		933
Adjustment to liabilities for incurred claims			-112	-10	-123
Losses on onerous contracts and reversal of those losses		14			14
Insurance acquisition cash flows amortisation					
Insurance service expenses		**14**	**821**	**-10**	**825**
Insurance service result	**-973**	**14**	**821**	**-10**	**-148**
Finance expenses from insurance contracts issued recognised in profit or loss					
Finance expenses from insurance contracts issued recognised in OCI					
Finance expenses from insurance contracts issued					
Total amounts recognised in comprehensive income	**-973**	**14**	**821**	**-10**	**-148**
Investment components					
Other changes					
Effect of changes in foreign exchange rates			-13	-1	-14
Cash flows					
Premiums recieved	1,166				1,166
Claims and other directly attributable expenses paid			-758		-758
Insurance acquisition cash flows					
Total cash flows	**1,166**		**-758**		**408**
Net closing balance	**435**	**14**	**5,060**	**99**	**5,608**
Closing insurance contract liabilities	435	14	5,060	99	5,608
Closing insurance contract assets					
Net closing balance	**435**	**14**	**5,060**	**99**	**5,608**

Storebrand Livsforsikring Group

	31.12.22				
	LRC		LIC for contracts under the PAA		
NOK million	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment for non-financial risk	Total
Opening insurance contract liabilities	243		5,010	110	5,362
Opening insurance contract assets					
Net opening balance	**243**		**5,010**	**110**	**5,362**
Insurance revenue	**-2,164**				**-2,164**
Insurance service expenses					
Incurred claims and other directly attributable expenses			1,786		1,786
Adjustment to liabilities for incurred claims			120	-23	97
Losses on onerous contracts and reversal of those losses		10			10
Insurance acquisition cash flows amortisation					
Insurance service expenses		**10**	**1,906**	**-23**	**1,893**
Insurance service result	**-2,164**	**10**	**1,906**	**-23**	**-271**
Finance expenses from insurance contracts issued recognised in profit or loss					
Finance expenses from insurance contracts issued recognised in OCI					
Finance expenses from insurance contracts issued					
Total amounts recognised in comprehensive income	**-2,164**	**10**	**1,906**	**-23**	**-271**
Investment components					
Other changes					
Effect of changes in foreign exchange rates			-33	-2	-35
Cash flows					
Premiums recieved	2,583				2,583
Claims and other directly attributable expenses paid			-1,643		-1,643
Insurance acquisition cash flows					
Total cash flows	**2,583**		**-1,643**		**940**
Net closing balance	**662**	**10**	**5,240**	**85**	**5,996**
Closing insurance contract liabilities	662	10	5,240	85	5,996
Closing insurance contract assets					
Net closing balance	**662**	**10**	**5,240**	**85**	**5,996**

Underlying items for contracts measured under variable fee approach

NOK million	30.06.23 Garanteed products - Norway	30.06.23 Garanteed products - Sweden	30.06.22 Garanteed products - Norway	30.06.22 Garanteed products - Sweden	31.12.22 Garanteed products - Norway	31.12.22 Garanteed products - Sweden
Assets						
Shares and fund units	35,255	10,450	32,496	8,618	29,862	9,092
Bonds and other fixed-income securities	125,893	47,660	129,884	46,661	128,209	46,406
Loans to customers	14,686	6,911	15,237	7,027	15,729	6,636
Net derivatives	-1,289	484	-1,830	-614	-563	767
Investment properties	23,673	14,294	24,393	13,875	23,337	13,893
Cash and other underlying items	8,090	3,179	9,769	5,474	12,736	2,374
Total underlying items	**206,308**	**82,979**	**209,949**	**81,041**	**209,311**	**79,168**
Insurance contract liabilities	**206,310**	**82,979**	**209,944**	**81,041**	**209,311**	**79,168**

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 not recognised in the financial statements is classified as receivables. Significant uncertain tax positions are described below.

(This is described in point B in previous tax notes for the annual accounts and quarterly reporting) 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.

During the quarter, Storebrand received a ruling from the Tax Appeals Committee which gives Storebrand full consent in previous uncertain tax positions. Based on the decision from the Tax Appeals Committee, Storebrand has recognized a tax gain of approx. NOK 440 million in the quarter. The tax case in question is described in more detail in note 28 in the annual accounts for 2022 as "case A" and "case C". The decision from the Tax Appeals Committee can be appealed to the court within 6 months.

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 Storebrand will, if necessary, seek clarification from the court of law for the aforementioned uncertain tax positions

Note 10 Contingent assets and liabilities

	Storebrand Livsforsikring Group	
NOK million	30.06.23	31.12.22
Uncalled residual liabilities limitied partnership	3,990	4,087
Uncalled residual liabilities in alternative investment funds	13,116	12,238
Total contigent liabilities	**17,106**	**16,326**

Guarantees essentially encompass payment and contract guarantees.
Unused credit facilities encompass granted and any unused credit accounts and credit cards, as well as, any unused flexible mortgage facilities.

Storebrand Group companies are engaged in extensive activities in Norway and abroad, and are subject for client complaints and may become a party in legal disputes, see also note 2 and note 44 in the 2022 annual report.

Storebrand Livsforsikring has received a letter from the Norwegian FSA (Finanstilsynet) regarding the fee structure on paid up policies. The fee element in question amounts to approximately NOK 100 million in annual fees. Storebrand is of the opinion that the fee is legitimate and hence that the company is entitled to it. Storebrand has however chosen not to recognize it as income for the current year until the case is settled/awaiting further proceedings.

Note 11 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 24 and 46 in the 2022 annual report.

Storebrand Livsforsikring has not carried out any material transactions other than normal business transactions with related parties during 2023, other than Storebrand Livsforsikring AS having acquired mortgages from the sister company Storebrand Bank ASA. The mortgages were transferred on commercial terms. Storebrand Livsforsikring transfers loans back to Storebrand Bank when mortgages are renegotiated or terminated. The total portfolio of loans bought as of 30th June 2023 is NOK 16,7 billion, net changes of NOK 2,2 billion year to date. Storebrand Livsforsikring AS pays management fees to Storebrand Bank ASA for management of the portfolios, the expence year to date is NOK 33,6 million.

Storebrand Livsforsikring AS

Income statement

NOK million	Q2 2023	Q2 2022	01.01 - 30.06 2023	01.01 - 30.06 2022	Full year 2022
TECHNICAL ACCOUNT:					
Gross premiums written	6,451	4,897	13,821	10,487	20,300
Reinsurance premiums ceded	3		-27	-7	-7
Premium reserves and pension capital transferred from other companies	1,891	1,440	5,888	6,255	9,474
Premiums for own account	**8,344**	**6,337**	**19,682**	**16,735**	**29,766**
Income from investments in subsidiaries, associated companies and joint ventures companies	-145	326	74	932	103
of which from investment in property companies	-145	326	74	932	103
Interest income and dividends etc. from financial assets	1,375	2,492	2,431	2,820	5,823
Changes in investment value	-759	-1,902	541	-5,549	-6,095
Realised gains and losses on investments	142	-2,339	-282	-2,872	-2,857
Total net income from investments in the collective portfolio	**613**	**-1,424**	**2,764**	**-4,668**	**-3,025**
Income from investments in subsidiaries, associated companies and joint ventures companies	-42	70	18	207	-8
of which from investment in rproperty companies	-42	70	18	207	-8
Interest income and dividends etc. from financial assets	226	170	465	277	975
Changes in investment value	346	-7,640	9,483	-15,893	-15,253
Realised gains and losses on investments	5,506	-2,550	4,862	1,039	2,252
Total net income from investments in the investment selection portfolio	**6,036**	**-9,950**	**14,827**	**-14,370**	**-12,034**
Other insurance related income	**176**	**215**	**376**	**403**	**817**
Gross claims paid	-3,671	-3,330	-7,432	-6,730	-13,425
Claims paid - reinsurance	15	2	26	2	30
Premium reserves, pension capital etc., additional satutory reserves and buffer fund transferred to other companies	-6,239	-1,996	-9,723	-5,319	-9,740
Claims for own account	**-9,895**	**-5,323**	**-17,129**	**-12,046**	**-23,135**
To/from premium reserve, gross	-301	-128	-2,148	-3,854	-3,095
To/from additional statutory reserves	19	23	53	44	2,769
Change in market value adjustment fund	907	1,114	-81	4,962	5,207
Change in buffer fund	-285	797	-862	338	356
Change in premium fund, deposit fund and the pension surplus fund					-2
To/from technical reserves for non-life insurance business	62	7	24	-44	-43
Transfer of additional statutory reserves and buffer fund from other insurance companies/pension funds	-1	-355	191	402	418
Changes in insurance obligations recognised in the Profit and Loss Account - contractual obligations	**401**	**1,458**	**-2,823**	**1,848**	**5,611**
Change in pension capital	-4,917	8,248	-16,739	11,939	5,429
Changes in insurance obligations recognised in the Profit and Loss Account - investment portfolio separately	**-4,917**	**8,248**	**-16,739**	**11,939**	**5,429**

Storebrand Livsforsikring AS

Statement of comprehensive income (continued)

	Q2		01.01 - 30.06		Full year
NOK million	2023	2022	2023	2022	2022
Profit on investment result	8				-75
Risk result allocated to insurance contracts					-230
Other allocation of profit					-83
Unallocated profit	-302	-84	-456	-167	
Funds allocated to insurance contracts	**-294**	**-84**	**-456**	**-167**	**-388**
Management expenses	-58	-58	-114	-119	-228
Selling expenses	-74	-66	-155	-132	-270
Insurance-related administration expenses (incl. commissions for reinsurance received)	-303	-241	-589	-471	-1,026
Insurance-related operating expenses	**-435**	**-365**	**-857**	**-722**	**-1,524**
Other insurance related expenses after reinsurance share	**-5**	**-31**	**-16**	**-67**	**-119**
Technical insurance profit	**25**	**-919**	**-371**	**-1,116**	**1,398**
NON-TECHNICAL ACCOUNT					
Income from investments in subsidiaries, associated companies and joint ventures companies	-203	128	1,463	1,341	1,247
Interest income and dividends etc. from financial assets	170	128	330	226	456
Changes in investment value	9	-137	158	-225	-155
Realised gains and losses on investments	174	-148	-575	78	211
Net income from investments in company portfolio	**149**	**-28**	**1,376**	**1,421**	**1,759**
Other income	**21**	**4**	**37**	**6**	**22**
Management expenses	-5	-5	-10	-10	-20
Other expenses	-157	-137	-513	-221	-613
Total management expenses and other costs linked to the company portfolio	**-162**	**-142**	**-522**	**-231**	**-633**
Profit or loss on non-technical account	**9**	**-167**	**891**	**1,196**	**1,148**
Profit before tax	**34**	**-1,086**	**519**	**80**	**2,546**
Tax expenses	373	325	676	869	461
Profit before other comprehensive income	**406**	**-761**	**1,195**	**949**	**3,007**
Change in actuarial assumptions					3
Tax on other profit elements not to be reclassified to profit/loss	-2		3		3
Other comprehensive income not to be reclassified to profit/loss	**-1**		**3**		**6**

Storebrand Livsforsikring AS

Statement of comprehensive income (continued)

	Q2		01.01 - 30.06		Full year
NOK million	2023	2022	2023	2022	2022
Profit/loss cash flow hedging	5	-8	-10	-15	-12
Other profit comprehensive income that may be reclassified to profit /loss	**5**	**-8**	**-10**	**-15**	**-12**
Other comprehensive income	**4**	**-8**	**-8**	**-15**	**-6**
TOTAL COMPREHENSIVE INCOME	**410**	**-770**	**1,188**	**934**	**3,000**

Storebrand Livsforsikring AS

Statement of financial position

NOK million	30.06.23	30.06.22	31.12.22
ASSETS			
ASSETS IN COMPANY PORTFOLIO			
Goodwill	302		
Other intangible assets	1,242	464	431
Total intangible assets	**1,544**	**464**	**431**
Equities and units in subsidiaries, associated companies and joint ventures	12,855	12,401	14,299
of which investment in property companies			
Loans to and securities issued by subsidiaries, associated companies			
Loans at amortised cost	2,948	2,917	2,948
Bonds held to maturity			
Bonds at amortised cost	13,721	7,520	7,460
Deposits at amoritsed cost	384	456	530
Equities and fund units at fair value	343	351	339
Bonds and other fixed-income securities at fair value	3,201	9,568	9,092
Loans at fair value			
Derivatives at fair value	317	775	263
Other financial assets			
Total investments	**33,769**	**33,987**	**34,931**
Receivables in connection with direct business transactions	2,085	1,075	505
Receivables in connection with reinsurance transactions		3	
Receivables with group company	75	62	677
Other receivables	40,674	6,819	3,076
Total receivables	**42,835**	**7,959**	**4,258**
Tangible fixed assets	16	9	8
Cash, bank	1,664	3,257	1,394
Tax assets	1,784	1,666	1,123
Other assets designated according to type	4		4
Total other assets	**3,469**	**4,932**	**2,529**
Pre-paid direct selling expenses			
Other pre-paid costs and income earned and not received	64	49	24
Total pre-paid costs and income earned and not received	**64**	**49**	**24**
Total assets in company portfolio	**81,680**	**47,391**	**42,173**

Storebrand Livsforsikring AS

Statement of financial position (continued)

NOK million	30.06.23	30.06.22	31.12.22
ASSETS IN CUSTOMER PORTFOLIOS			
Equities and units in subsidiaries, associated companies and joint ventures	23,673	24,393	23,921
of which investment in property companies	23,673	24,393	23,921
Loans to and securities issued by subsidiaries, associated companies			
Bonds held to maturity		8,497	7,402
Bonds at amortised cost	133,066	106,555	110,220
Loans at amoritsed cost	17,254	17,155	17,785
Deposits at amoritsed cost	4,395	2,485	6,011
Equities and fund units at fair value	19,205	19,120	16,505
Bonds and other fixed-income securities at fair value	8,710	23,950	21,732
Loans at fair value			
Derivatives at fair value	2,900	1,566	2,687
Other financial assets			
Total investments in collective portfolio	**209,203**	**203,723**	**206,262**
Reinsurance share of insurance obligations	**178**	**31**	**6**
Equities and units in subsidiaries, associated companies and joint ventures	6,502	6,443	6,162
of which investment in property companies	6,502	6,443	6,162
Loans to and securities issued by subsidiaries, associated companies			
Bonds at amortised cost	188		79
Loans at amoritsed cost	569	871	894
Deposits at amoritsed cost	648	484	878
Equities and fund units at fair value	138,957	99,456	101,286
Bonds and other fixed-income securities at fair value	49,732	40,684	40,976
Loans at fair value	129	125	122
Derivatives at fair value	463	105	1,975
Other financial assets			
Total investments in investment selection portfolio	**197,188**	**148,168**	**152,372**
Total assets in customer portfolios	**406,569**	**351,922**	**358,640**
TOTAL ASSETS	**488,249**	**399,313**	**400,813**

Storebrand Livsforsikring AS

Statement of financial position (continued)

NOK million	30.06.23	30.06.22	31.12.22
EQUITY AND LIABILITIES			
Share capital	3,540	3,540	3,540
Share premium	9,711	9,711	9,711
Other paid in equity	2,327	1,899	2,327
Total paid in equity	**15,578**	**15,150**	**15,578**
Risk equalisation fund	966	676	809
Security reserves	8	5	8
Other earned equity	**11,469**	**10,820**	**10,426**
Total earned equity	**12,443**	**11,502**	**11,243**
Perpetual subordinated loans	1,996	1,970	1,957
Dated subordinated loans	7,838	9,045	7,800
Hybrid tier 1 capital			
Total subordinated loans and hybrid tier 1 capital	**9,834**	**11,015**	**9,757**
Premium reserves	188,886	184,687	185,269
Additional statutory reserves	9,380	12,266	9,622
Market value adjustment reserve	713	863	619
Buffer fund	1,970	1,164	1,137
Premium fund, deposit fund and the pension surplus fund	3,528	4,019	3,532
Unallocated profit to insurance contracts	466	174	
Other technical reserve	771	732	706
Total insurance obligations in life insurance - contractual obligations	**205,715**	**203,906**	**200,885**
Pension capital	196,087	145,891	152,558
Total insurance obligations in life insurance - investment portfolio separately	**196,092**	**145,891**	**152,558**

Storebrand Livsforsikring AS

Statement of financial position (continued)

NOK million	30.06.23	30.06.22	31.12.22
Pension liabilities etc.	7	2	
Deferred tax	209		
Other provisions for liabilities	10		
Total provisions for liabilities	**226**	**2**	
Liabilities in connection with direct insurance	1,424	1,021	503
Liabilities in connection with reinsurance	-1		
Derivatives	5,878	6,024	4,083
Liabilities to group companies	22	20	2,345
Other liabilities	40,450	4,233	3,616
Total liabilities	**47,774**	**11,298**	**10,547**
Received, not acquired rental income			
Other accrued expenses and received, unearned income	587	550	246
Total accrued expenses and received, unearned income	**587**	**550**	**246**
TOTAL EQUITY AND LIABILITIES	**488,249**	**399,313**	**400,813**

Storebrand Livsforsikring AS

Statement of changes in equity

NOK million	Share capital[1)]	Share premium reserve	Other paid in capital	Total paid in equity	Risk equalisation fund	Security reserves	Other equity	Total equity
Equity at 31.12.2021	**3,540**	**9,711**	**1,899**	**15,150**	**547**	**5**	**10,015**	**25,718**
Profit for the period					129		820	949
Other comprehensive income							-15	-15
Total comprehensive income for the period					**129**		**805**	**934**
Equity transactions with owner:								
Received dividend/group contributions								
Paid dividend/group contributions								
Other								
Equity at 30.06.2022	**3,540**	**9,711**	**1,899**	**15,150**	**676**	**5**	**10,821**	**26,652**
Profit for the period					262	3	2,742	1,195
Other comprehensive income							-6	-8
Total comprehensive income for the period					**262**	**3**	**2,735**	**1,188**
Equity transactions with owner:								
Received dividend/group contributions			428	428				428
Paid dividend/group contributions							-2,325	-2,325
Other								
Equity at 31.12.2022	**3,540**	**9,711**	**2,327**	**15,578**	**809**	**8**	**10,426**	**26,821**
Profit for the period					134		1,061	1,195
Other comprehensive income							-8	-8
Total comprehensive income for the period					**134**		**1,054**	**1,188**
Equity transactions with owner:								
Received dividend/group contributions			-1	-1				-1
Paid dividend/group contributions								
Other					23		-8	15
Equity at 30.06.2023	**3,540**	**9,711**	**2,327**	**15,578**	**966**	**8**	**11,469**	**28,021**

1) 35 404 200 shares of NOK 100 par value.

Storebrand Livsforsikring AS
Notes to the financial statements

Note 1 Accounting policies

The financial statements are prepared in accordance with the “Regulation on the annual accounts etc. of lifeinsurance companies” for the parent company and the consolidated financial statements 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 2022 annual report, and the interim financial statements are prepared in accordance with these accounting policies.

Storebrand Livsforsikring AS - the company’s financial statements
The financial statements have been prepared in accordance with the accounting principles that were used in the annual report for 2022.

There are none new or changed accounting standards that entered into effect in 2023 that have significant effect on Storebrand Livsforsikring’s financial statements.

Note 2 Accounting estimates and judgements

In preparing the 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 2022 annual report in note 2, insurance risk in note 7, valuation of financial instruments at fair value is described in note 13 and in the interim financial statements note 10 Solvency II.

Storebrand Livsforsikring AS

Note 3 Merger Storebrand Livsforsikring AS and Storebrand Danica Pensjonsforsikring AS

NOK million	Storebrand Livsforsikring AS 01.01.23	Danica Pensjonsforsikring AS 01.01.23	Group continuity and other merger effects	Total
Intangible assets	431		1,212	1,643
Investments	34,931	881	-2,048	33,764
Receivables	4,258	22	-16	4,264
Other assets	2,553	128	3	2,683
Total assets in company portfolio	**42,173**	**1,031**	**-850**	**42,355**
Total investments in collective portfolio	**206,262**	**1,488**		**207,750**
Reinsurance share of insurance obligations	6	298		303
Total investments in investment selection portfolio	**152,372**	**26,859**		**179,231**
TOTAL ASSETS	**400,813**	**29,676**	**-850**	**429,639**
Paid in equity	15,578	406	-406	15,578
Earned equity	11,243	712	-694	11,260
Subordinated loans and hybrid tier 1 capital	9,757			9,757
Insurance obligations in life insurance - contractual obligations	200,885	1,488	10	202,383
Insurance obligations in life insurance - investment portfolio separately	152,558	26,879		179,437
Provisions for liabilities		29	256	285
Liabilities	10,793	162	-16	10,939
TOTAL EQUITY AND LIABILITIES	**400,813**	**29,676**	**-850**	**429,639**

A final purchase price allocation (PPA) analysis has been completed within the measurement period of 12 months in accordance with IFRS 3. Changes in values have been made to the accounts.

See note 3 for the consolidated accounts for changes in PPA.

Note 4 Segments - profit by business area

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. In addition, certain other subsidiaries in Storebrand Livsforsikring are included in Savings.

Insurance
The insurance segment provides personal risk products in the Norwegian retail market in addition to employer's liability insurance and pension-related insurance in the Norwegian corporate markets.

Guaranteed pension

Storebrand Livsforsikring AS

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

Other
The result for the company portfolios of Storebrand Livsforsikring and costs related to acquisitions are reported in the Other segment.

Reconciliation with the income statement
The statutory income statement includes 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 statutory income statement.

A description of the most important differences is included in the 2022 annual report in note 4 Segment reporting.

Profit by segments

	Q2		01.01 - 30.06		Full year
NOK million	2023	2022	2023	2022	2022
Savings	100	83	230	193	347
Insurance	91	68	118	112	257
Guaranteed pension	175	183	359	377	810
Other	32	-160	943	1,211	1,162
Profit before amortisation	**398**	**175**	**1,649**	**1,892**	**2,576**
Amortisation intangible assets	-22	-7	-52	-15	-30
Profit before tax	**375**	**167**	**1,598**	**1,877**	**2,546**

Segment information Q2

	Savings		Insurance		Guaranteed pension	
NOK million	2023	2022	2023	2022	2023	2022
Fee and administration income	262	213			256	267
Insurance result			193	158		
- Insurance premiums for own account			917	730		
- Claims for own account			-724	-572		
Operational cost	-157	-122	-119	-94	-154	-131
Cash equivalent earnings from operations	**106**	**91**	**74**	**64**	**102**	**136**
Financial items and risk result life & pension	-6	-8	16	4	71	52
Net profit sharing					2	-4
Cash equivalent earnings before amortisation	**100**	**83**	**91**	**68**	**175**	**183**

Storebrand Livsforsikring AS

NOK million	Other 2023	Other 2022	Storebrand Livsforsikring AS 2023	Storebrand Livsforsikring AS 2022
Fee and administration income			519	479
Insurance result			193	158
- Insurance premiums for own account			917	730
- Claims for own account			-724	-572
Operational cost	-26	-14	-455	-361
Cash equivalent earnings from operations	**-26**	**-14**	**257**	**277**
Financial items and risk result life & pension	57	-146	141	-102
Cash equivalent earnings before amortisation	**32**	**-160**	**398**	**175**
Amortisation of intangible assets			-22	-7
Cash equivalent earnings before tax			**375**	**167**
Tax			283	11
Cash equivalent earnings after tax			**658**	**179**

Segment information as at 30.06

NOK million	Savings 2023	Savings 2022	Insurance 2023	Insurance 2022	Guaranteed pension 2023	Guaranteed pension 2022
Fee and administration income	554	451			506	521
Insurance result			350	286		
- Insurance premiums for own account			1,811	1,423		
- Claims for own account			-1,461	-1,136		
Operational cost	-318	-244	-254	-183	-288	-259
Operating profit	**236**	**208**	**96**	**103**	**218**	**262**
Financial items and risk result life & pension	-6	-14	22	9	137	120
Net profit sharing					3	-5
Profit before amortisation	**230**	**193**	**118**	**112**	**359**	**377**

Storebrand Livsforsikring AS

NOK million	Other 2023	Other 2022	Storebrand Livsforsikring AS 2023	Storebrand Livsforsikring AS 2022
Fee and administration income			1,060	972
Insurance result			350	286
- Insurance premiums for own account			1,811	1,423
- Claims for own account			-1,461	-1,136
Operational cost	-53	-24	-912	-711
Cash equivalent earnings from operations	**-53**	**-24**	**498**	**548**
Financial items and risk result life & pension	995	1,235	1,152	1,344
Cash equivalent earnings before amortisation	**943**	**1,211**	**1,649**	**1,892**
Amortisation of intangible assets			-52	-15
Cash equivalent earnings before tax			**1,598**	**1,877**
Tax			407	420
Cash equivalent earnings after tax			**2,004**	**2,297**

Storebrand Livsforsikring AS

Note 5 Liquidity risk

Specification of subordinated loans

NOK million	Nominal value	Currency	Interest rate	Call date	Book value 30.06.23	Book value 30.06.22	Book value 31.12.22
Issuer							
Perpetual subordinated loans [1]							
Storebrand Livsforsikring AS	1,100	NOK	Variable	2024	1,101	1,100	1,101
Storebrand Livsforsikring AS [3]	900	SEK	Variable	2026	896	870	856
Dated subordinated loans							
Storebrand Livsforsikring AS [2,3]	899	SEK	Variable	2022		869	
Storebrand Livsforsikring AS [3]	900	SEK	Variable	2025	892	867	851
Storebrand Livsforsikring AS [3]	1,000	SEK	Variable	2024	994	965	947
Storebrand Livsforsikring AS	500	NOK	Variable	2025	500	500	500
Storebrand Livsforsikring AS [5]	650	NOK	Variable	2027	652	652	651
Storebrand Livsforsikring AS [3,5]	750	NOK	Fixed	2027	770		773
Storebrand Livsforsikring AS [5]	1,250	NOK	Variable	2027	1,258		1,261
Storebrand Livsforsikring AS [3,4]	38	EUR	Fixed	2023		2,639	421
Storebrand Livsforsikring AS [3,5]	300	EUR	Fixed	2031	2,772	2,552	2,397
Total subordinated loans and hybrid capital					**9,834**	**11,015**	**9,757**

[1] *Regarding perpetual subordinated loans, the cash flow has been calculated until the first call.*

[2] *The loan has been repaid in November 2022*

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

[4] *The loan has been repaid in April 2023*

[5] *Green bonds*

Note 6 Valuation of financial instruments and real estate

The Group categorises financial instruments valued at fair value on three different levels. Criteria for the categorisation and processes associated with valuing are described in more detail in note 13 in the annual report for 2022.

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

Fair value of financial assets and liabilities at amortised cost

NOK million	Fair value 30.06.23	Fair value 31.12.22	Book value 30.06.23	Book value 31.12.22
Financial assets				
Loans to customers - corporate	3,999	4,392	4,138	4,539
Loans to customers - retail	16,214	16,800	16,632	17,088
Bonds held to maturity		7,474		7,402
Bonds classified as loans and receivables	132,067	107,924	146,975	117,758
Financial liabilities				
Subordinated loan capital	9,823	9,714	9,876	9,757

Storebrand Livsforsikring AS

Valuation of financial instruments and properties at fair value

NOK million	Level 1 Quoted prices	Level 2 Observable assumptions	Level 3 Non-observable assumptions	Total 30.06.23	31.12.22
Assets					
Equities and fund units					
- Equities	38,833	8,270	114	47,217	29,674
- Fund units		93,487	17,801	111,288	88,456
Total equities and fund units 30.06.2023	**38,833**	**101,757**	**17,915**	**158,505**	
Total equities and fund units 31.12.2022	**29,357**	**73,826**	**14,947**		**118,130**
Total loans to customers					
- Loans to customers - corporate			129	129	122
Bonds and other fixed income securities					
- Government bonds	7,485			7,485	10,444
- Corporate bonds		3,066		3,066	20,385
- Structured notes		317		317	
- Collateralised securities					840
- Bond funds		48,141	2,634	50,775	40,130
Total bonds and other fixed income securities 30.06.2023	**7,485**	**51,523**	**2,634**	**61,643**	
Total bonds and other fixed income securities 31.12.2022	**10,170**	**59,494**	**2,135**		**71,799**
Derivatives:					
- Interest derivatives	1,032	-2,623		-1,591	-1,219
- Currency derivatives		-607		-607	2,062
Total derivatives 30.06.2023	**1,032**	**-3,230**		**-2,198**	
- derivatives with a positive market value	1,032	2,648		3,680	4,925
- derivatives with a negative market value		-5,878		-5,878	-4,083
Total derivatives 31.12.2022					**843**

Movement level 3

NOK million	Equities	Fund units	Loans to customers	Corporate bonds	Bond funds
Book value 01.01	**145**	**14,802**	**122**	**8**	**2,127**
Merger	211				
Net profit/loss	-35	2,787	7		271
Supply/disposal	-207	212			236
Sales/overdue/settlement				-8	
Book value 30.06.2023	**114**	**17,801**	**129**		**2,634**

Expected credit loss

NOK million	Stage 1 12 months ECL	Stage 2 Lifetime ECL - credit risk significantly increased	Stage 3 LiftimeECL - credit impaired	Total
	30.06.23			
01.01.2023	**-60**			**-60**
The periods change in impairment losses stage 1				
The periods change in impairment losses stage 2				
The periods change in impairment losses stage 3				
New loans	-4			-4
Derecognition	4			4
ECL on financial assets without change in stage	-3			-3
30.06.23	**-63**			**-63**
ECL Amortized Cost	-63			-63
ECL Fair Value OCI				
Total	**-63**			**-63**

Sensitivity assessments

Sensitivity assessments of investments on level 3 are described in note 13 in the 2022 annual report. There is no significant change in sensitivity in this quarter.

Note 7 Tax

The tax rate for Storebrand Livsforsikring AS subject to the financial tax is 25 per cent.

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 company 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 not recognised in the financial statements is classified as receivables. Significant uncertain tax positions are described below.

(This is described in point B in previous tax notes for the annual accounts and quarterly reporting) 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.

During the quarter, Storebrand received a ruling from the Tax Appeals Committee which gives Storebrand full consent in previous uncertain tax positions. Based on the decision from the Tax Appeals Committee, Storebrand has recognized a tax gain of approx. NOK 440 million in the quarter. The tax case in question is described in more detail in note 28 in the annual accounts for 2022 as "case A" and "case C". The decision from the Tax Appeals Committee can be appealed to the court within 6 months.

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 Storebrand will, if necessary, seek clarification from the court of law for the aforementioned uncertain tax positions

Note 8 Contingent assets and liabilities

	Storebrand Livsforsikring AS	
NOK million	30.06.23	31.12.22
Uncalled residual liabilities limited partnership	3,602	3,666
Uncalled residual liabilities in alternative investment funds	10,499	9,791
Total contigent liabilities	**14,101**	**13,457**

Guarantees essentially encompass payment and contract guarantees.
Unused credit facilities encompass granted and any unused credit accounts and credit cards, as well as, any unused flexible mortgage facilities.

Storebrand Group companies are engaged in extensive activities in Norway and abroad, and are subject for client complaints and may become a party in legal disputes, see also note 2 and note 44 in the 2022 annual report.

Storebrand Livsforsikring has received a letter from the Norwegian FSA (Finanstilsynet) regarding the fee structure on paid up policies. The fee element in question amounts to approximately NOK 100 million in annual fees. Storebrand is of the opinion that the fee is legitimate and hence that the company is entitled to it. Storebrand has however chosen not to recognize it as income for the current year until the case is settled/awaiting further proceedings.

Note 9 Solvency II

Storebrand Livsforsikring is an insurance company with capital requirements in accordance with Solvency II.

The calculations below are for Storebrand Livsforsikring AS when Storebrand Livsforsikring Group no longer entitled to report solvency. The requirement on consolidated level only applies to Storebrand Group.

Storebrand Livsforsikring AS

The solvency capital requirement and minimum capital requirement are calculated in accordance with Section 46 (1) – (3) of the Solvency II Regulations using the standard method..

Solvency capital

	30.06.23					31.12.22
NOK million	Total	Group 1 unlimited	Group 1 limited	Group 2	Group 3	Total
Share capital	3,540	3,540				3,540
Share premium	9,711	9,711				9,711
Reconciliation reserve	19,262	19,262				15,543
Including the effect of the transitional arrangement						
Counting subordinated loans	9,716		1,965	7,751		9,661
Deferred tax asset	156				156	306
Risk equalisation reserve	966			966		809
Expected dividend/group distributions	-1,000	-1,000				-1,885
Non-counting tier 3 capital	-799			-642	-156	-231
Total solvency capital	**41,553**	**31,513**	**1,965**	**8,075**		**37,454**
Total solvency capital available to cover the minimum capital requirement	**34,768**	**31,513**	**1,965**	**1,290**		**30,121**

Solvency capital requirement and margin

NOK million	30.06.23	31.12.22
Market	16,154	18,219
Counterparty	836	997
Life	6,717	5,882
Health	695	672
Operational	1,012	1,003
Diversification	-4,926	-4,745
Loss-absorbing tax effect	-4,337	-4,725
Total solvency requirement	**16,150**	**17,301**
Solvency margin	**257%**	**216%**
Minimum capital requirement	**6,450**	**6,585**
Minimum margin	**539%**	**457%**

Note 10 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 24 and 46 in the 2022 annual report.

Storebrand Livsforsikring has not carried out any material transactions other than normal business transactions with related parties during 2023, other than Storebrand Livsforsikring AS having acquired mortgages from the sister company Storebrand Bank ASA. The mortgages were transferred on commercial terms. Storebrand Livsforsikring transfers loans back to Storebrand Bank when mortgages are renegotiated or terminated. The total portfolio of loans bought as of 30th June 2023 is NOK 16,7 billion, net changes of NOK 2,2 billion year to date. Storebrand Livsforsikring AS pays management fees to Storebrand Bank ASA for management of the portfolios, the expence year to date is NOK 33,6 million.

Storebrand Livsforsikring AS and Storebrand Livsforsikring Group

-Declaration by the members of the Board and the CEO

On this date, the Board and CEO have discussed and approved the annual report and annual financial statements for Storebrand Livsforsikring AS and Storebrand Livsforsikring Group for the first six months of 2023 (Report for the first six months, 2023).

The Interim report has been prepared in accordance with the requirements of IAS, 34 Interim Financial Reporting as adopted by the EU and additional Norwegian requirements pursuant to the Norwegian Securities Trading Act.

In the best judgment of the Board and CEO the financial statements and consolidated financial statements for the first six months of 2023 have been prepared in accordance with applicable accounting standards, and the information in the financial statements provides a fair and true picture of the assets, liabilities, financial standing and results as a whole of the parent company and the group as at 30 June 2023. In the best judgment of the Board and CEO the annual report provides a fair and true overview of important events during the accounting period and their effects on the financial statements and consolidated financial statements for the first six months. In the best judgment of the Board and CEO the descriptions of the most important risk and uncertainty factors the group faces in the next accounting period, as well as the descriptions of related parties' significant transactions, also provide a fair and true view.

Lysaker, 13 July 2023

Board of Directors of Storebrand Livsforsikring AS

Odd Arild Grefstad

Chairman of the Board

Martin Skancke

Anne Kathrine Slungård

Hans Henrik Klouman

Trond Thire

Mari Tårnesvik Grøtting

Jan Otto Risebrobakken

Lars-Erik Eriksen

Acting Chief Executive Officer

Financial calendar

25 October 2023 Results Q3 2023

Investor Relations contacts

Lars Aa. Løddesøl	Group CFO	lars.loddesol@storebrand.no	+47 934 80 151
Kjetil R. Krøkje	Group Head of Finance, Strategy and M&A	kjetil.r.krokje@storebrand.no	+47 934 12 155
Trond Finn Eriksen	CIO/Interim Investor Relations	trond.finn.eriksen@storebrand.no	+47 991 64 135

Storebrand Livsforsikring AS
Professor Kohtsvei 9, P.O. Box 500,
N-1327 Lysaker, Norway
Phone +47 22 31 50 50

www.storebrand.com/ir