storebrand

Solvency and Financial Condition Report 2017
Storebrand Livsforsikring AS

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Summary

Dear Storebrand Livsforsikring customer

Solvency II was introduced from 01/01/2016[1]. The main purpose of Solvency II is to ensure that all insurance companies are able to meet the claims from their customers. The regulations therefore specify the amount of capital the companies must hold. The regulations also provide guidelines for good corporate governance in order to understand the risk and promote a sound and adequate risk culture. The regulations apply across all countries in the EU/EEA area. The aim is to ensure equal treatment of customers, and a level playing field for the insurance companies.

Storebrand Livsforsikring's main products are private occupational pensions and individual pension accounts. For retirement savings, two major uncertainties give risk: Uncertainty associated with the return on paid-in premiums, and uncertainty related to life expectancy after retirement. The risk is increased by the fact that more than 50 years may pass from the premium is paid in until it is paid out as pension. For traditional, guaranteed pensions (defined benefit pensions), Storebrand Livsforsikring bears most of this risk. Storebrand Livsforsikring guarantees a minimum return, and that the pension will be payd out for life. Most companies no longer offer defined benefit plans, or have ceased to offer them to new employees; however, Storebrand Livsforsikring has a large portfolio of pension plans that have been paid for in full (paid-up policies). A significant amount of capital has been set aside to cover the uncertainty from investment returns and longevity for these paid-up policies. This is essential to secure that the guarantees have real value.

Most new premiums for occupational pensions are in defined contribution plans. For these products, the financial risk is borne by you as a customer. The same applies to private pension savings within unit-linked insurance, such as the Ekstrapensjon (Extra Pension) savings product. Storebrand Livsforsikring nonetheless plays an important role by offering a diverse, high-quality range of funds and providing investment advisory services, and is responsible for managing assets in a sustainable and responsible manner, including keeping fees within reasonable levels. The Lifecycle Portfolio (Anbefalt Pensjon) scheme offers a simple and comprehensive solution for this. For defined contribution and unit-linked insurance, pensions are usually temporary, meaning that you as a customer are responsible for ensuring that your pension will be sufficient in a lifelong perspective. Storebrand Livsforsikring's role is to give you a good and comprehensive overview of all your pension rights, and to give you advise on how to achieve the pension you want.

Storebrand Livsforsikring also offers insurance in the case of unexpected events. You can receive a lump-sum compensation or annual payouts if you get in an accident, become ill or disabled or wish to secure your next of kin in the event that you are deceased. The risk for Storebrand Livsforsikring is quantified, and the risk is covered by setting aside the required capital.

Under Solvency II, all assets and liabilities are valued at market value. These data are summarized in Table 1. Numbers in brackets relate to 2016. The total value of assets amounts to NOK 318.2 billion (NOK 292.3 billion), while the total value of liabilities is NOK 282.8 billion (NOK 260.5 billion). Storebrand Livsforsikring thus has assets worth NOK 35.5 billion (NOK 31.8 billion) more than the liabilities the company is obliged to cover. Storebrand Livsforsikring has also taken up NOK 8.5 billion (NOK 7.2 billion) worth of subordinated loans. In 2018, Storebrand Livsforsikring has paid NOK 1.3 billion in dividend for 2017 to Storebrand ASA. The unpaid dividend is deducted from own funds. This gives a total own funds (solvency capital) of NOK 42.7 billion (NOK 39.0 billion).

The principles for valuation, and the difference between the valuations in the solvency accounts and the financial statements, are described in more detail in Chapter D. A fundamental difference from the financial statements is that the valuation of the insurance liability (technical provisions), is based on the current interest rate level.

[1] In Norway, Solvency II has been implemented through the Norwegian Financial Institution Act (Finansforetaksloven) and its regulations.

TABLE 1 THE SOLVENCY II BALANCE SHEET FOR STOREBRAND LIVSFORSIKRING AS

(NOK million)	31/12/2017	31/12/2016		31/12/2017	31/12/2016
Assets			**Liabilities**		
Investments (other than assets held for index-linked and unit-linked contracts)	228,437	221,047	Technical provisions*	263,650	245,456
Assets held for index-linked and unit-linked contracts	80,786	64,292	-Life insurance	188,993	185,399
Other assets	9,027	6,962	-Non-life insurance	627	725
			-Index-linked and unit-linked insurance	74,029	59,332
			Subordinated liabilities	8,547	7,198
			Other liabilities	10,573	7,884
Total assets	**318,250**	**292,302**	**Total liabilities**	**282,769**	**260,538**
			Net assets	**35,481**	**31,764**

*Including transitional rules

Solvency II sets requirements for own funds under normal operating conditions. This is called the solvency capital requirement, and amounts to a total of NOK 19.1 billion (NOK 19.5 billion); see Table 2. The solvency capital requirement ensures that you as a customer get the insurance settlement or pension you are entitled to with 99.5% certainty.

There are capital requirements for all material risks that Storebrand Livsforsikring is exposed to. 71% of the solvency capital requirement[2] is linked to the fact that financial markets, especially in terms of interest rates, equity, real estate, credit spreads and currencies, may develop differently than expected. 22% of the capital requirement is linked to life insurance risk, such as the possibility that pension customers may live longer than expected. Storebrand Livsforsikring is also subject to operational risk, non-life insurance risk and risk of losses from counterparties not fulfilling their obligations. The overall risk is less than the sum of the individual stresses, because diversification is assumed; that is, it is unlikely that all the risks will hit simultaneously; and also due to the fact that reduced taxes may compensate for some of the losses.

When the own funds of NOK 42.7 billion is compared against the solvency capital requirement of NOK 19.1 billion, Storebrand Livsforsikring has a solvency margin of 224% (200%). The minimum regulatory requirement is 100% solvency margin under normal operating conditions. Storebrand own goal is for solvency margin to exceed 150% on Group level (Storebrand ASA).

TABLE 2 SOLVENCY CAPITAL REQUIREMENT

(NOK million)	31/12/2017	31/12/2016
Market risk	20,336	21791
Counterparty default risk	449	423
Life underwriting risk	6,434	5180
Non-life and health underwriting risk	540	524
Diversification	-4,646	-4013
Operational risk	990	953
Loss-absorbing capacity of deferred taxes	-5,015	-5401
Total Solvency capital requirement	**19,088**	**19,457**

TABLE 3 SOLVENCY POSITION

(NOK million)	31/12/2017	31/12/2016
Own funds	42,728	38,962
Solvency capital requirement	19,088	19,457
Solvency margin	**223.8%**	**200.2%**

[2] Prior to diversification between risk modules.

A. BUSINESS AND PERFORMANCE

A.1 BUSINESS

During 2017, Storebrand Livsforsikring entered into an agreement to acquire Silver Pensjonsforsikring, but the closing of the transaction took place in the first quarter of 2018. More detail on the transaction is in Note 3 of the 2017 annual report for Storebrand Livsforsikring. Other than that, Storebrand Livsforsikring's business has not changed significantly during 2017.

Storebrand Livsforsikring AS has its main business in Norway with its head office located at Lysaker in Bærum municipality. Storebrand Livsforsikring is supervised by Finanstilsynet (The Financial Supervisory Authority of Norway)[3]. Storebrand Livsforsikring's accounts are audited by Deloitte AS[4].

Storebrand Livsforsikring is the largest company in the Storebrand Group[5]. The company is a wholly owned subsidiary of Storebrand ASA, which is the parent company of the Storebrand group. Being the ultimate parent company, Storebrand ASA is subject to group supervision by Finanstilsynet (The Norwegian Supervisory Authority of Norway). Storebrand ASA prepares and publishes the Group Solvency and Financial Condition Report for the Storebrand Group.

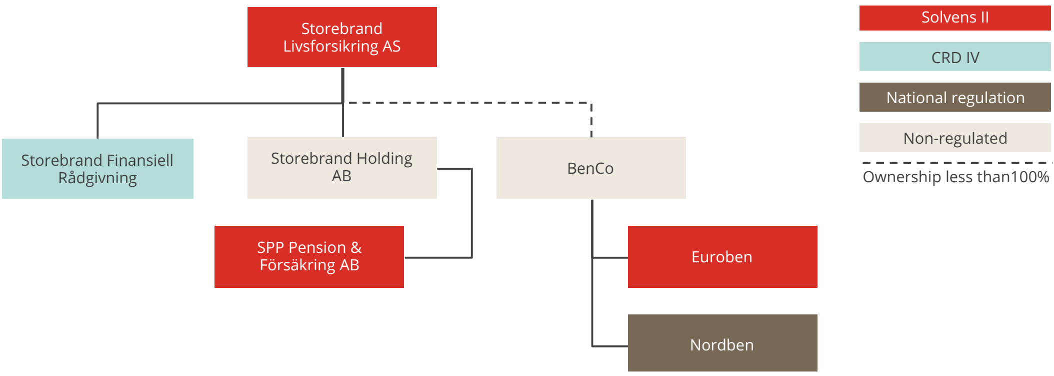

Figure 1 Corporate structure

Storebrand Livsforsikring AS owns 100% of Storebrand Holding AB, which in turn owns 100% of SPP Pension & Försäkring AB, SPP Spar AB, SPP Konsult AB, and Storebrand & SPP Business Services AB. SPP is a leading Swedish provider of life insurance and occupational pension schemes. SPP is headquartered in Stockholm. In 2005, Storebrand Livsforsikring AS set up a branch in Sweden. The branch manages pensions and unit-linked contracts in the Swedish market written under the Norwegian Insurance Act. The branch is closed for new business. In 2008, the branch's operations were integrated with SPP.

Storebrand Livsforsikring AS owns 89,6% of Benco Insurance Holding BV, which in turn owns 100% of Nordben Life and Pension Insurance Company Ltd. in Guernsey and Euroben Life and Pension Ltd with head office in Dublin. The companies offer pension products to multinational companies.

Through the wholly owned subsidiaries Aktuar Systemer AS and Storebrand Pensjonstjenester AS, Storebrand Livsforsikring offers actuarial services, system solutions and all types of services associated with the operation of pension funds. Storebrand Finansiell Rådgivning AS was established as a wholly owned subsidiary by Storebrand Livsforsikring AS in order to satisfy legal changes affecting financial advice (the MiFid directive) which entered into force on 1 November 2007.

Pursuant to the Solvency II regulations, Storebrand Livsforsikring shall report on a solo basis. This implies that subsidiaries are consolidated based on the value of own funds. These principles are described in more detail in Chapter D1. Assets. The data referred to in chapters A. Business and performance, D. Valuation for solvency purposes of assets and liabilities, and E. Capital management, are based on these principles for solo reporting. In chapters B. System of Governance and C. Risk Profile, the descriptions provided are mainly based on Storebrand Livsforsikring as a whole, including subsidiaries.

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

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[4] Deloitte AS: Dronning Eufemias gate 14; P.O. box 221 Sentrum, 0103 Oslo, Norway; Phone: +47 23 27 90 00
[5] A complete overview of the companies in the Storebrand Group can be found in the Storebrand ASA 2016 Annual Report, p. 196.
[6] The overview of what is included in the various segments is here limited to Storebrand Livsforsikring AS and its subsidiaries. These segments are described in more detail in Note 5. Segments in the 2016 Annual Report for Storebrand Livsforsikring.

- Savings consists of long-term saving for retirement without guarantees. The main products are unit-linked insurance and defined contribution pensions for companies and individuals in Norway and Sweden.
- Insurance consists of the Group's risk products. Storebrand Livsforsikring provides personal risk products in the Norwegian retail markets and employee-related and pension-related insurance in the Norwegian and Swedish corporate markets.
- Guaranteed Pension comprises of long-term pension savings with a guaranteed rate of return or guaranteed benefits. The area includes defined benefit pensions in Norway and Sweden, paid-up policies and individual capital and pension insurance.

Savings and Insurance are the Group's growth areas, while Guaranteed Pension is in long-term decline.The strategy of Storebrand Livsforsikring is to provide profitable growth through simple and sustainable solutions, while we also manage our guaranteed portfolios in a capital-efficient manner. Occupational pension is a core product in both Norway and Sweden. In Norway, employees and former employees of companies with occupational pension in Storebrand, are also offered attractive retail market solutions.

A.2 UNDERWRITING PERFORMANCE

The results presented in this chapter correspond to the technical accounts in the financial reporting for Storebrand Livsforsikring, ref. Note 13 in the 2017 Annual Report; but are grouped according to the segmentation used for Solvency II reporting. Information about the risk result for Storebrand Livsforsikring can be found in Note 7 in the Annual Report for 2017.

Life insurance

The majority of the premium income, payments and expenses for Storebrand Livsforsikring are associated with life insurance products. For 2017, the total premiums from life insurance products amounted to NOK 16,034 million, compared to 16,231 million for 2016. Premiums are distributed across guaranteed products with profit sharing, unit-linked insurance and other life insurance. The total expenses associated with life insurance products amounted to NOK 1,479 million (NOK 1,727 million), of which NOK 17 million has not been distributed across the various products.

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

(NOK million)	Guaranteed products with profit sharing	Unit linked insurance	Other life insurance	Sum life insurance 31/12/2017	Sum life insurance 31/12/2016
Gross premiums	3,586	10,340	2,108	16,034	16,250
Reinsurers' share	3		17	19	19
Net premiums	**3,584**	**10,340**	**2,092**	**16,015**	**16,231**
Gross claims	8,073	1,339	824	10,237	10,077
Reinsurers' share			7	7	5
Net claims	**8,073**	**1,339**	**817**	**10,230**	**10,072**
Expenses	**741**	**442**	**280**	**1,479**	**1,727**

Guaranteed products with profit sharing

This segment comprises of collective occupational and individual pension schemes with guaranteed benefits and profit sharing. It includes insurance that pays out compensation in the event of disability or to survivors in the event of death when the insurance is linked to a guaranteed retirement pension.

For 2017, premium payments amounted to NOK 3,586 million. The premiums for own account amounted to NOK 3,584 million after ceding reinsurance premiums of NOK 3 million. Total claims amounted to NOK 8,073 million. Insurance claim payments for own account amounted to NOK 8,073. The total pay-outs are greater than the premium payments, which must be seen in connection with the fact that the portfolio is mainly comprised of paid-up policies. Paid-up policies are fully paid pension entitlements to which no further premiums are paid in. Premium payments from previous years have been set aside to cover pay-outs from these. Expenses associated with this segment amounted to NOK 741 million.

Unit-linked insurance

This segment comprises collective occupational pensions (defined contribution pensions, hybrid pensions and paid-up policies with investment choice) and individual pensions without guaranteed returns[7] or guaranteed benefits.

[7] Including paid-up policies with investment choice and hybrid occupational pensions, which may have a 0% guarantee.

For 2017, the total premium payments amounted to NOK 10,340 million with no reinsurance ceded. The total insurance claims amounted to NOK 1,339 million. The fact that premium payments vastly exceed insurance claim payments must be seen in connection with the fact that few of the policy holders have reached retirement age. Most of the contributed premium is therefore set aside to cover future pension pay-outs. Expenses associated with this segment amounted to NOK 442 million.

Other life insurance

This segment mainly consists of insurance against disability, illness, accidents or death. Group disability insurance provides annual pay-outs in the event that the insured party becomes incapacitated for work. Group life insurance provides one-off payments for incapacity caused by accident or illness, or to the survivors in the event of death.

For 2017 the total premium amounted to NOK 2,108 million. After ceding NOK 17 million in reinsurance, the premium for own account amounted to NOK 2,092 million. The total claims amounted to NOK 824 million. The insurance claim for own account amounted to NOK 817 million. Expenses associated with this segment amounted to NOK 280 million.

Non-life insurance

Storebrand Livsforsikring AS also offers certain products defined as non-life insurance. For 2017, the total premiums from non-life insurance amounted to NOK 323 million, compared to NOK 339 million for 2016. Expenses associated with non-life insurance products amounted to NOK 84 million.

TABLE 5 PREMIUMS, CLAIMS AND EXPENSES PER SEGMENT (NON-LIFE INSURANCE)

(NOK million)	Income protection insurance	Workers' compensation insurance	Total for non-life insurance 31/12/2017	Total for non-life insurance 31/12/2017
Gross premiums	256	67	323	339
Reinsurers' share	7	5	12	10
Net premiums	**249**	**62**	**311**	**328**
Gross claims	133	22	155	230
Reinsurers' share	4	2	6	7
Net claims	**129**	**20**	**149**	**223**
Expenses	**68**	**17**	**84**	**67**

Appendix 2 to this report includes a table with further details about the accrual of insurance claims over time for the past 10 years (S.19.01.21).

Income protection insurance

This segment includes insurance contracts that offer a lump-sum compensation in the event of an accident[8].

For 2017, the total premium payments amounted to NOK 256 million. After ceding NOK 7 million in reinsurance, the premium for own account amounted to NOK 249 million. The total claims amounted to NOK 331 million. The insurance claim payments for own account amounted to NOK 129 million. Expenses associated with this segment amounted to NOK 68 million.

Workers' compensation insurance

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

For 2017, the total premium payments amounted to NOK 67 million. After ceding NOK 5 million in reinsurance, the premium for own account amounted to NOK 62 million. The total claims amounted to NOK 22 million. The insurance claim payments for own account amounted to NOK 20 million. Expenses associated with this segment amounted to NOK 17 million.

Geographical distribution of premiums, insurance claims and expenses

Virtually all of Storebrand Livsforsikring AS's premiums, claims and expenses occur in Norway. The geographical distribution of premiums, insurance claims and expenses for the Storebrand Group are described in Section A.2 in the Solvency and Financial Condition Report for Storebrand ASA.

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

The subsidiaries SPP Pension & Försäkring and Euroben have the main share of income and expenses in Sweden. See section A.2 in the Solvency and Financial Conditions Report for these companies.

A.3 INVESTMENT PERFORMANCE

In 2017, the average investment return for guaranteed customer portfolios was 4.8% (booked) and 5.3% (based on market value). There was a 4.6% return on capital for the company portfolio. Further details on the return for sub-portfolios can be found in Note 46 in the Storebrand Livsforsikring Annual Report.

Incomes from investments are also described in Note 17 Net Financial Income and Note 18 Net income from real estate in the Storebrand Livsforsikring 2017 Annual Report. The investment results in this report are based on the principles that apply for the solvency balance sheet. For this reason, the figures deviate somewhat from the financial statements, particularly due to the fact that amortised cost are not used for the solvency balance sheet.

For 2017, Storebrand Livsforsikring's income from investments amounted to NOK 19,108 million, compared to NOK 27,449 million for 2016. Of this, NOK 6,588 million was interest income, NOK 493 equity dividends and NOK 4,685 million net capital gains on the sale of securities. Unrealised capital gains increased by NOK 7,085 million.

Storebrand Livsforsikring's investments are divided into three main portfolio groups; the collective portfolio (guaranteed customer portfolios), the index-linked and unit-linked insurance portfolio (non-guaranteed customer portfolios) and the corporate portfolio. Market risk affects Storebrand's income and profit differently in the different sub-portfolios, as described in more detail in Chapter B.2 Market Risk.

TABLE 6 REVENUES AND EXPENSES ASSOCIATED WITH INVESTMENTS DISTRIBUTED BY MAIN PORTFOLIOS

(NOK million)	Dividends	Interest incomes	Net capital gains	Change in unrealized gains and losses
Collective portfolio	170	4,894	2,009	2,774
Index-linked and unit-linked insurance portfolio	253	1,307	2,606	3,836
The corporate portfolio	70	387	70	475
Total	**493**	**6,588**	**4,685**	**7,085**

Details on how income is distributed in terms of asset classes, can be found in the Appendix to this report (Appendix 1).

Storebrand Livsforsikring has not recognised investment revenues or investment costs directly against equity. Storebrand Livsforsikring has not invested in securitisations.

A.4 PERFORMANCE OF OTHER ACTIVITIES

Storebrand Livsforsikring is funded by a combination of equity and subordinated loans. Based on the interest rate levels at the end of 2017, quarterly interest expenses of approximately NOK 100 million are expected. Beyond this, Storebrand Livsforsikring has little income or expenses that are not linked to its insurance and investment activities. Other income is also specified in Note 20 and other expenses in Note 26 in the Storebrand Livsforsikring 2017 Annual Report.

A.5 ANY OTHER INFORMATION

The business activities and performance in 2017 are described in detail in the Storebrand Livsforsikring 2017 Annual Report.

B. SYSTEM OF GOVERNANCE

B.1 GENERAL INFORMATION ON THE SYSTEM OF GOVERNANCE

During 2017, there has been some changes in areas of responsibility for the functional management of the Group. Other than that, there is no changes during 2017 that affects the system of governance in a significant way.

The Board of Directors and its advisory subcommittees

The Board of Directors of Storebrand Livsforsikring consists of seven members, three of whom are external and two of whom are elected by the company's employees. The CEO is Chairman of the Board.

The Board is responsible for ensuring that the company is properly organized, for establishing risk frameworks, strategies, plans and budgets for the business, as well as ensuring that business activities, accounting and asset management are subject to adequate control measures, including ensuring compliance with applicable law. The Board shall also supervise the day-to-day management and the company's business activities at large.

The Board of Directors of Storebrand ASA has established the following sub-committees: The Audit Committee, the Risk Committee, and the Compensation Committee. The committees consist of three to four board members each. The mandates of the advisory sub-committees are reviewed annually.

The Audit Committee assists the Board in reviewing, evaluating and, where necessary, proposing appropriate measures with respect to the business' overall controls, financial and operational reporting, risk management and internal control, as well as external and internal auditing. The Committee assists the Board in the preparation of items for consideration. Decisions are made, however, by the full Board.

The Risk Committee's main task is to prepare matters to be considered by the Board in the area of risk, with a special focus on the Group's risk appetite, risk strategy and investment strategy. The Committee should contribute forward-looking decision-making support related to the Board's discussion of risk taking, financial forecasts and risk reporting.

The Compensation Committee acts as the Group's joint remuneration committee in accordance with Norwegian and Swedish regulations. The Compensation Committee shall advise the boards of the Group's companies in Norway and Sweden that are obliged to have remuneration committees. They will advise the boards in any matters concerning the individual companies' remuneration schemes for executive personnel, employees that influences the company's risk exposure and employees with control functions. The committee cannot make decisions on behalf of individual boards.

Day-to-day management

The Managing Director is responsible for the day-to-day management of Storebrand Livsforsikring's operations and activities, and shall act in accordance with the guidelines and orders issued by the Board. The Managing Director reports to the Board. The duties and responsibilities of the Managing Director are outlined in instructions approved by the Board.

The Group's executive management team is the top management level for the management of the Group. Areas of responsibility include retail market in Norway, corporate market Norway, SPP and asset management as well as intratroup responsibility for digital business development, communication, finance & accounting and people & technology.

Independent control functions

Storebrand Livsforsikring's Board of Directors has established independent control functions in accordance with relevant legal requirements: The Risk Management Function; Compliance function; Actuary Function; Internal Audit Function. The organization of, and areas of responsibility for each of these independent control functions, are described in more detail in Chapters B.3-B.6.

Remuneration

Storebrand Livsforsikring complies with the Group's common guidelines for remuneration. Storebrands remuneration should help to attract, develop and retain highly qualified staff. Storebrand has a transparent incentive model with emphasis on the best interests of its customers and a long term perspective. The company will therefore mainly offer fixed salaries and use variable remuneration only to a limited extent. The Group's executive management team and senior executives that have a significant influence on the company's risk exposure are only eligible for fixed salaries. Other employees may be eligible for receiving a discretionary bonus of 5-15% of their fixed salary.

The Company provides and pays for a pension insurance for all employees in accordance with the applicable pension agreements at any given time. As of 2015 onwards, the company offers defined contribution plans for all employees, including employees with a salary exceeding 12G (G=the National Insurance basic amount).

When converting from a defined benefit to a defined contribution scheme, employees who were assessed to be at a disadvantage due to this change, were offered compensation in the form of monthly additional contributions for a maximum of 36 months. The compensation scheme was finalised during 2017. For the Group's executive management team, the estimated present value of pension rights for income exceeding 12G, which was earned prior to the conversion, will be paid out over a five-year period.
The Chief Executive Officer and executive vice presidents are entitled to severance pay if the company terminates their contracts. The entitlement to a severance package is also available if the person decides to leave the company due to substantial changes in the organisation, or equivalent conditions which result in the person's not being able to naturally continue in his or her position. If the employment relationship is brought to an end due to a gross breach of duty or other material non-performance of the employment contract, the person in question is no longer entitled to severance pay. Deductions are made to the severance pay for all work-related income. The termination pay corresponds to the salary at the end of the employment relationship, excluding any bonus schemes. The Managing Director of Storebrand Livsforsikring is entitled to 12 months severance pay. The CEO is entitled to 24 months severance pay. Other Group directors are eligible for a maximum of 18 months of severance pay.

For further details on remuneration, including the remuneration of senior employees and elected officers, see Note 23 in the Storebrand Livsforsikring 2017 Annual Report.

Transactions with related parties
Storebrand Livsforsikring has transactions with other companies in the Storebrand Group, senior employees and shareholders in Storebrand ASA. These are transactions that are a part of the products and services offered by the companies in the group to their customers. The transactions are entered into on commercial terms, and include occupational pensions, private pension savings, non-life insurance, leasing of premises, loans and deposits, asset management and mutual fund investments.

See Note 44 in the Storebrand Livsforsikring 2017 Annual Report for further details.

B.2 FIT AND PROPER REQUIREMENTS

Storebrand Livsforsikring's Board of Directors has established processes to ensure that the Company's Board, the Managing Director/de facto management, as well as officers responsible for independent control functions or key functions, satisfy all fit and proper requirements. Individuals with leadership responsibilities or other key functions shall have sufficient qualifications for the responsibilities and tasks assigned to the respective roles, sufficient experience and expertise to execute their duties, as well as behaviour and integrity that meet the requirements for suitability and good conduct. The Board as a whole must represent a wide range of qualifications, experience and expertise related to the nature of the Group's business operations.

The implementation and documentation of the fit and proper assessment are carried out in connection with board appointments, annual board reviews, recruitment including background checks, annual succession planning and -processes and employee appraisals.

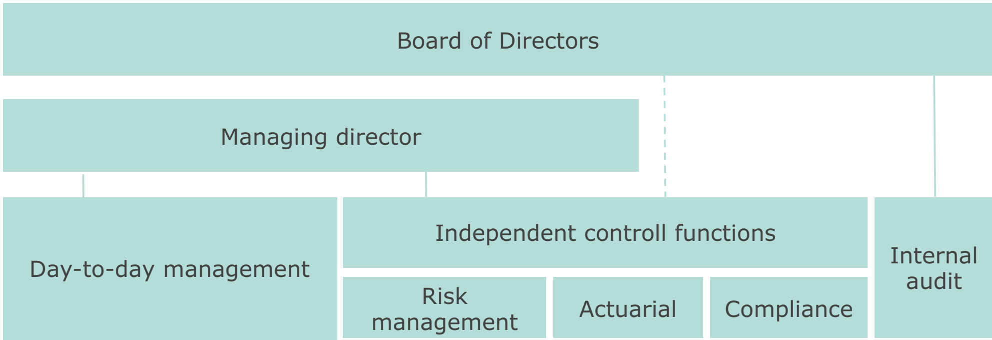
Management functions and other key functions provided by external service providers shall be assessed in the same way as the corresponding roles internally. Storebrand Livsforsikring has outsourced internal auditing to Ernst & Young (EY). An employee of Storebrand Livsforsikring is responsible for following up this contract. The employee must meet fit and proper requirements in terms of having the necessary skills and experience to assess the performance of and deliverables from EY.

The fit and proper assessment is performed at least once per year or in cases of significant strategic or organizational changes, when persons in management or other key functions are replaced, and in cases of outsourcing of such functions. Storebrand Livsforsikring provides The Financial Supervisory Authority of Norway with a list of persons who are subject to the fit and proper assessment.

B.3 RISK MANAGEMENT SYSTEM INCLUDING THE OWN RISK AND SOLVENCY ASSESSMENT

During 2017, there has not been changes that affect the risk management system in a significant way.

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



The boards of directors of Storebrand Livsforsikring AS and of their subsidiaries have the overall responsibility for assessing and limiting the risks associated with their business activities. The boards sets limits and guidelines for the risk-taking in the company, receive reports on the actual risk levels, and perform a forward-looking assessment of the risk situation at least twice a year.

The Group Management, being the first line of defence, has the overall responsibility for the company's risk management. The Group Management's risk owners shall support the Managing Director in the task of safeguarding their total responsibility for all risks assumed within Storebrand Livsforsikring. The Managing Director is responsible for ensuring that the company's internal risk management is adequate, including establishing independent control functions, and ensuring that the risk-taking are in compliance with regulatory requirements and guidelines from the Board.

Managers at all levels are responsible for the risk management within their own area of responsibility. All employees should know that awareness concerning risks and risk management are integral elements of the company culture.

Independent control functions (the second line of defence) have been established for risk management (Risk Management Function/ Chief Risk Officer), for compliance with regulations (the Compliance Function) and for actuarial tasks (the Actuarial Function). These independent control functions report directly to the Managing Director of Storebrand Livsforsikring, and report independently to the Board of Directors. Their tasks and responsibilities are described in instructions from the Board. Functionally, the independent control functions are affiliated with the Group Chief Risk Officer (CRO), which reports directly to the CEO.

The CRO shall ensure that all significant risks are identified, measured and appropriately reported. The CRO function shall be actively involved in the development of Storebrand Livsforsikring's risk appetite and -strategy and maintain a holistic view of the company's risk exposure. This includes responsibility for ensuring compliance with the relevant regulations for risk management and the company's operations.

The internal audit function report directly to the Board and shall provide the boards of the relevant group companies with confirmation concerning the appropriateness and effectiveness of the company's risk management system, including the functioning of the independent control functions.

The risk management process

TThe risk management process includes identifying, measuring, limiting, managing, monitoring, reporting, documenting and communicating risk.

The risk identification process shall ensure awareness of all material risks. A group-wide risk universe, which groups risks into appropriate risk categories has been established, providing a common, comprehensive risk language based on the risk universe in Solvency II.

The total risk is measured by capital requirements according to the Solvency II standard model; ref. chapter E.2 Solvency Capital Requirements and Minimum Capital Requirements. Additional stress testing measures and scenario analyses are also used in order to quantify risks. All risks have a designated risk owner. The risk owner is responsible for risk assessment, including the use of relevant stress testing and scenarios. This assessment shall facilitate the Board's supervision of targets and limits defined in the risk appetite and/or risk strategies.

The risk appetite is the overall risk level and risk types Storebrand Livsforsikring is willing to accept in order to achieve its business goals. In the risk strategy, guidelines from the risk appetite are specified into goals and limits for the company's risk-taking, in total and for individual risk types. Storebrand Livsforsikring's Board of Directors discusses and determines the risk appetite and risk strategy at least once per year. The Chief Risk Officer is responsible for preparing proposals. The risk appetite and risk strategy for the Group provide guidelines and set limits for Storebrand Livsforsikring's risk-taking. The risk appetite and risk strategy provide guidelines and set limits for more detailed strategies related to (inter alia) market risk (investment strategies), insurance risk, credit risk and liquidity risk.

Managers at all levels are responsible for risk management within their area of responsibility. The risk management shall ensure that risk levels are consistent with the appetite for risk and complies with internal and regulatory frameworks at all times. If the risk exceeds the limits, the risk owner shall immediately ensure that necessary measures are taken.

Risk owners shall have a continuous monitoring of the risk exposure, and are responsible for establishing reporting procedures that ensure that information about material risks are analysed and reported. On a general level, the Board of Directors receives information about risks during board meetings and in the form of monthly business reports. Procedures and systems have been established which allow all employees to report quickly and systematically to their managers if they discover discrepancies, new risks or defunct control systems.

The risk reporting from the risk owners is supplemented by independent reporting from the Chief Risk Officer. The CRO prepares a monthly risk report for the Group, which goes to the Group Management and the boards of Storebrand ASA and Storebrand Livsforsikring. The CRO also prepares a risk review for the Group Management and the Boards of Directors at least twice per year.

Risk management is an integral part of the business and shall serve as support when making business decisions. The Board and the management will take any relevant risk information into account in all decision making processes.

Own risk and solvency assessment (ORSA)

The Board will conduct a self-assessment of risk and solvency (ORSA) at least once per year. The regular ORSA is linked to the Group's strategy and planning process, and is prepared concurrently with the financial and capital plans. The Board is responsible for the ORSA process and prepares an ORSA report for Storebrand Livsforsikring which summarizes the results from the risk and solvency assessments.

A non-regular ORSA shall be conducted, in full or in part, in the event that changes occur that may have a significant impact on risks and/or capital. Such changes may be driven by internal decisions or external circumstances.

Through the ORSA process, the Board shall assess whether the risk-taking is in line with the determined risk appetite and within the applicable risk limits. This includes whether the risk-taking serves to fulfil the company's profitability goals; whether developments in the risk situation are within the risk appetite statement; and whether the risk of fluctuations in the solvency position is within acceptable limits.

As part of the ORSA process, Storebrand Livsforsikring calculates how sensitive the solvency margin is to changes in market conditions. Results are updated and reported on a quarterly basis as part of the financial reporting. The solvency position is most sensitive to changes in financial markets and to changes in the methodology used to define the interest rate curve. Main sensitivities as of 31/12/2017 are summarised in the figure.

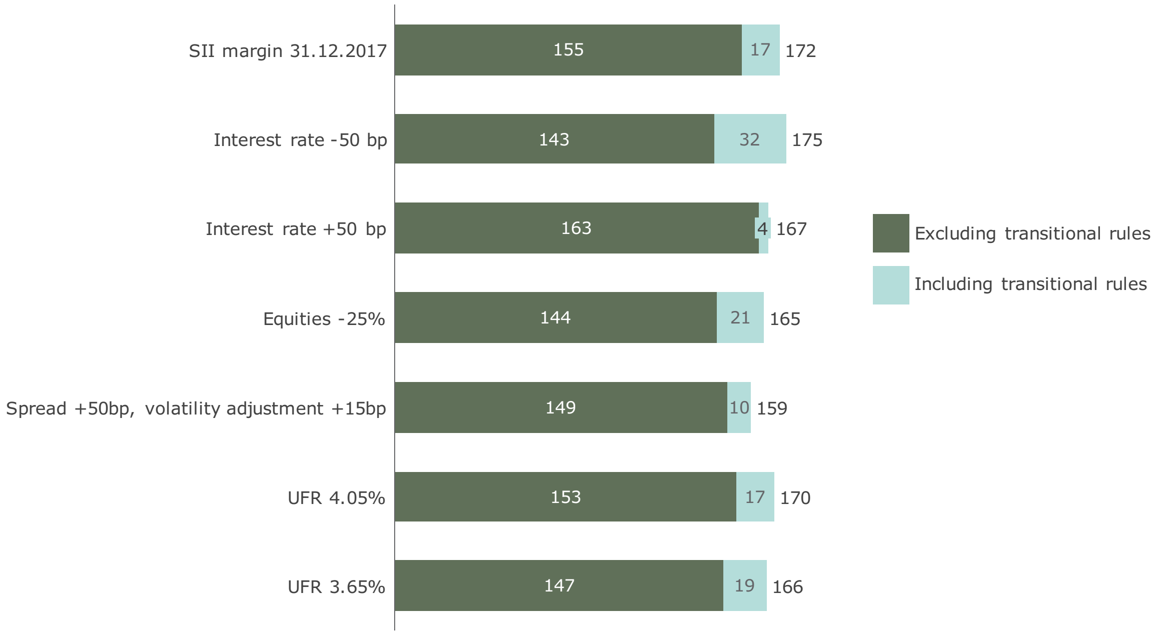


FIGURE 2 SENSITIVITIES FOR SOLVENCY MARGIN

Before the effect of transitional measures (see Chapter D.2), the solvency-margin is most vulnerable to equities and interest rates levels. A 25% fall in equities will reduce the solvency-margin from 203% to 182%, while a 50bp fall in interest rates will reduce the solvency margin to 186%. The transitional for valuation of technical provisions counteracts much of the negative effects from lower interest rates. Including transitional measures, the solvency-margin is most vulnerable to credit spreads. A 50bp increase in credit spreads will reduce the solvency margin from 223% to 205%.

Targets for solvency and consistency with the capital plan
The Storebrand Group has overall financial targets related to solvency and financial strength, profitability and dividends.

The solvency target is for Storebrand ASA (the Group's) solvency margin to exceed 150%. The Board of Directors wants to minimize the probability of fluctuations, particularly in the financial market, triggering the need to take extraordinary measures to strengthen the solvency position. The target is therefore set at a substantially higher level than the regulatory requirement of 100%.

The profitability target is that the return on equity should exceed 10%. Risk-taking should contribute to Storebrand achieving this target.

For 2017, the Group paid a total dividend of NOK 1,168 million, consisting of ordinary dividend of NOK 2.1 per share and an extraordinary dividend of NOK 0.4 per share. The extraordinary dividend is due to a strong financial result and strong result after tax.

For 2018, the goal is to pay more than 50% of the Group result after tax as dividend. For the following years, the Board's ambition is that the ordinary dividend per share should be at least the same nominal amount as the year before. Ordinary dividend is paid if the solvency margin is sustainably above 150%. When the solvency margin exceeds 180%, the Board's intention is to propose extraordinary dividends or share repurchases. The dividend policy should also enable Storebrand to grow inside the target areas in a profitable way.

The holding company Storebrand ASA aims for a net debt ratio of near zero. The group's capital plan is based on the principle that surplus capital, above the target solvency level in subsidiaries, should be placed in Storebrand ASA. This is to ensure flexibility and to provide flexibility for strengthening the capital in the Group's operating companies.

For Storebrand Livsforsikring, it's the Board's desire that there is a low probability that fluctuations, particularly in the financial market, shall require extraordinary measures or a call for additional capital from Storebrand ASA. The solvency target should also be consistent with a target of an A credit rating for Storebrand Livsforsikring AS.

For 2017, Storebrand Livsforsikring paid a dividend of NOK 1.3 billion to Storebrand ASA, corresponding to approximately 75% of the net result.

Assessment of the system of governance
The Board reviews the system of governance, risk management and internal control at least once per year as part of the ORSA process. The Board finds that the organization hereof is appropriate in terms of the nature, scope and complexity of the risks associated with Storebrand Livsforsikring's business.

B.4 INTERNAL CONTROL SYSTEM

During 2017, there has not been changes that affects the internal control system in a significant way.

The foundation for adequate risk management and internal control is to ensure a sound and proper control environment represented by the attitudes, integrity, values and ethics of the Board, management and employees, as well as the formal and operational organization of the business.

The term "internal control" encompasses all the measures the company takes to achieve its goals and limit unwanted events in order to secure and create values for its customers, owners, employees and the society in general. Internal control involves more than simply implementing control measures. It also involves facilitating targeted and cost-effective business operations, reliable reporting and compliance with external and internal regulations. Internal control is a continuous process conducted by the Board, executive management and employees, as it is integrated in to the business' day-to-day management and operation.

Being the first line of defence, managers at all levels of the business are responsible for fulfilling internal control requirements within their own area of responsibility, and shall continuously evaluate the implementation of internal control procedures. The control functions are organized in a way that enables them to exercise their duties objectively and independently. It is essential to emphasise sufficient independence for the control functions in order to prevent possible conflicts of interest. Situations in which individuals are responsible for a decision-making process for which they also act as control function should be avoided.

The Compliance Function

Storebrand Livsforsikring's Compliance Function reports to the Board and the Managing Director. The compliance functions of the licensed companies in the Storebrand Group are functionally organized under the Group Compliance Officer.

The responsibilities, duties and rights of the Compliance Officer are described in an instruction from the Board. The Compliance Officer shall support the management and the Board in their responsibility to ensure compliance with external and internal regulations. The Compliance Officer shall provide the Managing Director and the Board with independent reporting and a comprehensive overview of the most important activities related to advising, monitoring and securing compliance with internal and external regulations, in addition to providing an overall plan for priorities in the coming year.

The Compliance Officer will provide the Managing Director and the Board with independent monthly/quarterly reports that show the current status for implemented controls, in addition to preparing an annual report with plans for activities in the coming year. Regulatory changes are reported to the boards annually or as needed.

B.5 INTERNAL AUDIT FUNCTION

During 2017, there has not been changes that affects the functioning of the internal audit function in a significant way.

Storebrand has entered into an agreement with Ernst & Young (EY) to provide the internal audit function for all companies in the Group. EY's responsible partner reports directly to Storebrand Livsforsikring's Board of Directors, which determines the internal audit function's instructions and annual plan.

The internal audit function assists the Board and the executive management in exercising good corporate governance by providing an independent and neutral assessment of whether the companies' most significant risks are adequately managed and controlled. The internal audit function is direct responsible to the Board and the tasks shall be carried out independently of the areas and persons under audit.

The internal audit function shall be allowed to conduct inquiries independently of the executive management. At the request of the company or on its own initiative, the internal audit function may conduct independent investigations in cases of suspected fraud.

B.6 ACTUARIAL FUNCTION

During 2017, there has not been changes that affects the actuarial function in a significant way.

The Actuarial Function of Storebrand Livsforsikring reports to the Managing Director and the Board. In order to ensure an efficient and consistent actuarial function for the Storebrand group, a Group actuary responsible for the function's total deliverables has been appointed. The actuarial function for Storebrand Livsforsikring is affiliated with the Group's actuarial function.

The responsibilities, duties and rights of the actuary function are outlined in an instruction from the Board. The actuary function's main task is to ensure that the technical provisions calculations are reliable and correct. The function will also provide feedback on the guidelines for underwriting and the suitability and effectiveness of the company's reinsurance program. The function will also support the Chief Risk Officer's work, particularly with regards to insurance risk.

The actuarial function shall provide Storebrand Livsforsikring's Board of Directors with an annual report assessing whether the calculation of technical provisions is reliable and appropriate.

Storebrand Livsforsikring's actuarial function should operate independently from the company's operations. This implies that the function should not make decisions for, take responsibility for, or participate in the activities and services that are being reviewed in such a way as to raise questions about the actuarial function's independence or impartiality. The actuarial function will assess the advisability of decisions that affect the company's technical provisions in the solvency balance sheet.

B.7 OUTSOURCING

During 2017, Storebrand Livsforsikring has not entered into new outsourcing contracts or made other changes that effect outsourcing in a significant way. During the first quarter of 2018, Storebrand has sold its remaining stake in Storebrand Baltic UAB to Cognizant.

Outsourcing is when Storebrand Livsforsikring use contractors to carry out tasks that could alternatively have been carried out by the company's own employees. Storebrand Livsforsikring's Board of Directors has adopted guidelines for outsourcing that apply both to outsourcing internally within the Storebrand group and outsourcing to external companies. Exceptions include simple procurement agreements and service agreements with little impact on the company's operational activities.

A fundamental principle is that Storebrand Livsforsikring continues to be responsible for the outsourced tasks and assignments. Storebrand Livsforsikring must therefore be able to fulfil its obligations, as well as review the contractors' risk management and internal control measures, including ensuring compliance with the laws and regulations applicable to the outsourced tasks and assignments.

A risk assessment is always performed before deciding that operations will be outsourced. The assessment shall be based on the assumption that outsourcing should be appropriate in terms of commercial considerations, as well as in terms of reasonable assurance that management and control, safeguarding of ongoing business operations, effective monitoring and supervision and a good relationship with our clients will be maintained.

Storebrand entered into a long-term strategic partnership agreement with Cognizant in November 2015. At the same time, Storebrand sold 66% of its shares in Storebrand Baltic UAB, which functioned as the Group's service centre in Vilnius, Lithuania, to Cognizant. The remaining 34% was sold to Cognizant during the first quarter of 2018. The agreement initially included business processes and IT development activities that were already carried out by Storebrand Baltic. Furthermore, Storebrand sees a significant potential in this collaboration agreement in terms of innovation and digitalization of the Group's services, with subsequent streamlining of processes and IT solutions. This will provide better and more innovative solutions for the Group's clients, as well as contribute to reduced expenses.

Storebrand Livsforsikring has outsourced services related to, inter alia, business processes, IT infrastructure, operations and development, asset management and distribution (see Table 7 for more details). Storebrand Livsforsikring's Board of Directors receives an annual report on outsourced activities. The report provides an overview of outsourced tasks and how they are followed up. Relevant supervisory authorities have been informed of outsourced activities in accordance with the rules applicable to the business in question.

TABLE 7 OVERVIEW OF THE COMPANY'S MAIN OUTSOURCED ACTIVITIES

Contracting Partner	Activity	Jurisdiction
Cognizant Technology Solutions UK Ltd.	Business processes	Great Britain (Lithuania, India)
	IT, operations and development	
Storebrand and SPP Business Services AB (intragroup)	Processes outsourced to Cognizant	Sweden
Evry AB	IT infrastructure	Sweden
Evry Norge AS	Operation of the accounting system	Norway
Oracle Norge AS	Cloud services	Norway
Microsoft Ireland Operations	IT support	Ireland
	Cloud services	
Tieto Corporation	IT system solutions	Norway
OpusCapita IT solution AS	System management	Norway
Touch Technology AS	Customer conversation recordings	Norway
Zalaris HR Services AS	Wage system for own employees	Norway
Ernst & Young AS	Internal audits	Norway
Storebrand Asset Management AS (intragroup)	Asset management	Norway
Storebrand Bank ASA (intragroup)	Loans management	Norway
	Distribution	
Storebrand Finansiell Rådgivning AS (intragroup)	Distribution	Norway
Formuesforvaltning Aktiv Forvaltning AS	Distribution	Norway
Private Barnehagers Landsforbund	Distribution of collective products	Norway
Virke Forsikring AS	Distribution of collective products	Norway
Boligbyggelagenes Partner AS	Distribution of collective products	Norway
RIF Forsikringsservice AS	Distribution of collective products	Norway
Matrix Insurance AS	Distribution of collective products	Norway
Nordic Insurance Services AS	Distribution of collective products	Norway

B.8 ANY OTHER INFORMATION

The system for risk management and internal control is also described in the Storebrand Livsforsikring 2017 Annual Report, especially in the chapter "Capital situation, rating and risks" and Note 5. Risk management and internal control.

C. RISK PROFILE

C.1 UNDERWRITING RISK

Insurance risk is the risk of higher than expected payments and/or unfavourable changes in the value of an insurance liability due to the actual development differing from what was expected when premiums or provisions were calculated. The largest insurance risks for Storebrand Livsforsikring are longevity, disability, customer lapses and expense developments.

During 2017, there has not been material changes in the composition of the underwriting risk or in the measures to assess these risks.

Customers with traditional pension products in Norway and Sweden are usually entitled to minimum annual pay-outs for as long as they live. If the average life expectancy increases more than what was expected when calculating premiums and provisions, Storebrand Livsforsikring must cover the difference. Storebrand Livsforsikring is also subject to the risk of increased longevity for people receiving survivor pensions. The main way of controlling the risk is to base pricing and provisions on the assumption of a continued longevity trend. Actual developments with regards to longevity are monitored and provide a basis for assessing whether pricing and provisions are adequate. Storebrand Livsforsikring also provides insurance with death benefits for survivors, which gives risk from an increase in early deaths. This risk is small compared to the risk associated with increased longevity.

Storebrand Livsforsikring provides disability insurance, mainly in the form of group insurance for companies. Disability coverage can be linked to both traditional guaranteed pension products and defined contribution pensions. Storebrand Livsforsikring is exposed to risk if a higher number of people than expected become incapacitated, or if fewer people with disabilities return to working life. Storebrand Livsforsikring also offers insurance related to illness, accidents or occupational injury, but the associated risk is limited as they comprise only a small part of the total premiums.

For disability and other risk products, the risks are limited through obtaining health information before entering into insurance agreements with individuals or companies with few employees. For larger companies, the type of industry and statistics on illness are taken into account when calculating the premium. This risk is mitigated by monitoring risk results and, if necessary, adjusting the premium annually.

In order to limit the risk associated with major risk-events or catastrophes, Storebrand Livsforsikring has entered into reinsurance contracts. Reinsurance covers risks (beyond a lower limit[9]) where a single event causes more than two deaths or disability cases. The company's maximum risk amount for own account is relatively high, and the risk reinsured is therefore relatively modest.

Because future margins have an effect on the technical provisions, there is risk from profitable customers leaving the company (lapse risk) or from unexpected expense-increases. Defined contribution and unit-linked insurance is particularly exposed to lapse risk. For occupational defined contribution pensions in Norway, Storebrand Livsforsikring has entered into a reinsurance agreement covering losses from lapses beyond a threshold.

C.2 MARKET RISK

Market risk is changes in the value of assets from volatility or unexpected changes in prices on the financial markets, including that the value of the technical provisions may develop differently from the assets. The most significant market risks for Storebrand are equity market risk, credit risk, property price risk, interest rate risk and exchange rate risk.

During 2017, there has not been material changes in the measures to assess the market risk. Other changes to the risk are described under the sub-paragraphs.

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

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

TABLE 8 INVESTMENTS BY MAIN PORTFOLIO GROUPS

	Guaranteed customer portfolios	Non-guaranteed customer portfolios	Company portfolios
Real estate at fair value	11%	2%	0%
Bonds at amortised cost	36%	0%	10%
Money market	3%	5%	36%
Bonds at fair value	31%	14%	53%
Shares at fair value	7%	79%	0%
Loans at amortised cost	11%	0%	0%
Miscellaneous	1%	0%	0%
Total	**100%**	**100%**	**100%**

Guaranteed customer portfolios

For customer portfolios with a guarantee, the net risk for Storebrand Livsforsikring will be lower than the gross market risk The extent of risk-reduction depends on several factors, the most important being the size and flexibility of the customer buffers and the level and duration of the guaranteed return. If the investment return is not sufficient to meet the guarantee, the shortfall may be met by using customer buffers built up from previous years' surpluses. Storebrand Livsforsikring is responsible for covering a shortfall under the guarantee.

81% of the funds are invested in interest-bearing securities and loans. In Norway, most of the credit risk is from securities held at amortised cost, which significantly reduces the risk to the company's profit. 11% of the assets are invested in properties and 7% in equity. Most of the assets that are in foreign currency are currency hedged. This limits the currency risk.

The market risk is managed by segmenting the portfolios based on their risk-bearing capacity. For customers who have large customer buffers, assets are invested with higher market risk in order to give higher expected returns. Equity risk is also managed dynamically with the aim of maintain good risk-bearing capacity by adjusting the financial risk to the buffer situation and the company's financial strength. By exercising this type of risk management, Storebrand Livsforsikring expects to create good returns both for individual years and over time.

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

Non-guaranteed customer portfolios (Unit-linked insurance)

For defined contribution and unit-linked insurance, customers can determine how their funds are invested. The most significant market risks are equity risk and currency risk.

The market risk is at the customer's risk and expense, meaning Storebrand Livsforsikring is not directly affected by changes in value. Nevertheless, changes in value do affect Storebrand Livsforsikring's profits indirectly. Income is based largely on the size of the reserves, while the costs tend to be fixed. Lower returns from the financial market than expected will therefore have a negative effect on Storebrand's future income and profit.

Company portfolios

The market risk in the company portfolios has full impact on the profit. Storebrand Livsforsikring aims to take low financial risk for the company portfolios, and most of the assets are invested in short and medium-term fixed income securities with low credit risk. Storebrand Livsforsikring has hedged part of the value of its shareholding in SPP[10].

Sensitivity analyses

Storebrand Livsforsikring monitors market risk in the form of stress tests and sensitivity analyses, among other measures. Market risk is a key part of the ORSA assessment.

[10] Owned through Storebrand Holding AB

As a basis for continuous risk monitoring, a stress test has been defined based on a 12% fall in equities, a 7% fall in property, and an increase in credit spreads of 60 basis points. For interest rates, the stresses include both an increase and fall of 50 basis points, where the most negative is used. An increase in interest rates is negative for the result, while the solvency position is negatively affected by a fall in interest rates. The stresses are applied individually, but the overall market risk is less than the sum of the individual stresses, because diversification is assumed. The correlation between the stresses is the same as for Solvency II.

The table shows the fall in value for Storebrand Livsforsikring's investment portfolios as a result of immediate value changes from to financial market risk The stresses have been applied to the company portfolio and guaranteed customer portfolios as at 31 December 2017.

TABLE 9 RESULT RISK

Risk to the company's profit	NOK million	Portfolio share
Interest rate risk	1,907	1.00%
Equity price risk	1,657	0.90%
Property price risk	1,347	0.70%
Credit risk	721	0.40%
Diversification	-764	-0.40%
Result	**4,873**	**2.50%**

Because effect from immediate market changes are calculated, dynamic risk management will not affect the outcome. If market changes occur over a period of time, dynamic risk management will reduce the effect of the negative outcomes. As a result of customer buffers, the effect of the stresses on the result will be lower than the change in value in the table. As of 31 December 2017, the customer buffers are sufficient to dampen the negative result effect significantly.

Based on the stress test, Storebrand Livsforsikring has an overall market risk of NOK 4.9 billion, which is equivalent to 2.5% of the investment portfolio.This is an increase from NOK 4.1 billion (2.1% of the portfolio) at the end of 2016. If the stress causes the return to fall below the guarantee, it will have a negative impact on the result if the customer buffer is not sufficient. Other negative effects on the result are a lower return from the company portfolio and loss of profit sharing from paid-up policies and individual contracts.

Defined contribution and unit-linked insurance without guarantees are not included in the analysis. For these products, the customers bear the market risk and the effect of a falling market will not directly affect the result or buffer capital.

Prudent person principles

The management of Storebrand's guaranteed portfolios is seen in connection with the obligation to deliver a minimum return. In order to ensure sound management, portfolios are segmented based on guaranteed rates, duration, and customer buffer size. Market risk exposure is seen in relation to customer buffer sizes. When buffers are sufficient, investment risk is increased in order to achieve competitive returns for customers. If customer buffers are limited or contracts are under-reserved, the risk that Storebrand Livsforsikring might have to cover the guaranteed return is limited by investing in interest-bearing securities that correspond to the liability. A dynamic equity allocation model is used to adjust the investment risk to changes in the risk-bearing capacity of the portfolios.

For defined contribution and unit-linked insurance, the customer manages their own assets. Storebrand Livsforsikring's role is to offer a good, broad range of funds, to assemble profiles adapted to different risk preferences, and to offer systematic reduction of risk towards retirement age.

The corporate portfolios serve as a buffer for the insurance customers in the case that the customer portfolios have insufficient funds to cover the pay-outs. In addition, the portfolios are to cover operating expenses and serve as a liquidity buffer. The asset management shall ensure sufficiently liquid portfolios with low correlation with the customer portfolios, combined with good returns relative to the risk level.

For all portfolios, the investment strategy limits the investable types of assets. Derivatives are utilised in order to reduce risk only. The investment strategy has requirements for the tradability of assets and for adequate distribution of risk between e.g. different asset classes, countries, industries and individual issuers.

Assesment of credit risk irrespective of ratings

For interest-bearing securities, the risk is managed by limiting maximum risk exposure per rating class, both collectively and for individual issuers. Storebrand also assesses credit risks and the correct rating level for investments, independent of the official ratings.

Management of the interest rate risk linked to the yield curve

The yield curve that Storebrand Livsforsikring uses when determining the insurance liability is based on extrapolation against a long-term Ultimate Forward Rate (UFR) and a supplement in the form of volatility adjustment. Both elements are part of the standard model for Solvency II. However, the Solvency II regulations[11] requires that these risks are to be assessed.

Storebrand assess this risk both as part of the ORSA process and as part of the ongoing risk management of the investment portfolio. Storebrand calculates what the solvency position would have been without VA and with alternative UFR levels, at least quarterly.

C.3 CREDIT RISK

Credit risk is the risk of losses as a result of counterparties not fulfilling their debt obligations. This includes losses on loans and losses related to current accounts, as well as reinsurance claims and losses related to the failure of counterparties to fulfil their financial derivative contracts. Credit losses from the securities portfolio are categorized as market risk.

During 2017, there has not been material changes in the measures to assess the credit risk. Other changes to the risk are described under the sub-paragraphs.

The maximum limits for credit exposure to individual counterparties and for overall credit exposure to rating categories are set by the Board of Storebrand Livsforsikring as part of the investment strategy. Particular attention is paid to avoid concentration towards particular debtors or sectors. Changes in the credit quality of debtors are monitored and followed up. Storebrand use official credit ratings wherever possible, supplemented by our own credit evaluation.

Counterparty risk from derivatives

Storebrand has entered into framework agreements with all counterparties to reduce the risk from outstanding derivative transactions. These regulate, inter alia, how collateral is to be pledged against changes in market values which are calculated on a daily basis.

Collateral pledged in connection with futures and options are regulated daily, based on the change in margin for the individual contracts. As of 12/31/2017, Storebrand Livsforsikring AS had pledged collateral of NOK 1,185 million and received collateral of NOK 21 million. The net pledged collateral totalled NOK 1,164 million. Collateral is received and paid in the form of cash and securities.

Further details on collateral can be found in Note 42 Collateral and Note 10 Credit Risk in the Storebrand Livsforsikring 2017 Annual Report.

Loans and mortgages

Most of the loans given by the Storebrand Group are mortgages to retail customers. The mortgages are granted and administered by Storebrand Bank, but an increasing share is transferred to Storebrand Livsforsikring on market terms and held as part of the investment portfolio. Storebrand Livsforsikring also holds loans to corporates as part of the investment portfolios. Loans has increased as a proportion of investments for the life insurance companies because they contribute to reach the guaranteed return.

As of 31/12/2017, Storebrand Livsforsikring has provided loans and mortgages to customers, including unused credit limits, for a total of NOK 21.5 billion, compared to NOK 16.8 billion at the end of 2016. 71% of the loans are to retail market customers, mainly by means of low-risk home mortgages. Loans and mortgages are described in more detail in Note 10 in the Storebrand Livsforsikring 2017 Annual Report.

C.4 LIQUIDITY RISK

Liquidity risk is the risk that the company is unable to fulfil its obligations without incurring substantial additional expense in the form of reduced prices for assets that must be realised, or in the form of especially expensive financing.

During 2017, there has not been material changes in the measures to assess the liquidity risk.

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

For Storebrand Livsforsikring, insurance liabilities are long-term and the cash flows are generally known long before they fall due. In addition, sufficient liquidity is required to be able to handle payments in daily business operations as well as for derivative contracts. The liquidity risk is handled by liquidity forecasts and the fact that portions of the investments are in very liquid securities, such as government bonds. The liquidity risk is considered low based on these measures.

In addition, the Group's parent company, Storebrand ASA, has established a liquidity buffer. The development of the liquid holdings is continuously monitored at the Group level in relation to internal limits.

The value of profits from future premiums that are within the contract boundary is included in the solvency capital. This is further described in Chapter E.1 Own Funds. The margin from future premiums is a capital element that may have less liquidity than other capital. Liquidity planning is based on data from the financial statements. The margin from future premiums is not included in the financial statements. Therefore, the size of the margin from future premiums is of limited relevance in terms of liquidity risk or liquidity management strategies.

C.5 OPERATIONAL RISK

Operational risk is the risk of financial loss, impaired reputation or sanctions because of violations of internal or external regulations due to ineffective, inadequate or failing internal processes or systems, human error, external events or failure to comply with applicable rules and regulations.

During 2017, there has not been material changes in the measures to assess the operational risk.

The risk is assessed in terms of a combination of how often it can happen (probability) and consequences. In addition to direct financial loss, consequences for customers, compliance and additional work are assessed and measured. In cases where the risk assessment concludes that the risk exceeds acceptable levels, steps should be taken to reduce the risk (in terms of probability or consequences).

Storebrand Livsforsikring seeks to reduce undesired operational risk through an efficient internal control system. Risks are handled through the management's risk reviews, with documentation of risks, risk reducing measures and the follow-up of incidents. Storebrand's control functions also includes employees with particular responsibility for controlling operational risk. In addition, the internal audit function carries out an independent control in accordance with audit projects adopted by the Board.

Contingency plans have been prepared to deal with serious incidents in business-critical processes.

C.6 OTHER MATERIAL RISKS

Concentration of risks

Most of the risk for Storebrand Livsforsikring is linked to the guaranteed pension products, which are largely the same for Norway and Sweden. The equity, property and bond portfolios are diversified in order to ensure a low concentration of risks in terms of geography, industries and individual companies. The market risk will depend significantly on global circumstances that influence the investment portfolios in all businesses. The insurance risk may be different for the various companies, but longevity in particular can be influenced by universal trends.

Each company's investment strategy applies limits for the concentration of risks in terms of maximum exposure against individual companies and rating classes. The insurance risk strategy limits the allowed maximum exposure towards disasters (reinsurance).

C.7 ANY OTHER INFORMATION

Information regarding the risk situation can also be found in the Storebrand Livsforsikring 2017 Annual Report, particularly the risk chapters and Notes 5–11.

D. VALUATION FOR SOLVENCY PURPOSES

D.1 ASSETS

There has not been any material changes to the recognition and valuation bases used during the reporting period.

Overview of assets in the solvency balance sheet

The total assets in the solvency balance sheet amount to NOK 318.3 billion. NOK 228.4 billion hereof is investments and loans linked to guaranteed customer portfolios or the corporate portfolio. Index-linked and unit-linked insurance assets total NOK 80.8 billion, while other assets total NOK 9.0 billion.

TABLE 10 ASSETS IN THE SOLVENCY BALANCE SHEET

(NOK million)	31/12/2017	31/12/2016
Investments (other than assets held for index-linked and unit-linked contracts)	207,028	204,422
Holdings in related undertakings, including participations	*34,535*	*34,113*
Equities	*8,903*	*5,082*
Equities - listed	*8,413*	*4,473*
Equities - unlisted	*490*	*609*
Bonds	*154,968*	*134,465*
Government bonds	*43,604*	*41,640*
Corporate bonds	*110,375*	*92,245*
Structured bonds	*988*	*580*
Collective Investments Undertakings	*7,222*	*29,692*
Derivatives	*1,366*	*1,060*
Deposits other than cash equivalents	*35*	*10*
Assets held for index-linked and unit-linked contracts	80,786	64,292
Loans and mortgages	21,409	16,626
Reinsurance recoverables	65	104
Cash	3,406	3,910
Other assets	5,556	2,948
Total assets	**318,250**	**292,302**

During 2017, total assets increased by NOK 25.9 billion, of which unit-linked insurance assets increased by NOK 16.5 billion.

Principles for valuation of assets

For Solvency II, assets are measured at fair value. The valuation principles largely coincide with the principles for fair value accouting for International Financial Reporting Standards (IFRS). The accounts for Storebrand Livsforsikring AS have been prepared in accordance with the Norwegian GAAP, which largely coincides with IFRS, with the exception that bonds at amortised cost and bonds classified as loans and receivables are valued at amortised cost.

Storebrand Livsforsikring conducts a comprehensive process to ensure that financial instruments are valued as closely as possible to their market value. This is described in more detail in Note 1 Company information and accounting policies and Note 12 Valuation of financial instruments and real estate in the 2017 Annual Report for Storebrand Livsforsikring.

Differences in valuation between Solvency II and the financial statements

The main differences from the financial statements are linked to intangible assets, bonds, loans and mortgages, subsidiaries, as well as deferred tax assets.

TABLE 11 DIFFERENCES BETWEEN SOLVENCY II AND THE FINANCIAL STATEMENT (NGAAP)

(NOK million)	Solvency II	Financial statement	Difference
Intangible assets		94	-94
Deferred tax assets		381	-381
Holdings in related undertakings, including participations	34,536	32,700	1,836
Added value – bonds and loans at amortised costs	8,531		8,531
Miscellaneous	275,184	270,999	4,184
Total	**318,250**	**304,175**	**14,076**

Intangible assets

Intangible assets shall, according to the Solvency II principles, be valued at zero in the solvency balance sheet. The difference gives a NOK 94 million lower valuation for the solvency balance sheet.

Deferred tax liabilities / assets

Changes in value when transitioning from NGAAP to Solvency II also affects the company's tax situation. This applies to all changes in value except for changes in value for subsidiaries and holdings in related undertakings, including participations. The tax position is also affected by changes in the valuations of the liabilities described in Chapter D.2 Technical Provisions and D.3 Other Liabilities. The total tax effect is described in chapter D.3 Other Liabilities, "Deferred tax liabilities".

Subsidiaries & holdings in related undertakings, including participations

For Solvency II, insurance subsidiaries subject to Solvency II shall be valued at their respective solvency capital/own funds. This applies to BenCo Insurance Holding BV (owner of Euroben and Nordben) and Storebrand Holding AB (owner of SPP). Other regulated subsidiaries are valued by CRD IV capital. This applies to Storebrand Finansiell Rådgivning AS. For non-regulated subsidiaries, the equity value from the financial statement is used as a reference for assuming the approximate fair value (excluding goodwill and intangible assets). All subsidiaries are recognised at historic cost in the financial statement. See Table 12.

TABLE 12 SUBSIDIARIES & HOLDINGS IN RELATED UNDERTAKINGS, INCLUDING PARTICIPATIONS

(NOK million)	Solvency II		Financial statement		
	Valuation principle	Value	Valuation principle	Value	Difference
Storebrand Holding AB	Solvency capital/Own funds	14,348	Historic cost	12,505	1,844
Benco Insurance Holding BV	Solvency capital/Own funds	441	Historic cost	493	-52
Storebrand Finansiell Rådgivning AS	CRD IV capital	40	Historic cost	97	-57
Non-regulated subsidiaries[12]	Equity method excluding any goodwill and intangible assets	174	Historic cost	73	101
Total for subsidiaries & holdings in related undertakings, including participations		**15,004**		**13,168**	**1,836**

The non-regulated subsidiaries are mainly wholly-owned investment companies with sole purpose to own property. The valuation in the solvency balance sheet is the same as in the financial statement. In the Group calculations for Storebrand ASA, a look-through approach has been applied so that they are treated in the same way as if the properties were directly owned. A look-through approach has not been applied in the calculations for Storebrand Livsforsikring (solo)[13]. Overall, subsidiaries and holdings in related undertakings, including participations, are valued at NOK 1.8 billion more in the solvency balance sheet.

Bonds, loans and mortgages

Financial assets that are valued at amortised cost in the financial statements shall be valued at fair value in the solvency balance sheet. This applies to bonds at amortised cost and bonds classified as loans. Valuation at fair value in the solvency balance sheet is NOK 8.5 billion higher than the valuation at amortised cost, ref. Note 32 in the Annual Report for 2017 for Storebrand Livsforsikring.

[12] Storebrand Eiendom Trygg AS, Storebrand Eiendom Vekst AS, Storebrand Eiendom Utvikling AS, Storebrand Eiendom Invest AS, Værdalsbruket AS, Storebrand Pensjonstjenster AS, Aktuar Systemer AS, Foran, Formuesforvaltning AS and Norsk Pensjon AS

[13] Pursuant to the Commission Regulation, Article 84, Paragraph 2.

Other

Other differences between the valuation of assets for Solvency II and the financial statements must be seen in relation to corresponding changes in the liabilities. The main difference is that Storebrand Livsforsikring has assumed liabilities relating to unpaid capital, mainly related to private equity funds. In the solvency balance sheet, this shall be recorded as a liability, with a corresponding item on the assets side. This increases the assets side in the solvency balance sheet by NOK 4.2 billion compared to the financial statements. This is included in the "other assets" entry in Table 10. The own funds is not affected by this difference in assessment.

D.2 TECHNICAL PROVISIONS

During 2017, some changes has been made to the methodology for setting assumptions for the calculation of the technical provisions. Storebrand Livsforsikring has introduced interest-rate dependent modelling of lapse from paid-up policies, and the modelling of future investment allocation is more dynamic. The modelling of longevity has been improved. Assumptions are updated based on actual developments during 2017. Other than that, the methodology for assumption setting and calculation is not materially changed during 2017.

Under Solvency II, the insurance liabilities (technical provisions) shall be valued at fair value (market value). In principle, the technical provisions are to be valued at what they would realistically be traded for in a free market. Since there is no active secondary market for the purchase and sale of technical provisions, and hence no observable market price, the fair value are calculated based on a model. This deviates from the valuation in the financial statements described in Note 1, Paragraph 2 of the Annual Report for 2017 for Storebrand Livsforsikring.

The valuation in the solvency balance sheet is based on a best estimate of net cash flow from the insurance company to the customer. The cash flow is discounted by risk-free market interest rates. The best estimate is split between a guaranteed benefit and discretionary benefits. As a result of uncertainty, the provisions should include a risk margin in addition to the best estimate.

See Figure 3 for details on the solvency balance composition and calculation of technical provisions.

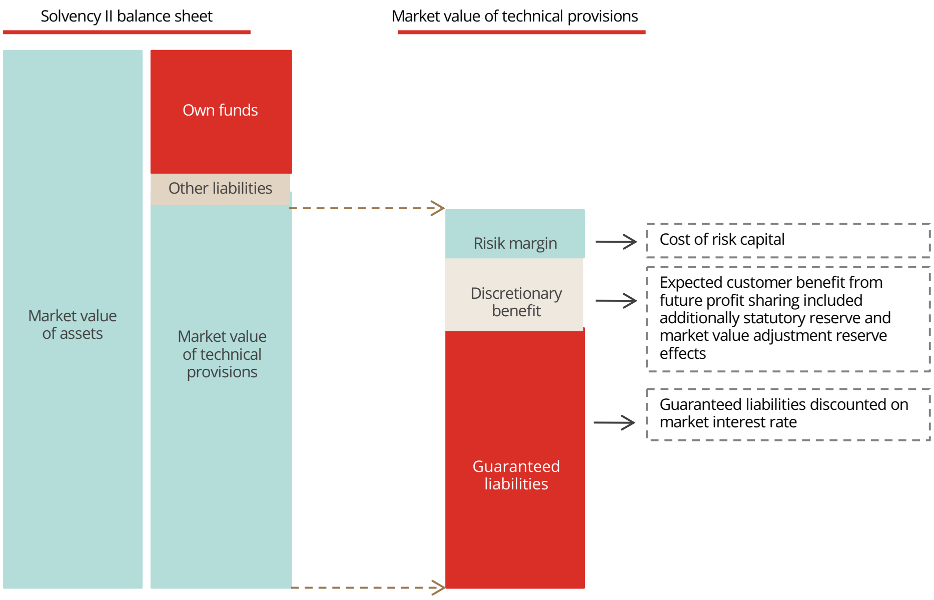


FIGURE 3 ELEMENTS IN THE SOLVENCY II BALANCE SHEET

Method for valuation of the technical provisions

Best estimate

The model calculates the net cash flow from the insurance company to the customer. All contributions and payments are estimated, including future premiums that are part of the contract, expenses, insurance events, investment returns, pension payouts, lapses and conversions to other schemes. For guaranteed portfolios with profit-sharing, the uncertainty is modelled using the ESG as described below. The probability-weighted cash flow is discounted using risk-free market interest rates to find the best estimate. For the calculation as of 12/31/2017, Storebrand Livsforsikring calculated cash flows for the next 60 years, as well as a residual value for the 60th year.

The best estimate of the value of the insurance liability / technical provisions is divided into guaranteed and discretionary benefits. The discretionary benefit is the part of the best estimate which results from future profit sharing; that is, added returns to the customer beyond the guaranteed amount. For the cash flows, differences in profit sharing between the products and the various buffer elements permitted by the Norwegian product legislation have been taken into account. This includes additional statutory reserves, risk equalisation reserves and market value adjustment reserves.

Risk margin

Since the best estimate is associated with uncertainties, a risk margin is calculated that covers the costs of holding risk capital. Only capital requirements that cannot be hedged should be included in the risk margin. In practice, this means insurance risk, counterparty risk and operational risk, because it is assumed that the market risk can be hedged.

Storebrand Livsforsikring has calculated the risk margin pursuant to method 2 in the Solvency II Directive. Product-specific parameters are used to calculate the underlying capital requirement. The simulated future capital requirements are diversified, and the present value of a capital cost of 6% for these capital requirements is calculated.

Table 13 shows the value of technical provisions excluding transitionals split by the best estimate and risk margin for Storebrand Livsforsikring's product areas as of 31 December 2017.

TABLE 13 TECHNICAL PROVISIONS

(NOK million)	Best estimate	Risk margin	Technical provisions 31/12/2017	Technical provisions 31/12/2016
Defined-benefit pension	35,066	294	35,360	46,403
Paid-up policies	132,554	1,344	133,898	122,302
Traditional individual capital and pension	14,006	271	14,277	15,239
Other life insurance*	3,962	108	4,071	3,215
Sum traditional life insurance	**185,588**	**2,018**	**187,606**	**187,159**
Private Unit Link	15,515	432	15,947	12,862
Defined contribution, including pension capital certificates	55,761	2,321	58,082	46,470
Sum index-linked and unit-linked insurance	**71,277**	**2,753**	**74,029**	**59,332**
Group life (health similar to life)	1,371	17	1,388	1,313
Non-life (health similar to non-life)**	608	19	627	725
Total	**258,843**	**4,806**	**263,650**	**248,529**

*ITP risk and LKB saving

**Worker's compensaition, critical illness and disability/accident insurance

The total technical provisions for Storebrand Livsforsikring amounted to NOK 263.6 billion, based on a best estimate of NOK 258.8 billion and a risk margin of NOK 4.8 billion. That is an increase of NOK 15.1 billion during 2017, mainly due to an increase of NOK 14.7 billion for unit-linked insurance. Guaranteed products account for 71% of the provisions, defined contribution and other unit-linked insurance for 28%, and other products for 1%.

Transitional rules for valuation of the technical provisions

Storebrand Livsforsikring uses transitional rules for calculating the technical provisions[14] pursuant to §56 of the Norwegian Solvency II regulation. The effect is calculated as the difference between the Solvency II liabilities and the corresponding liability under Solvency I (minus the claims reserve) for the portfolios that are covered by the transitional on technical provisions. This applies to all guaranteed products. In addition, a valuation floor has been defined which limits the effect of transitional rule to the maximum difference between the total technical provisions under Solvency II and the total provisions under Solvency I.

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

TABLE 14 THE EFFECT OF TRANSITIONAL RULES ON TECHNICAL PROVISIONS

(NOK million)	31/12/2017	31/12/2017 before phasing out	31/12/2016
Defined-benefit pension	-73	-78	-169
Paid-up policies	-8,527	-9,096	-6,978
Traditional individual capital and pension	-873	-931	-735
Floor effect	4,960	5,592	4,808
Total effect	**-4,513**	**-4,513**	**-3,073**

For the portfolios that are part of the scheme, the transitional on technical provision provides a valuation that is NOK 10.1 billion lower in total. The transitional is phased out over 16 year, starting from 2017, so the effect is decreased by 1/16 to NOK 9.5 billion as of 31/12/2017. The floor rule means that the transitional on technical provision is limited to NOK 4.5 billion, hence the phasing out does not affect the net effect of the transitional as of 31/12/2017. The effect on own funds and the solvency margin is quantified in Chapter E. 2. Solvency capital requirement and minimum capital requirement.

The size of the transitional rule, including the floor effect, depends on the interest rate level. A lower/higher interest rate level will increase/ decrease the transitional on technical provisions. This counteracts changes in value for the insurance liabilities without transitional rules; i.e. the value of the insurance liabilities with transitional rules is significantly less sensitive to changes in interest rates. Storebrand has received permission by the Financial Supervisory Authority in Norway to recalculate the transitional rule on a quarterly basis.
The transitional is also affected by the development in reserves. The transition from guaranteed to unit-linked contracts will reduce the transitional in the future because the expected increase in the non-guaranteed portfolio will increase the floor effect.

Difference between Solvency II and the financial statements

Table 15 shows the value of insurance liabilities in the financial statements and under Solvency II with and without transitional rules.

TABLE 15 TECHNICAL PROVISIONS UNDER SOLVENCY II AND IN THE FINANCIAL STATEMENT

(NOK million)	Solvency II with transitional rules	Solvency II without transitional rules	Financial statement
Traditional life insurance	187,606	192,119	182,918
Unit linked insurance	74,029	74,029	80,372
Group life (health similar to life)	1,388	1,388	1,450
Non-life (health similar to non-life)	627	627	631
Total	**263,650**	**268,162**	**265,372**

Overall, the technical provisions are valued at NOK 263.6 billion in the solvency balance sheet, which is NOK 1.7 billion less than in the financial statements. Without transitional rules, the technical provisions are valued at NOK 268.2 billion in the solvency balance sheet, which is NOK 2.8 billion more than in the financial statements. Behind the relatively small differences in valuation for the overall technical provisions, there are significantly greater valuation differences for product segments.

Traditional life insurance

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

- The valuation in the solvency balance sheet is based on risk-free market interest rates, whereas the valuation in the financial statements is based on the guaranteed rate.
- The valuation in the solvency balance sheet includes both guaranteed benefits and discretionary benefits (future profit sharing). The valuation in the financial statements only includes the guaranteed benefits (the premium reserve).
- The valuation in the solvency balance sheet includes the market value of the interest rate guarantee.
- The valuation in the solvency balance sheet includes the cost of holding capital in the form of a risk margin.

The transitional rule reduces the technical provisions for traditional life insurance by NOK 4.5 billion.

Index-linked and unit-linked insurance
The valuation in the solvency balance sheet is significantly lower than in the financial statements. The main reason is that future margins for Storebrand reduce the liabilities.

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

BASIS FOR CALCULATIONS

Data sources
The data are retrieved from the various insurance systems. To reduce computation time, similar portfolio data are grouped into model points.

Overview of main assumptions

Contract boundary
Under Solvency II, future premiums are included in the calculation of the technical provisions if these are considered to be part of an existing liability; i.e. that the insurance company is exposed to the risk associated with their future premiums. In cases where premiums are within the contract boundary, premium developments are modelled based on historical premium payment patterns.

Future premiums are not included in cases where Storebrand can unilaterally terminate the contract, or the contract can be re-priced to reflect current risk evaluations. In this perspective, the majority of Storebrand's future premiums fall beyond the contract boundary, and are not included in the model. The exceptions are:

- The first-year premium for risk products.
- Premiums for traditional, individual pensions where the customer is allowed to pay future premiums, and Storebrand Livsforsikring may not re-price or terminate the contract. The annual premiums from these contracts are in rapid decline, as the portfolio is largely closed for new sales, and many contracts are reaching the payout phase.
- Premiums for occupational pension contracts to cover costs on existing reserves. Companies are required by Norwegian law to cover all expenses linked to occupational pension schemes, so that the existing reserve cannot be used to cover expenses. For defined benefit pension contracts, a margin for the cost of the interest rate guarantee, risk and administration is included. For defined contribution pensions, management and administration fees are included.

Income and revenues
Generally, projections of revenues and income are based on actual income levels that correspond to the income in the financial statements. The income is projected based on the price structure and expected developments of the various products, usually in terms of a share of the total reserve or G-regulated per contract (G=National Insurance basic amount).

Expenses
The expense projection is based on actual expenses per product area based on the cost allocation model used for the financial statements. A distinction is made between portfolio expenses, acquisition expenses and non-recurring expenses. Non-recurring or one-off expenses and most of the acquisition expenses are excluded from projections, in order to ensure consistency between the expense projection and the contract boundary. For products with future premiums within the contract boundary, the relevant portion of the acquisition expense is included. Expences are projected partly on the basis of reserve developments and partly based on a unit expense for individual contracts. The unit expenses are adjusted for inflation.

Biometric factors
Biometric risks include longevity, mortality, disability and reactivation (people who are incapacitated for work who regain their ability to work). These factors correspond to the observed portfolio developments. They are assessed annually, and updated when needed.

A dynamic model is used for assessing longevity; that is, life expectancy is assumed to be longer the younger the person is. The model is based on similar principles as the tariff K2013.

Lapses and product conversion
Assumptions are determined for individual products and updated annually. As a general rule, historical observations from the past 3-5 years are used. Exceptions can be made in cases where the historical data is not considered relevant for the future, e.g. due to changing prices or new regulations. This applies to developments in the defined benefit pension market in particular.

Tax
Taxes are not taken into account when projecting cash flows. However, changes in the valuation of technical provisions will affect the companies estimated tax situation; see the section on deferred tax liabilities in Chapter D.3.

Financial assumptions
The risk-free yield curve is used both for discounting cash flows and to serve as a basis for estimating future returns. The yield curve is published by EIOPA. Storebrand uses the risk-free yield curve, including the volatility adjustment (VA). The volatility adjustment was 15 bp. as of 12/31/2017, compared to 29 bp as of 12/31/2016

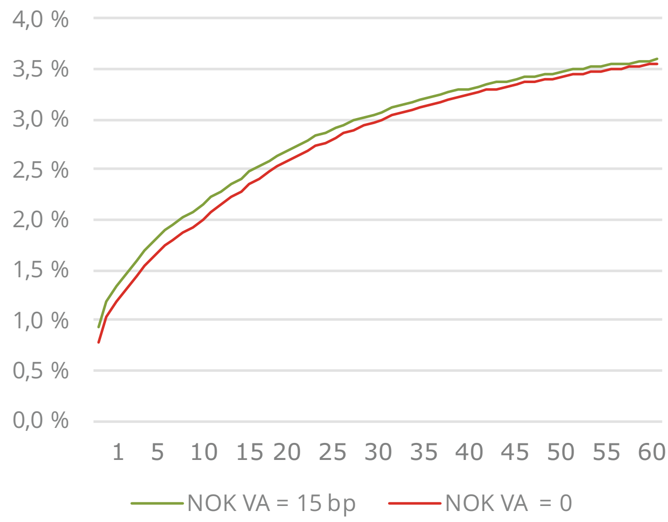


FIGURE 4 SPOT RATES INCLUDING/EXCLUDING VA

Without the volatility adjustment, the value of technical provisions before the transitional rule increases by NOK 1.7 billion. The transitional rule fully compensates for this. The effect on the solvency capital and solvency margin is described in Chapter E.2 Solvency Capital Requirement and Minimum Requirement.

Storebrand does not apply matching adjustment of the yield curve.

In Norway, there is no active market for inflation-linked bonds, and the inflation assumption is set at 50% of the risk-free interest rate. Collective wage growth (G adjustment) is set at the rate of inflation plus 1.9 percentage points.

Economic Scenario Generator (ESG)
In order to calculate the time value of options and guarantees, a Monte Carlo simulation based on 1000 risk-neutral stochastic scenarios generated in an economic scenario generator (ESG) has been used. Scenarios are created based on the risk-free interest rate curve and take into account market pricing of the volatility for interest, equity and property. The asset allocation is set to match the actual allocation on the calculation date and is changed during the projection based on the way Storebrand adjust the investment portfolios to risk bearing capacity. This is an improvement during 2017, as for 2016 allocation was assumed constant through the projection.

Management actions
In order to provide a realistic picture, it is necessary to implement management actions in the calculations. These management actions correspond to business practises and is documented.[JO15]

Uncertainty associated with the valuation of the technical provisions
The degree of uncertainty in the calculation of technical provisions is linked to the uncertainty associated with the underlying as-

sumptions. The greatest uncertainty is linked to situations where no relevant historical data or market data exists or can be used for generating assumptions. Storebrand Livsforsikring finds that there is uncertainty linked to:

- *The interest rate curve* is provided by EIOPA, but is based on a number of uncertain assumptions, including the method used for extrapolation, the time period for reaching the ultimate forward rate (UFR), the UFR level and the volatility adjustment (VA) level.
- *Conversions to defined benefit schemes* The value of the technical provisions (liabilities) will increase if the rate of conversions from active defined benefit schemes to paid-up policies increases faster than assumed. If the rate of conversions is lower than assumed, the provisions will be reduced.
- *Paid-up policy assumptions* The liabilities will decrease if the rate of conversions from paid-up policies to paid-up policies with investment choice (FMI) is higher than assumed, whereas lower conversion rates will increase the liabilities.
- *Revenues from defined contribution* Lower revenues than assumed in the calculations will increase the liabilities. This effect will be lower for the solvency margin due to lowered capital requirements.
- *Expenses*, especially expense allocation between acquisition expenses and operating expenses. Reduced expenses will reduce the insurance liability, whereas increased expenses will increase the insurance liability. The effect will be counteracted by changes in capital requirements, especially for defined contribution insurance.

As part of the ORSA process, sensitivity analyses are performed to estimate the value of the technical provision, solvency capital and the capital requirements for alternative levels of interest rates, customer behaviour, revenues and expenses, among other things. The purpose is to increase the understanding of the sensitivity of the calculations, among other things.

D.3 OTHER LIABILITIES

There has not been any material changes to the recognition and valuation bases used during the reporting period.

Liabilities other than technical provision amount to NOK 19.1 billion under Solvency II, compared to NOK 15.1 billion for 2016. The valuation is essentially the same for Solvency II as for the financial statements, but some discrepancies arise due to other differences in accounting principles. The most important differences are explained below.

TABLE 16 OTHER LIABILITIES

(NOK million)	31/12/2017	31/12/2016
Contingent liabilities	4,182	2,025
Pension benefit obligations	42	59
Deferred tax liabilities	2,129	2,337
Derivatives	709	576
Insurance & intermediaries payables	3,512	2,888
Subordinated liabilities	8,547	7,198
Sum other liabilities	**19,120**	**15,082**

Contingent liabilities
Storebrand Livsforsikring has undertaken liabilities linked to unpaid capital, primarily related to private equity funds. This is a liability in the Solvency II balance sheet, with a corresponding entry on the assets side; see also "Other differences" in Chapter D.1. This increases the liabilities in the Solvency II balance sheet by NOK 4.2 billion compared to the financial statements.

Pension liabilities own employees
Pension benefit obligations for own employees are calculated in accordance with the Norwegian GAAP, ref. Note 22 in the Storebrand Livsforsikring 2017 Annual Report. The valuation in the solvency balance sheet corresponds to the valuation in the financial statements.

Deferred tax liabilities
The difference in deferred tax liabilities is the net tax effect of the change in value upon transitioning to Solvency II, including transitional on technical provisions, based on a tax rate of 25%. As a result, Storebrand Livsforsikring goes from having deferred tax assets under NGAAP of NOK 381 million to a deferred tax under Solvency II of NOK 2,129 million. This is mainly due to the difference in the valuation of the technical provisions described above and the added value of bonds and loans at amortised cost, see chapter D.1 Assets.

Derivatives
The principle for valuation of derivatives is consistent with the principle applied in the financial statements; however, deviations occur due to the fact that derivatives in unit-linked insurance are booked net under Solvency II, as opposed to gross under NGAAP.

Insurance & intermediaries payables
The principle for valuation of insurance and intermediaries payables is consistent with the principle applied in the financial statements.

Subordinated liabilities
Subordinated liabilities are valued at fair value under Solvency II, but valued at amortised cost in the financial statements, which results in a NOK 120 million higher valuation in the solvency balance sheet. See also Chapter E.1 Own Funds.

D.4 ALTERNATIVE METHODS FOR VALUATION

Storebrand's valuation principles for assets that cannot be valued on the basis of quoted prices are described in detail in Note 12 of Storebrand Livsforsikring's 2017 Annual Report.

D.5 ANY OTHER INFORMATION

The description of valuation for solvency purposes is considered to be covered by the descriptions given in the preceding sections.

E. CAPITAL MANAGEMENT

Storebrand strives to adjust the level of equity and loans in the Group to secure an optimal structure. The level is adapted to changes in financial risk and capital requirements. The growth and composition of business segments are important drivers for the need for capital. The goal of the capital management is to ensure an efficient capital structure and an appropriate balance between internal goals and regulatory requirements.

Storebrand Livsforsikring's Board of Directors reviews the capital plan, financial plan and ORSA to ensure consistency between business objectives, risk exposure and capital. The financial and capital plans covers at least a three-year horizon.

Storebrand Livsforsikring paid NOK 1.3 billion in dividend to Storebrand ASA for 2017. This is deducted from own funds as of 31/12/2017, in anticipation of the actual pay-out in 2018.

E.1 OWN FUNDS

Storebrand Livsforsikring's own funds (solvency capital) amount to NOK 42.7 billion, an increase of NOK 3,7 billion from 2016. The own funds is segmented into groups depending on quality and availability. Table 17 shows the composition of Storebrand Livsforsikring's own funds and their distribution in Tier 1 (restricted and unrestricted), Tier 2 and Tier 3 capital.

TABLE 17A OWN FUNDS (SOLVENCY CAPITAL) AS PER 31/12/2017

(NOK million)	Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
Ordinary share capital	3,540	3,540			
Share premium account related to ordinary share capital	9,711	9,711			
Reconciliation reserve	16,275	16,275			
Transitional on Technical Provisions	4,513	4,513			
Subordinated liabilities	8,547		2,642	5,905	
Deferred tax assets					
Risk equalisation reserve	143			143	
Total eligible own funds to meet the solvency capital requirement	**42,728**	**34,039**	**2,642**	**6,048**	
Total eligible own funds to meet the minimum capital requirement	**37,928**	**34,039**	**2,642**	**1,248**	

TABLE 17B OWN FUNDS (SOLVENCY CAPITAL) AS PER 31/12/2016

(NOK million)	Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
Ordinary share capital	3,540	3,540			
Share premium account related to ordinary share capital	9,711	9,711			
Reconciliation reserve	15,299	15,299			
Transitional on Technical Provisions	3,073	3,073			
Subordinated liabilities	7,198		2,575	4,623	
Deferred tax assets					
Risk equalisation reserve	140			140	
Total eligible own funds to meet the solvency capital requirement	**38,962**	**31,624**	**2,575**	**4,764**	
Total eligible own funds to meet the minimum capital requirement	**35,521**	**31,624**	**2,575**	**1,323**	

Tier 1 capital represents the capital with the highest loss-bearing capacity, and shall be available to cover any loss at any time. It consists of paid-in capital and a reconciliation reserve including transitionals on technical provisions. In addition, perpetual subordinated loans are included, which amount to up to 20% of the Tier 1 capital. Storebrand Livsforsikring's Tier 1 capital amounts to NOK 36.7 billion, which accounts for 86% of the company's total own funds (solvency capital). NOK 34.0 billion hereof is unrestricted.

Other subordinated liabilities (time-limited) and risk equalisation reserves are categorised as Tier 2 capital. Tier 2 capital can cover up to 50% of the solvency capital requirement. Storebrand Livsforsikring's Tier 2 capital amounts to NOK 6.0 billion, which accounts for 14% of the company's total own funds (solvency capital). The Tier 2 capital covers 32% of the solvency capital requirement.

Storebrand Livsforsikring has a minimum capital of NOK 37.9 billion, of which 36.7 billion is categorised as Tier 1 capital. Tier 1 capital accounts for 97% of the total eligible own funds to meet the minimum capital requirement. Tier 2 capital can cover up to 20% of the minimum capital requirement, and is therefore limited to NOK 1.2 billion.

Solvency capital and minimum capital without volatility adjustment

Without volatility adjustment (VA), the solvency capital is reduced to NOK 38,106 million and the minimum capital to NOK 36,691 million, due to the increased value of technical provisions adjusted for tax. The transitional on technical provisions fully compensates for the change in technical provisions. The own funds and the minimum capital, including transitional rule, remains unchanged.

Expected profits in future premiums

The value of expected profits in future premiums (EPIFP) amounts to NOK 3,099 million. This is part of the reconciliation reserve, and counts as Tier 1 capital. Only profits from future premiums that fall within the contract boundary are included. This is described in more detail in the section on contract boundaries in Chapter D.2 Technical Provisions.

Subordinated loans

TABLE 18 SUBORDINATED LOANS

Nominell verdi (NOK million)	Currency	Solvency II (NOK million)	Financial statement (NOK million)	Right of repurchase	Transitional rules (grandfathering)
1,500	NOK	1,516	1,499	2018	Yes
300	EUR	3,085	3,077	2023	Yes
1,100	NOK	1,125	1,102	2024	Yes
750	SEK	792	752	2021	No
1,000	NOK	1,025	999	2020	No
1,000	SEK	1,003	997	2022	No

Subordinated loans amount to NOK 8.5 billion under Solvency II. During 2017, a new loan with nominal value SEK 1.000 million was issued. Five of the loans have a variable rate of interest, while the remaining loan is a fixed-rate loan which has been swapped to a variable rate. This means that Storebrand Livsforsikring's interest expenses are affected by the short term money market rates. Storebrand Livsforsikring has one loan in EUR and two in Swedish Kroner.All three are hedged against Norwegian Kroner until the first date for right of repurchase. The company's debt therefore has limited exposure towards currency fluctuations.

For all loans except the NOK 1,500 million (nominal) in subordinated bonds, interest payments will cease in the event where the solvency capital requirement (SCR) is not met. Any unpaid interest will accumulate, but no compound interest will be accrued. Interest payments on the subordinated bonds must be seen in the context of the fact that this loan was issued before Solvency II was applicable.

Transitional rules (grandfathering) for subordinated loans

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

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

Difference between Solvency II and the financial statements

TABLE 19 SOLVENCY OWN FUNDS VS. IFRS OWN FUNDS

(NOK million)	Solvency II	Financial statement
Paid-in capital	13,251	13,251
Retained earnings excluding deferred tax assets		11,040
Risk equalisation reserve	143	143
Deferred tax assets		381
Reconciliation reserve excluding transitionals on technical provisions	17,575	
Transitional on technical provisions	4,513	
Net assets	**35,481**	**24,815**
Subordinated liabilities	8,547	8,426
Foreseeable dividends	-1,300	
Total Solvency II own funds / IFRS own funds	**42,728**	**33,241**

The main difference between Solvency II and the financial statements is that earned profits in the IFRS own funds are replaced by the reconciliation reserve in the solvency balance sheet. The reconciliation reserve also includes earned profits, but is based on the valuation of assets and liabilities in the solvency balance sheet. The reconciliation reserve will also include the present value of future profits. The value of future profits is implicitly included in the calculation as a consequence of the valuation of the technical provisions.

TABLE 20 TRANSITION FROM NET ASSETS IN THE FINANCIAL STATEMENTS TO NET ASSETS IN SOLVENCY II

(NOK million)	
Subsidiaries	1,836
Intangible assets	-94
Added value – bonds at amortised costs	8,531
Technical provisions	-2,789
Impact from transitional on technical provisions	4,513
Subordinated liabilities	-121
Net change in deferred tax liabilities*	-2,510
Treatment of expected dividend	1,300
Total change	**10,666**

* 25% of tax related changes, i.e. value changes in the solvency balance sheet except for holdings in related undertakings and participations

Table 20 shows the transition from net assets according to NGAAP principles to net assets according to Solvency II. The total difference is NOK 10.7 billion. The main difference is that bonds are valued at NOK 8.5 billion and subsidiaries at NOK 1.8 billion more, and that the technical provisions, including transitional, is valued at NOK 1.7 billion less in the solvency accounts. Tax liabilities increases by NOK 2.5 billion as a result of the other value changes. Expected dividend is part of the balance sheet liabilities both under NGAAP and under Solvency II, but under Solvency II it is deducted from the reconciliation reserve.

E.2 SOLVENCY CAPITAL REQUIREMENT AND MINIMUM CAPITAL REQUIREMENT

Both a Solvency Capital Requirement and a Minimum Capital Requirement is calculated. The Solvency Capital Requirement must be met under normal operating conditions, while the minimum capital requirement is an absolute requirement which must be met at all times. The Solvency Capital Requirement is risk dependent, while the minimum capital requirement is not risk sensitive.

Solvency Capital Requirement

The Solvency Capital Requirement for Storebrand Livsforsikring is calculated according to the standard method, without applying simplifications or company-specific parameters. The solvency capital requirement shall be calculated as loss of Solvency Capital (Value at Risk), with a probability of 0.5% over a one-year period. There are capital requirements for market risk, insurance risk, counterparty risk and operational risk.

For each individual stress, a new solvency balance sheet is calculated based on the same principles and methods as described in Chapter D.2 Technical Provisions. The capital requirement is determined by the difference in solvency capital before and after stresses have been applied. The capital requirement for the various stresses is aggregated to the total capital requirement based on given correlation matrices.

The net capital requirement is Storebrand Livsforsikring's risk after risk sharing with customers and the risk-mitigating effect of taxes. For guaranteed pension schemes, risk sharing with customers occurs when stress results in a reduction in customer buffers or a reduction in future upward adjustment of pensions. Gross capital requirements include the risk borne by the customers. Reduced taxes because of lower profits after stress, also reduce the risk. A prerequisite for including deferred tax assets in the calculations is that profits of at least equivalent value are expected in the future.

TABLE 21 CAPITAL REQUIREMENTS INCLUDING TRANSITIONAL RULES ON EQUITIES

	31/12/2017		31/12/2016	
(NOK million)	Net	Gross	Net	Gross
Market risk	20,336	30,029	21,791	28,310
Counterparty default risk	449	807	423	760
Life underwriting risk	6,434	11,513	5,180	9,259
Other underwriting risks[15]	540	540	524	524
Diversification	-4,646		-4,013	
Operational risk	990		953	
Loss-absorbing capacity of deferred taxes	-5,015		-5,401	
Total Solvency capital requirement	**19,088**		**19,457**	

Storebrand Livsforsikring has a total solvency capital requirement of NOK 19.1 billion, compared to NOK 19.5 billion at the end of 2016. Market risk represents 71% and life insurance risk accounts for 22% of the capital requirement before diversification.

Transitional rule – equities

Storebrand Livsforsikring applies the transitional rule for equity risk. The transitional rule implies that equities owned as per 1/1/2016 are stressed by 22%. The ordinary stress is 39/49% + symmetric adjustment for equity type 1/2. The transitional rule reduces the total Solvency Capital Requirement by NOK 286 million. The transitional rule is to be scaled down over 7 years, starting 2017. For the calculation as of end 2017, the effect is reduced by 1/7.

Minimum capital requirement

The minimum capital requirement is calculated as a linear function of technical provisions, premiums, uncovered risk, deferred taxes and administrative expenses (with different functions for life insurance and non-life insurance respectively); with a 25% floor and a 45% cap relative to the Solvency Capital Requirement. Storebrand Livsforsikring is a life insurance company with non-life insurance liabilities in license classes 1 and 2, cf. regulation of 18 September 1995 no. 797. The minimum capital requirement will therefore be the sum of the non-life insurance claims and life insurance claims.

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

TABLE 22 MINIMUM CAPITAL REQUIREMENT

(NOK million)	31/12/2017	31/12/2016
Linear minimum capital requirement, non-life insurance	88	97
Linear minimum capital requirement, life insurance	6,152	6,516
Total linear minimum capital requirement	6,240	6,613
Minimum capital requirement cap	8,590	8,756
Minimum capital requirement floor	4,772	4,864
Combined minimum capital requirement	6,240	6,613
Absolute floor for the minimum capital requirement	59	56
Total minimum capital requirement	**6,240**	**6,613**

As of end of 2017, the minimum capital requirement is NOK 6.2 billion, compared to NOK 6.6 billion at the end of 2016.

Solvency margin and minimum capital margin

When the solvency capital of NOK 42.7 billion is compared against the solvency capital requirement of NOK 19.1 billion, Storebrand Livsforsikring has a solvency margin of 224 %. Without transitional rules, the solvency capital is NOK 39.3 billion; the solvency capital requirement NOK 19.4 billion, and the solvency margin 203%. Table 23 shows the solvency position including and excluding transitional rules on technical provisions and on capital requirements for equities.

TABLE 23 SOLVENCY POSITION

(NOK million)	Including transitional rules 31/12/2017	Excluding transitional rules 31/12/2017	Including transitional rules 31/12/2016	Excluding transitional rules 31/12/2016
Own funds	42,728	39,343	38,962	36,657
Eligible own funds to meet the minimum capital requirement	37,928	34,544	35,521	33,216
Solvency capital requirement	19,088	19,375	19,457	19,879
Minimum capital requirement	6,240	6,240	6,613	6,613
Solvency margin without transitional rules		203.1%		184.4%
Solvency margin with transitional rules on technical provisions	220.5%		196.0%	
Solvency margin with transitional rules on technical provisions and capital requirements for equities	**223.8%**		**200.2%**	
Minimum margin without transitional rules		553.5%		502.3%
Minimum margin with transitional rules on technical provisions	607.8%		537.1%	
Minimum margin with transitional rules on technical provisions and capital requirements for equities	**607.8%**		**537.1%**	

Storebrand Livsforsikring has a minimum capital requirement of NOK 6,240 million, resulting in a minimum capital margin of 608% including transitional rules and 554% excluding transitional rules.

Solvency margin and minimum capital margin excluding volatility adjustment

The Solvency margin excluding volatility adjustment (VA) is 22%. The transitional rules compensates for the increased valuation of the technical provisions, leaving own funds unchanged, but the solvency capital requirement increases. Without transitional rules, the solvency margin excluding VA is 194%. See table 24 for details.

TABLE 24 SOLVENCY MARGIN EXCLUDING VA

	Including transitional rules		Exluding transitional rules	
	Including volatility adjustment	Excluding volatility adjustment	Including volatility adjustment	Excluding volatility adjustment
Own funds	42,728	42,728	39,343	38,033
Solvency Capital Requirement	19,088	19,795	19,375	20,081
Solvency margin	224%	216%	203%	189%

Minimum margin excluding VA is 599% (524% excluding transitional rules).

E.3 USE OF THE DURATION-BASED EQUITY RISK SUB-MODULE IN THE CALCULATION OF THE SCR
N/A because Storebrand Livsforsikring does not use the duration-based equity risk sub-module in the calculation of the solvency capital requirement.

E.4 DIFFERENCES BETWEEN THE STANDARD FORMULA AND ANY INTERNAL MODEL USED
N/A because Storebrand Livsforsikring applies the standard formula for calculating the solvency capital requirement.

E.5 NON-COMPLIANCE WITH THE MCR AND NON-COMPLIANCE WITH THE SCR
N/A because Storebrand Livsforsikring fulfils both the minimum capital requirement and the solvency capital requirement.

E.6 ANY OTHER INFORMATION
The capital management is also described in the Storebrand Livsforsikring 2017 Annual Report.

Appendix 1 - Detailed investment results

(NOK million)	Dividends	Interest revenues	Net capital gains	Change in unrealized gains and losses
Government bonds	-	1,378	75	-38
Corporate bonds	-	3,219	192	-72
Equity	490	-	922	6,428
Collective Investments Undertakings	2	1,631	3,494	-1,607
Structured bonds	-	31	1	1
Cash	-	-327	-	1
Borrowed loans	-	466	-26	77
Property	-	-	-	2,090
Futures	-	-	2	-
Swaps	-	190	1	218
Forwards	-	-	24	-14
Total	**493**	**6,588**	**4,685**	**7,085**

(NOK million)	Dividends	Interest incomes	Net capital gains	Change in unrealized gains and losses
Collective portfolio investments	-	-	-	-
Government bonds	-	1,317	64	21
Corporate bonds	-	2,936	143	47
Equity	168	-	-38	1,646
Collective Investments Undertakings	2	-	1,813	-730
Structured bonds	-	31	1	1
Cash	-	5	-	-
Borrowed loans	-	456	-26	77
Property	-	-	-	1,819
Futures	-	-	2	-
Swaps	-	149	-0	43
Forwards	-	-	51	-151
Total group portfolio investments	**170**	**4,894**	**2,009**	**2,774**
Unit-linked insurance investments				
Government bonds	-	1	-0	-66
Corporate bonds	-	5	-0	-163
Equity	253	-	794	4,532
Collective Investments Undertakings	0	1,631	1,679	-877
Structured bonds	-	0	-0	0
Cash	-	-340	-	-
Borrowed loans	-	11	-	-
Property	-	-	-	271
swaps				
Forwards	-	-	-	-
Total unit linked insurance investments	**253**	**1,307**	**2,472**	**3,697**
Corporate portfolio investments				
Government bonds	-	60	11	7
Corporate bonds	-	278	50	44
Equity	70	-	166	250
Collective Investments Undertakings	-	-	3	-0
Cash	-	8	-	1
Borrowed loans				
Property	-	-	-	-
Swaps	-	-	-	-
Forwards	-	-	-	-
Total corporate portfolio investments	**70**	**346**	**230**	**302**

Appendix 2 - Mandatory tables

S.02.01.02 – Balance sheet

(NOK million)		Solvens II value C0010
Goodwill	R0010	
Deferred acquisition costs	R0020	
Intangible assets	R0030	
Deferred tax assets	R0040	
Pension benefit surplus	R0050	
Property, plant & equipment held for own use	R0060	6.62
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	207,028.19
Property (other than for own use)	R0080	
Holdings in related undertakings, including participations	R0090	34,535.01
Equities	R0100	8,902.74
Equities – listed	R0110	*8,413.16*
Equities - unlisted	R0120	*489.58*
Bonds	R0130	154,967.97
Government Bonds	R0140	*43,604.24*
Corporate Bonds	R0150	*110,375.46*
Structured notes	R0160	*988.27*
Collateralised securities	R0170	
Collective Investments Undertakings	R0180	7,221.54
Derivatives	R0190	1,365.81
Deposits other than cash equivalents	R0200	35.12
Other investments	R0210	
Assets held for index-linked and unit-linked contracts	R0220	80,786.49
Loans and mortgages	R0230	21,408.97
Loans on policies	R0240	*0.90*
Loans and mortgages to individuals	R0250	*15,216.95*
Other loans and mortgages	R0260	*6,191.12*
Reinsurance recoverables from:	R0270	64.97
Non-life and health similar to non-life	R0280	64.97
Non-life excluding health	R0290	
Health similar to non-life	R0300	*64.97*
Life and health similar to life, excluding index-linked and unit-linked	R0310	
Health similar to life	R0320	
Life excluding health and index-linked and unit-linked	R0330	
Life index-linked and unit-linked	R0340	
Deposits to cedants	R0350	
Insurance and intermediaries receivables	R0360	502.87
Reinsurance receivables	R0370	3.57
Receivables (trade, not insurance)	R0380	860.45
Own shares (held directly)	R0390	
Amounts due in respect of own fund items or initial fund called up but not yet paid	R0400	
Cash and cash equivalents	R0410	3,406.09
Any other assets, not elsewhere shown	R0420	4,182.22
Total assets	R0500	**318,250.45**

(NOK million)		Solvens II value
Liabilities		*C0010*
Technical provisions - non-life	*R0510*	626.84
Technical provisions - non-life (excluding health)	*R0520*	
TP calculated as a whole	*R0530*	
Best Estimate	*R0540*	
Risk margin	*R0550*	
Technical provisions - health (similar to non-life)	*R0560*	626.84
TP calculated as a whole	*R0570*	
Best Estimate	*R0580*	*607.75*
Risk margin	*R0590*	*19.09*
Technical provisions - life (excluding index-linked and unit-linked)	*R0600*	188,993.46
Technical provisions - health (similar to life)	*R0610*	*1,387.59*
TP calculated as a whole	*R0620*	
Best Estimate	*R0630*	*1,371.05*
Risk margin	*R0640*	*16.54*
Technical provisions - life (excluding health and index-linked and unit-linked)	*R0650*	187,605.87
TP calculated as a whole	*R0660*	
Best Estimate	*R0670*	*185,588.16*
Risk margin	*R0680*	*2,017.71*
Technical provisions - index-linked and unit-linked	*R0690*	74,029.30
TP calculated as a whole	*R0700*	
Best Estimate	*R0710*	71,276.54
Risk margin	*R0720*	2,752.76
Other technical provisions	*R0740*	
Contingent liabilities	*R0750*	4,182.20
Provisions other than technical provisions	*R0760*	
Pension benefit obligations	*R0770*	41.59
Deposits from reinsurers	*R0780*	
Deferred tax liabilities	*R0790*	2,128.86
Derivatives	*R0800*	708.73
Debts owed to credit institutions	*R0810*	
Financial liabilities other than debts owed to credit institutions	*R0820*	
Insurance & intermediaries payables	*R0830*	1,078.51
Reinsurance payables	*R0840*	4.06
Payables (trade, not insurance)	*R0850*	2,428.93
Subordinated liabilities	*R0860*	8,546.61
Subordinated liabilities not in BOF	*R0870*	
Subordinated liabilities in BOF	*R0880*	*8,546.61*
Any other liabilities, not elsewhere shown	*R0900*	
Total liabilities	*R1000*	**282,769.09**
Excess of assets over liabilities	*R0510*	**35,481.36**

S.05.01.02 - Premiums, claims and expenses by line of business – non-life (only for lines of business relevant for Storebrand Livsforsikring)

(NOK million)		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)		
		Income protection insurance	Workers' compensation insurance	Total
Premiums written		*C0020*	*C0030*	*C0200*
Gross	*R0110*	255.59	67.30	322.89
Gross - Proportional reinsurance accepted	*R0120*			
Gross - Non-proportional reinsurance accepted	*R0130*			
Reinsurers' share	*R0140*	6.89	5.14	12.03
Net	*R0200*	**248.70**	**62.16**	**310.87**
Premiums earned				
Gross	*R0210*	255.59	67.30	322.89
Gross - Proportional reinsurance accepted	*R0220*			
Gross - Non-proportional reinsurance accepted	*R0230*			
Reinsurers' share	*R0240*	6.89	5.14	12.03
Net	*R0300*	**248.70**	**62.16**	**310.87**
Claims incurred				
Gross	*R0310*	132.76	22.42	155.17
Gross - Proportional reinsurance accepted	*R0320*			
Gross - Non-proportional reinsurance accepted	*R0330*			
Reinsurers' share	*R0340*	3.89	2.42	6.31
Net	*R0400*	**128.86**	**20.00**	**148.86**
Changes in other technical provisions				
Gross	*R0410*			
Gross - Proportional reinsurance accepted	*R0420*			
Gross - Non-proportional reinsurance accepted	*R0430*			
Reinsurers' share	*R0440*			
Net	*R0500*			
Expenses incurred	*R0550*	**67.80**	**16.58**	**84.38**
Other expenses	*R1200*			
Total expenses	*R1300*			**84.38**

S.05.01.02 - Premiums, claims and expenses by line of business – life (only for lines of business relevant for Storebrand Livsforsikring)

(NOK million)		Line of Business for: life insurance obligations				
		Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life	Total
Premiums written		**C0210**	*C0220*	*C0230*	*C0240*	*C0300*
Gross	R1410	752.70	3,586.09	10,340.08	1,355.60	16,034.48
Reinsurers' share	*R1420*	15.70	2.55		1.09	19.35
Net	*R1500*	**736.99**	**3,583.54**	**10,340.08**	**1,354.51**	**16,015.13**
Premiums earned						
Gross	R1510	752.70	3,586.09	10,340.08	1,355.60	16,034.48
Reinsurers' share	*R1520*	15.70	2.55		1.09	19.35
Net	*R1600*	**736.99**	**3,583.54**	10,340.08	**1,354.51**	**16,015.13**
Claims incurred						
Gross	R1610	579.30	8,073.28	1,338.86	245.10	10,236.54
Reinsurers' share	*R1620*	6.91				6.91
Net	*R1700*	**572.39**	8,073.28	1,338.86	245.10	**10,229.63**
Changes in other technical provisions						
Gross	R1710					
Reinsurers' share	*R1720*					
Net	*R1800*					
Expenses incurred	*R1900*	83.62	740.58	441.58	196.35	1,462.13
Other expenses	*R2500*					17.30
Total expenses	*R2600*					**1,479.43**

S. 12.01.02 - Life and Health SLT Technical Provisions, page 1

(NOK million)		Insurance with profit partici-pation		Index-linked and unit-linked insurance			Other life insurance		Total (Life other than health insurance, incl. Unit-Linked)
				Contracts without options and guarantees	Contracts with options or guarantees				
		C0020	*C0030*	*C0040*	*C0050*	*C0060*	*C0070*	*C0080*	*C0150*
Technical provisions calculated as a whole	*R0010*								
Total Recoverables from reinsurance/ SPV and Finite Re after the adjustment for expected losses due to counterpar-ty default associated to TP as a whole	*R0020*								
Technical provisions calculated as a sum of BE and RM									
Best Estimate									
Gross Best Estimate	*R0030*	186,091.88		70,895.96	380.58		3,962.22		261,330.63
Total Recoverables from reinsurance/ SPV and Finite Re after the adjustment for expected losses due to counterpar-ty default	*R0080*								
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	*R0090*	**186,091.88**		**70,895.96**	**380.58**		**3,962.22**		**261,330.63**
Risk Margin	*R0100*	1,956.20	2,752.76			108.45			**4,817.42**
Amount of the transitional on Technical Provisions									
Technical Provisions calculated as a whole	*R0110*								
Best estimate	*R0120*	-4,465.93							-4,465.93
Risk margin	*R0130*	-46.95							-31.46
Technical provisions - total	*R0200*	**183,535.20**	**74,029.30**			**4,070.67**			**261,635.17**

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

(NOK million)			Health insurance (direct business) Contracts without options and guarantees	Contracts with options or guarantees	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Total (Health similar to life insurance)
		C0160	C0170	C0180	C0190	C0210
Technical provisions calculated as a whole	R0010					
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	R0020					
Technical provisions calculated as a sum of BE and RM						
Best Estimate						
Gross Best Estimate	R0030		1,371.05			**1,371.05**
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0080					
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	R0090		1,371.05			**1,371.05**
Risk Margin	R0100	16.54				**16.54**
Amount of the transitional on Technical Provisions						
Technical Provisions calculated as a whole	R0110					
Best estimate	R0120					
Risk margin	R0130					
Technical provisions - total	**R0200**	**1,387.59**				**1,387.59**

S.17.01.02 - Non-life Technical Provisions, page1 (only for lines of business relevant for Storebrand Livsforsikring)

(NOK million)		Direct business and accepted proportional reinsurance – Income protection insurance	Direct business and accepted proportional reinsurance – Workers' compensation insurance	Total Non-Life obligation
		C0030	*C0040*	*C0180*
Technical provisions calculated as a whole	*R0010*			
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	*R0050*			
Technical provisions calculated as a sum of BE and RM				
Best estimate				
Premium provisions				
Gross	*R0060*	21.32	13.90	35.22
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	*R0140*	1.18	0.86	2.03
Net Best Estimate of Premium Provisions	R0150	**20.15**	**13.04**	**33.19**
Claims provisions				
Gross	*R0160*	235.15	337.37	572.52
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	*R0240*	10.21	52.73	62.94
Net Best Estimate of Claims Provisions	*R0250*	**224.95**	**284.64**	**509.58**
Total Best estimate - gross	*R0260*	**256.48**	**351.27**	**607.75**
Total Best estimate - net	*R0270*	**245.10**	**297.68**	**542.77**
Risk margin	R0280	8.23	10.86	19.09
Amount of the transitional on Technical Provisions				
Technical Provisions calculated as a whole	*R0290*			
Best estimate	*R0300*			
Risk margin	*R0310*			
Technical provisions - total	*R0320*	**264.70**	**362.13**	**626.84**
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	*R0330*	11.38	53.59	64.97
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	*R0340*	**253.32**	**308.54**	**561.86**

S.19.01.21 - Non-life Insurance Claims Information

Accident year / Underwriting year	Z0010	Accident year

Gross Claims Paid (non-cumulative)
(absolute amount)

	Year	0	1	2	3	4	5	6	7	8	9	10 & +
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110
Prior	R0100											1.12
N-9	R0160	0.54	4.36	10.70	7.98	2.86	7.84	3.40	10.13	3.49	1.60	
N-8	R0170	1.07	3.32	10.67	5.53	8.29	4.29	1.96	1.99	0.86		
N-7	R0180	6.74	4.68	6.67	12.07	4.87	9.08	1.65	0.70			
N-6	R0190	5.86	8.67	16.11	9.66	7.15	3.85	12.12				
N-5	R0200	5.44	10.07	10.70	20.37	7.05	7.42					
N-4	R0210	23.20	25.59	16.86	20.24	14.45						
N-3	R0220	5.75	17.92	18.67	17.38							
N-2	R0230	5.16	13.88	14.86								
N-1	R0240	13.32	8.92									
N	R0250	2.27										

Development year

	In Current year	Sum of years (cumulative)
	C0170	C0180
R0100	1.12	1.12
R0160	1.60	52.90
R0170	0.86	37.98
R0180	0.70	46.44
R0190	12.12	63.42
R0200	7.42	61.05
R0210	14.45	100.34
R0220	17.38	59.73
R0230	14.86	33.89
R0240	8.92	22.25
R0250	2.27	2.27
Total R0260	**81.70**	**481.39**

Gross undiscounted Best Estimate Claims Provisions
(absolute amount)

Development year

	Year	0	1	2	3	4	5	6	7	8	9	10 & +
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110
Prior	R0100											14.67
N-9	R0160	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	15.99	10.52	
N-8	R0170	0.00	0.00	0.00	0.00	0.00	0.00	0.00	21.93	13.83		
N-7	R0180	0.00	0.00	0.00	0.00	0.00	0.00	31.48	19.48			
N-6	R0190	0.00	0.00	0.00	0.00	0.00	38.08	26.16				
N-5	R0200	0.00	0.00	0.00	0.00	62.51	36.23					
N-4	R0210	0.00	0.00	0.00	78.86	52.84						
N-3	R0220	0.00	0.00	98.00	57.74							
N-2	R0230	0.00	106.12	78.35								
N-1	R0240	189.20	96.78									
N	R0250	98.14										

	Year end (discounted data)
	C0360
R0100	14.67
R0160	10.52
R0170	13.83
R0180	19.48
R0190	26.16
R0200	36.23
R0210	52.84
R0220	57.74
R0230	78.35
R0240	96.78
R0250	98.14
Total R0260	**504.75**

S.22.01.21 - Impact of long term guarantees and transitional measures

		Amount with Long Term Guarantee measures and transitionals	Impact of transitional on technical provisions	Impact of transitional on interest rate	Impact of volatility adjustment set to zero	Impact of matching adjustment set to zero
		C0010	C0030	C0050	C0070	C0090
Technical provisions	R0010	263,649.59	4,512.88		1,747.32	
Basic own funds	R0020	42,727.97	-3,384.66		-1,310.49	
Eligible own funds to meet Solvency Capital Requirement	R0050	42,727.97	-3,384.66		-1,310.49	
Solvency Capital Requirement	R0090	19,088.42			706.88	
Eligible own funds to meet Minimum Capital Requirement	R0100	37,928.33	-3,384.66		-1,290.55	
Minimum Capital Requirement	R0110	6,240.42			99.71	

S .23.01.01 – Own funds, page 1

(NOK million)		Total C0010	Tier 1 - unrestricted C0020	Tier 1 - restricted C0030	Tier 2 C0040	Tier 3 C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation (EU) 2015/35						
Ordinary share capital (gross of own shares)	*R0010*	3,540.42	3,540.42			
Share premium account related to ordinary share capital	*R0030*	9,710.58	9,710.58			
Iinitial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	*R0040*					
Subordinated mutual member accounts	*R0050*					
Surplus funds	*R0070*					
Preference shares	*R0090*					
Share premium account related to preference shares	*R0110*					
Reconciliation reserve	*R0130*	20,787.57	20,787.57			
Subordinated liabilities	*R0140*	8,546.61		2,641.68	5,904.93	
An amount equal to the value of net deferred tax assets	*R0160*					
Other own fund items approved by the supervisory authority as basic own funds not specified above	*R0180*	142.79			142.79	
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	*R0220*					
Deductions						
Deductions for participations in financial and credit institutions	*R0230*					
Total basic own funds after deductions	*R0290*	**42,727.97**	34,038.57	2,641.68	6,047.72	
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	*R0300*					
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	*R0310*					
Unpaid and uncalled preference shares callable on demand	*R0320*					
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	*R0330*					
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	*R0340*					
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	*R0350*					
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	*R0360*					
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	*R0370*					
Other ancillary own funds	*R0390*					
Total ancillary own funds	*R0400*					

S.23.01.01 – Own funds, page 2

(NOK million)		Total C0010	Tier 1 - unrestricted C0020	Tier 1 - restricted C0030	Tier 2 C0040	Tier 3 C0050
Available and eligible own funds						
Total available own funds to meet the SCR	*R0500*	**42,727.97**	**34,038.57**	**2,641.68**	**6,047.72**	
Total available own funds to meet the MCR	*R0510*	**42,727.97**	**34,038.57**	**2,641.68**	**6,047.72**	
Total eligible own funds to meet the SCR	*R0540*	**42,727.97**	**34,038.57**	**2,641.68**	**6,047.72**	
Total eligible own funds to meet the MCR	*R0550*	**37,928.33**	**34,038.57**	**2,641.68**	**1,248.08**	
SCR	*R0580*	**19,088.42**				
MCR	*R0600*	**6,240.42**				
Ratio of Eligible own funds to SCR	*R0620*	**223.84%**				
Ratio of Eligible own funds to MCR	*R0640*	**607.78%**				

		C0060
Reconciliation reserve		
Excess of assets over liabilities	*R0700*	35,481.36
Own shares (held directly and indirectly)	*R0710*	
Foreseeable dividends. distributions and charges	*R0720*	1,300.00
Other basic own fund items	*R0730*	13,393.78
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	*R0740*	
Reconciliation reserve	*R0760*	20,787.57
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	*R0770*	3,098.96
Expected profits included in future premiums (EPIFP) - Non- life business	*R0780*	
Total Expected profits included in future premiums (EPIFP)	*R0790*	3,098.96

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

(NOK million)		Gross solvency capital requirement	USP	Simplifications
		C0110	*C0090*	*C0100*
Market risk	*R0010*	30,028.89		
Counterparty default risk	*R0020*	806.74		
Life underwriting risk	*R0030*	11,513.49		
Health underwriting risk	*R0040*	539.68		
Non-life underwriting risk	*R0050*	0.00		
Diversification	*R0060*	-7,727.89		
Intangible asset risk	*R0070*			
Basic Solvency Capital Requirement	*R0100*	**35,160.92**		

Calculation of Solvency Capital Requirement		C0100
Operational risk	*R0130*	990.04
Loss-absorbing capacity of technical provisions	*R0140*	-12,047.35
Loss-absorbing capacity of deferred taxes	*R0150*	-5,015.19
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	*R0160*	
Solvency capital requirement excluding capital add-on	*R0200*	19,088.42
Capital add-on already set	*R0210*	
Solvency capital requirement	*R0220*	**19,088.42**
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	*R0400*	
Total amount of Notional Solvency Capital Requirement for remaining part	*R0410*	
Total amount of Notional Solvency Capital Requirements for ring fenced funds	*R0420*	
Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	*R0430*	
Diversification effects due to RFF nSCR aggregation for article 304	*R0440*	

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

(NOK million)		*Non-life activities*	*Life activities*
		MCR(NL,NL) Result	*MCR(NL,L) Result*
		C0010	*C0020*
Linear formula component for non-life insurance and reinsurance obligations	*R0010*	88.01	

		Non-life activities		Life activities	
		Net (of reinsurance/ SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months	Net (of reinsurance/ SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0030	*C0040*	*C0050*	*C0060*
Medical expense insurance and proportional reinsurance	*R0020*				
Income protection insurance and proportional reinsurance	*R0030*	245.10	225.61		
Workers' compensation insurance and proportional reinsurance	*R0040*	297.68	64.96		
Motor vehicle liability insurance and proportional reinsurance	*R0050*				
Other motor insurance and proportional reinsurance	*R0060*				
Marine, aviation and transport insurance and proportional reinsurance	*R0070*				
Fire and other damage to property insurance and proportional reinsurance	*R0080*				
General liability insurance and proportional reinsurance	*R0090*				
Credit and suretyship insurance and proportional reinsurance	*R0100*				
Legal expenses insurance and proportional reinsurance	*R0110*				
Assistance and proportional reinsurance	*R0120*				
Miscellaneous financial loss insurance and proportional reinsurance	*R0130*				
Non-proportional health reinsurance	*R0140*				
Non-proportional casualty reinsurance	*R0150*				
Non-proportional marine, aviation and transport reinsurance	*R0160*				
Non-proportional property reinsurance	*R0170*				

S.28.02.01 - Minimum capital Requirement - Both life and non-life insurance activity, page 2

(NOK million)		*Non-life activities*	*Life activities*
		MCR(NL,NL) Result	*MCR(NL,L) Result*
		C0010	*C0020*
Linear formula component for life insurance and reinsurance obligations	*R0010*	0.00	6,152.42

		Non-life activities		Life activities	
		Net (of reinsurance/ SPV) best estimate and TP calculated as a whole	Net (of rein-surance/SPV) total capital at risk	Net (of reinsurance/ SPV) best estimate and TP calculated as a whole	Net (of rein-surance/SPV) total capital at risk
		C0030	*C0040*	*C0050*	*C0060*
Obligations with profit participation - guaranteed benefits	*R0210*			167,765.43	
Obligations with profit participation - future discretionary benefits	*R0220*			18,326.45	
Index-linked and unit-linked insurance obligations				71,276.54	
Other life (re)insurance and health (re)insurance obligations	*R0240*			5,333.26	
Total capital at risk for all life (re)insurance obligations	*R0250*				410,195.53

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

(NOK million)

Overall MCR calculation

		C0130
Linear MCR	*R0300*	6,240.42
SCR	*R0310*	19,088.42
MCR cap	*R0320*	8,589.79
MCR floor	*R0330*	4,772.11
Combined MCR	*R0340*	6,240.42
Absolute floor of the MCR	*R0350*	59.05
		C0130
Minimum Capital Requirement	*R0400*	**6,240.42**

Notional non-life and life MCR calculation

		Non-life activities	Life activities
		C0140	*C0150*
Notional linear MCR	*R0500*	88.01	6,152.42
Notional SCR excluding add-on (annual or latest calculation)	*R0510*	269.20	18,819.22
Notional MCR cap	*R0520*	121.14	8,468.65
Notional MCR floor	*R0530*	67.30	4,704.81
Notional Combined MCR	*R0540*	88.01	6,152.42
Absolute floor of the notional MCR	*R0550*	23.81	35.24
Notional MCR	*R0560*	**88.01**	**6,152.42**

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