storebrand

Solvency and Financial Condition Report 2019

Storebrand ASA

Contents

Summary

Dear Storebrand customer.

Storebrand's primary products are private occupational pensions in Norway and Sweden and individual pensions in Norway. For retirement savings, there are two major risks. The investment return from premiums paid are uncertain, and it is unknown how long one will live as a pensioner. The risk is reinforced because more than 50 years may pass from the premium is paid until in until it is paid out as pension. For traditional, guaranteed pensions (defined benefit pensions), Storebrand bears most of this risk. Storebrand guarantees a minimum return and that the pension will be paid out for life. Most companies in Norway no longer have defined benefit plans, or have closed these for new employees; however, Storebrand has a large portfolio of fully paid-up pension schemes (paid-up policies). A significant amount of capital is allocated to cover the uncertainty associated with future returns and longevity from the paid-up policies. This is vital for the guarantees to have real value.

Most new premiums for occupational pensions are linked to defined contribution plans. For these products, you as an employee has the investment risk. The same applies to private pension savings within unit-linked contracts, such as the Ekstrapensjon product. Storebrand nonetheless plays an important role by offering a diverse, high-quality range of funds and in providing advice. Storebrand is also responsible for managing the assets in a sustainable and prudent manner, including keeping fees within reasonable levels. The life cycle portfolios Anbefalt Pensjon in Norway and SparaSäkra in Sweden offers a simple and comprehensive solution. For defined contribution and unit-linked insurance, pensions are usually temporary, meaning that you as an employee is responsible for ensuring that your pension will be enough in a lifelong perspective. Storebrand’s role is to provide a good, comprehensive overview of all of your pension rights, and give advice on how you can prepare for retirement.

Storebrand also offers insurance in case of unexpected events. You can receive compensation for loss or damage to assets. You can receive lump-sum compensation or annual payouts if you suffer an accident, become sick or disabled and you can take care of surviving dependents in the event of death. Storebrand also offers health insurance which covers treatment expenses in the event of illness or injury. The risk that Storebrand has assumed is quantified and the risk is covered by allocating the required capital.

Storebrand also offers asset management to institutions and private individuals in both Norway and in Sweden. Banking services are offered in Norway, including housing loans to the retail market. The main target group in the retail market is employees and former employees in companies that have occupational pensions with Storebrand.

Under Solvency II, all assets and liabilities are valued at market value. The figures in this report are consolidated figures that include all companies in the Storebrand Group, including subsidiaries that are not insurance companies. Numbers in brackets relate to 2018. The total value of the assets in the Storebrand Group calculated using Solvency II rules is NOK 557.8 billion (NOK 518.5 billion), while the total value of the liabilities is NOK 516.9 billion (NOK 481.0 billion). See table 1. Storebrand therefore has assets valued at NOK 40.9 billion (NOK 37.5 billion) more than the liabilities the company is obliged to cover. In addition, Storebrand has subordinated loans of NOK 7.7 billion (NOK 7.8 billion) which is part of the own funds. Total own funds[1] amount to NOK 46.9 billion (NOK 43.8 billion).

[1] After deductions for provisions for share dividends, own shares and non-applicable minorities.

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.

TABLE 1 SOLVENCY II BALANCE SHEET FOR STOREBRAND ASA

(NOK million)					
Assets	31.12.2019	31.12.2018	**Liabilities**	31.12.2019	31.12.2018
Deferred tax assets	268	873	Technical provisions including transitional	489,257	456,378
Investments (other than assets held for index-linked and unit-linked contracts)	287,315	287,669	-Life insurance	279,628	*283,967*
Assets held for index-linked and unit-linked contracts	219,600	180,452	-Non-life insurance	1,388	*1,306*
Other assets	50,636	49,460	-Index-linked or unit-linked contracts	208,242	*171,105*
			Subordinated liabilities	8,526	7,780
			Other liabilities	19,151	16,795
Total assets	**557,819**	**518,455**	**Total liabilities**	**516,934**	**480,954**
			Net assets	**40,885**	**37,502**

Solvency II sets requirements for own funds under normal operation conditions. This is known as the "solvency capital requirement" and amounts to NOK 24.0 billion (NOK 22.8 billion) for the insurance companies in the Group. See table 2. The solvency capital requirement ensures that you as a customer get the insurance settlement or pension you are entitled to with high certainty. In addition, there is companies in the Group that are subject to capital requirements for banks and securities companies (CRD IV). The total capital requirement for the Group is NOK 26.7 billion (NOK 25.3 billion).

TABLE 2 SOLVENCY CAPITAL REQUIREMENT

(NOK million)	31.12.2019	31.12.2018
Market risk	22,040	20,917
Counterparty risk	779	625
Life risk	10,702	10,412
Non-life and health risk	1,068	991
Operational risk	1,493	1,485
Loss-absorbing capacity of deferred taxes	-4,847	-4,764
Total solvency capital requirement for insurance companies	**24,028**	**22,827**
Capital requirements for subsidiaries regulated by CRD IV	2,683	2,482
Total capital requirement	**26,711**	**25,309**

There are capital requirements for all major risks borne by Storebrand. 90% of the capital requirement is from the insurance business. 10% of the capital requirement is from other businesses, principally banking activities. Within the insurance business, 64%[2] of the capital requirement relates to the financial markets, particularly risk from interest rates, equities, property, credit spreads and currency. 31% of the capital requirement relates to life insurance risk, such as the risk that pension customers may live longer than expected. The insurance business is also subject to operational risk, non-life insurance risk and risk of loss from counterparties not fulfilling their obligations. Total capital requirement is reduced through diversification, i.e. it is unlikely all the risk will hit simultaneously. The capital requirement is also adjusted for the effect of reduced tax.

TABLE 3 SOLVENCY POSITION

(NOK million)	31.12.2019	31.12.2018
Own funds	46,913	43,808
Solvency capital requirement	26,711	25,309
Solvency margin	**175.6 %**	**173.1 %**

When own funds of NOK 46.9 billion are compared against the capital requirement of NOK 26.7 billion, Storebrand has a solvency margin of 176 % (173%). The minimum

[2] Before diversification between the risk modules.

regulatory requirement is 100% solvency margin under normal operating conditions. Storebrand has set a goal for solvency margin to exceed 150%.

Storebrand Livsforsikring, Storebrand Forsikring and Storebrand Helseforsikring in Norway, SPP in Sweden and Euroben in Ireland, calculates solvency at company level (solo) and publicise a Solvency and Financial Condition Report. Storebrand Bank, Storebrand Asset Management and other subsidiaries regulated under CRD IV report in accordance with the requirements for these companies. All subsidiaries satisfy the capital adequacy requirements in the relevant regulations and internal targets.

Significant events after the end of 2019

From the end of February, the uncertainty caused by the Corona virus has increased. Storebrand has implemented measures to limit the spread of infection. Most employees are working from home, taking advantage of digital tools. Emphasis is placed on ensuring continuity in critical processes, e.g. pension payments.

The spread of infection, and the consequence of the mitigation measures, both in Norway and internationally, has led to financial turmoil with reduced share prices, increased credit premiums, falling interest rates and lower tradability for some of the investments. In combination with lower oil price, this has also led to a significant weakening of the Norwegian krone. Storebrand has principles for risk management that handle and mitigate the effects, but some negative effects must still be expected. Sensitivities for financial market changes are described in Chapter B.3 for solvency margin and C.2 for financial result. Uncertainty for future development has also increased.

In the annual accounts, NOK 1,517 million (NOK 3.25 per share) has been set aside for dividends to shareholders for 2019. Based on developments in the society and the financial markets, the Board has continuously assessed the situation. At a meeting of the Board of Directors on April 29, 2020, which also considered the result for the first quarter of 2020, the Board decided to withdraw the dividend proposal for 2019. The Board has emphasized the request of the Ministry of Finance, the Financial Supervisory Authority and EIOPA to withhold payment of dividends until to the high uncertainty about the economic development has been reduced. The Board maintains its view that the company's liquidity, solvency and profit forecasts support ordinary dividend for 2019. The Board maintains Storebrand's dividend policy and plans ordinary dividends next year.

In this report, the originally proposed dividend was deducted from the solvency capital as of December 31, 2019, although it has not been paid. As a result of the Board's decision to withdraw the proposal, the solvency capital has increased by NOK 1,517 million from the reversed dividend as of March 31, 2020. If the reversal had occurred with effect as of December 31, 2019, the solvency margin would have increased by 6 percentage points.

A. Business and performance

A.1 BUSINESS

With effect from April 2019, Storebrand Asset Management acquired Cubera Private Equity. Nordben Life and Pension Insurance Company Ltd. has been sold. The acquisition of Cubera Private Equity is described in more detail in Note 3 Acquisition in the annual report 2019 for Storebrand ASA. Apart from these transactions, there has been no significant changes in the Storebrand business during 2019.

Storebrand ASA is the parent company in the Storebrand Group and has its head office at Lysaker in Bærum municipality. Storebrand's principal business activities are in Norway and Sweden and are subject to group supervision by the Financial Supervisory Authority of Norway[3]. The accounts of the Storebrand Group are audited by PwC[4].

Storebrand ASA is listed on the Oslo Stock Exchange. The company has a diverse ownership structure and is amongst the companies on Oslo Stock Exchange with the largest numbers of shareholders.

Because Storebrand is an insurance dominated group, Solvency II governs Storebrand ASA, as the ultimate holding company. The figure below is a simplified Group structure[5], including the regulations that apply for the most important Group companies.

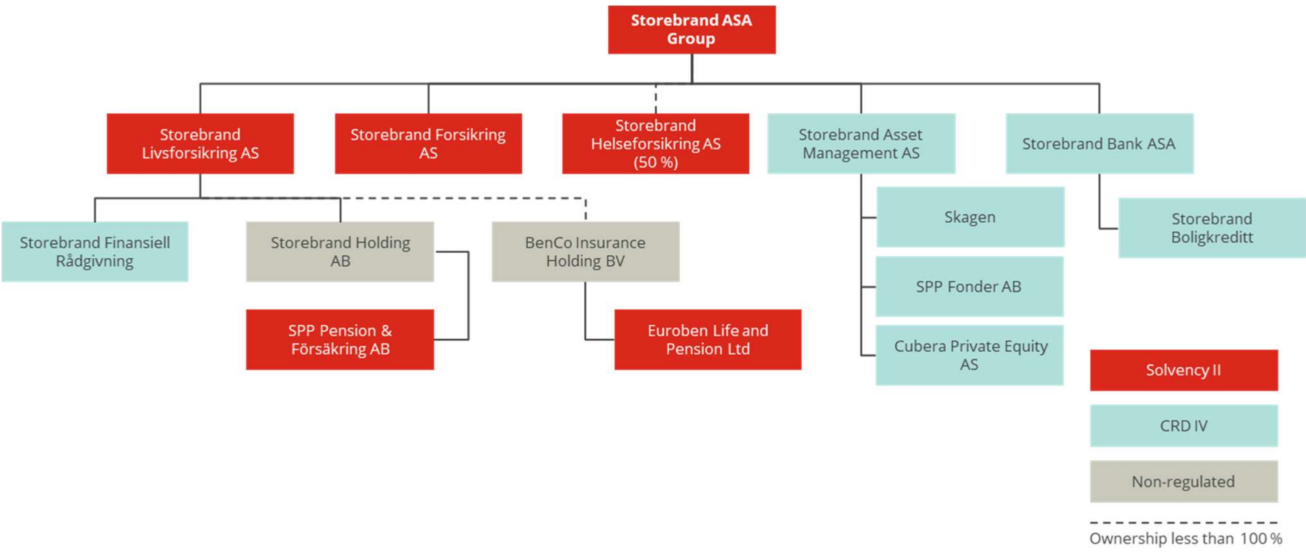

FIGURE 1 SIMPLIFIED GROUP STRUCTURE

Storebrand ASA owns 100% of Storebrand Livsforsikring AS, which is the largest company in the Group. Storebrand Livsforsikring is a leading provider of life insurance and pension products to companies and private individuals in Norway.

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[3] The Financial Supervisory Authority of Norway: Revierstredet 3, 0151 Oslo; Postboks 1187 Sentrum, 0107 Oslo; Tel.: +47 22 93 98 00.
[4] PwC: Dronning Eufemias gate 8; 0109 Oslo; Tel.: +47 952 60 578.
[5] A complete overview of the companies in the Storebrand Group can be found on page 205 of the Storebrand Annual report 2019.

Storebrand Livsforsikring AS owns 100% of Storebrand Holding AB, which in turn owns 100% of SPP Pension & Försäkring AB. SPP is a leading Swedish provider of life insurance and occupational pensions and has its head office in Stockholm. Storebrand Livsforsikring AS also owns 89.6% of BenCo Insurance Holding BV, which in turn owns 100% of Euroben Life and Pension Ltd with its head office in Dublin. The company offer pension products to multinational companies.

Storebrand ASA owns 100% of Storebrand Forsikring AS which offers non-life insurance products to private individuals and 50% of Storebrand Helseforsikring AS which offers health insurance products to companies and private individuals.

Storebrand ASA owns 100% of Storebrand Bank ASA with subsidiaries, which offer banking services to the retail market in Norway.

Storebrand ASA owns 100% of Storebrand Asset Management AS, which offers asset management to the corporate and retail markets in Norway and Sweden. The business in Sweden is managed through the 100% owned subsidiary SPP Fonder AB. Storebrand Asset Management AS own 100% of Skagen AS. In 2019 Storebrand Asset Management acquired 100% of Cubera Private Equity AS, a company offering private equity fund of funds. Storebrand Asset Management also manages most of the assets for the Group's insurance companies.

Storebrand ASA reports Solvency II on a group basis. The reporting includes all the Group's subsidiaries, including the companies that are not governed by Solvency II. The insurance companies[6] have their own Solvency II reporting on a solo basis, including the Solvency and Financial Condition Report. The Group's banking and securities companies, including Storebrand Bank ASA and Storebrand Asset Management AS, report in accordance with the CRD IV regulations.

Storebrand manage and report its core business in the Savings, Insurance and Guaranteed Pension segments[7].

- *Savings* consists of long-term saving for retirement, without guarantees. The main products are unit linked insurance and defined contribution pensions in Norway and Sweden, asset management and retail banking.
- *Insurance* consists of the Group's non-life and risk coverage. The main products are health insurance in the Norwegian and Swedish corporate and retail markets, P&C insurance and personal risk products in the Norwegian and Swedish retail market and employee-related and pension-related insurance in the Norwegian and Swedish corporate markets.
- *Guaranteed pension* consists of long-term pension with a guaranteed rate of return or a guaranteed benefit. The products are defined benefit pensions in Norway and Sweden, paid-up policies and retail capital and pension insurance.

Storebrand follows a twofold strategy. One leg is to build a world class savings business, supported by insurance. Storebrand is market leader for occupational pension products in Norway and a strong contender in Sweden. The Group is also uniquely placed in a growing market for private savings. In addition, Storebrand Asset Management has a strong positioning with growth opportunities. Bolt-on-acquisitions, that can contribute to profitable growth, will also be considered. The second leg is to increase returns to shareholders through cost control and disciplined use of capital.

A.2 UNDERWRITING PERFORMANCE

The results reported in this chapter correspond with technical accounts in the financial reporting for Storebrand, ref. Note 14 in the Storebrand Annual report 2019, but grouped in accordance with the segmentation used for Solvency II reporting. Information about the risk result is found in Note 7 Insurance risk of the Storebrand Annual report 2019.

Life insurance

Most premiums, claim and expenses for Storebrand relate to life insurance products. For 2019, total net premiums were NOK 24.7 billion (NOK 24.0 billion). Premiums are divided among health insurance (similar to life), guaranteed products with profit sharing, unit-linked contracts and other life insurance. Net claims were NOK 19.4 billion (NOK 19.3 billion). Expenses relating to life insurance products were NOK 3.3 billion (NOK 3,2 billion.)

[6] Storebrand Livsforsikring AS, SPP Pension & Försäkring AB, Storebrand Forsikring AS, Storebrand Helseforsikring AS, Euroben Life & Pension Ltd.

[7] The segments are described in more detail in note 4, Segment reporting, in the Storebrand Annual report 2019.

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

(NOK million)	Health insurance	Guaranteed products with profit sharing	Index-linked and unit-linked contracts	Other life insurance	Total life insurance 31.12.2019	Total life insurance 31.12.2018
Gross premiums	885	5,258	17,224	1,388	24,755	24,083
Reinsurers' share	2	1		1	5	47
Net premiums	**882**	**5,257**	**17,224**	**1,387**	**24,750**	**24,036**
Gross claims	926	13,754	4,491	278	19,449	19,377
Reinsurers' share	0				0	62
Net claims	**926**	**13,754**	**4,491**	**278**	**19,449**	**19,316**
Expenses	**166**	**1,358**	**1,525**	**203**	**3,302**	**3,211**

The health insurance segment (similar to life) includes disability insurance from the Group's Swedish subsidiary SPP.

The guaranteed products with profit sharing segment is mainly collective occupational pension and individual pension schemes with guaranteed benefits. The segment includes insurance that provides payment in the event of disability, or to surviving dependents in the event of death, when these are linked to a guaranteed retirement pension. Total claims are greater than premiums because most contracts are closed for new premiums and a significant portion of the portfolio is in the pay-out face. Premiums from previous years are reserved to cover these claims.

The unit-linked contracts segment consists of collective occupational pension (defined contribution pension, hybrid pension and paid-up policies with investment choice) and individual pension schemes without guaranteed returns[8] or benefits. Premiums are significantly higher than claims because few employees have reached retirement age, particularly for defined contribution pensions in Norway. Most of the premium is therefore reserved to cover pension claims in future years.

The other life insurance segment is insurance against disability, illness, accident or death. Collective disability insurance provides annual payments if the insured become incapacitated for work. Group life insurance provides lump sum payments in the event of disability due to accident or illness, or to surviving dependents in the event of death.

Non-life insurance

Storebrand has three subsidiaries that offer products defined as non-life insurance, including health insurance (similar to non-life). Storebrand Forsikring AS and Storebrand Helseforsikring AS offer solely non-life insurance. In addition, Storebrand Livsforsikring AS offers some products defined as non-life insurance. For 2019, total net premiums for non-life insurance products were NOK 1.9 billion (NOK 1.7 billion). Net claims were NOK 1.2 billion (NOK 1,1 billion). Expenses associated with non-life insurance products were NOK 0.5 billion (NOK 0.4 billion).

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

(NOK million)	Health insurance	Income protection insurance	Occupational injury	Motor vehicle and other motor	Fire	Other	Total non-life insurance 31.12.2019	Total non-life insurance 31.12.2018
Gross premiums written	373	275	72	680	403	121	1,924	1,752
Reinsurers' share	1	2	2	7	7	1	19	21
Net premiums written	**372**	**274**	**70**	**672**	**396**	**121**	**1,904**	**1,731**
Gross premiums earned	364	272	72	639	379	109	1,834	1,733
Reinsurers' share	1	2	2	7	7	1	19	21
Net premiums earned	**363**	**270**	**70**	**632**	**372**	**108**	**1,815**	**1,712**
Gross claims	252	177	111	384	262	78	1,264	1,065
Reinsurers' share	1	5	5	4	4		19	14
Net claims	**251**	**172**	**106**	**380**	**257**	**78**	**1,246**	**1,051**
Expenses	**84**	**64**	**16**	**166**	**103**	**29**	**465**	**414**

In the table, the segments are grouped according to main category. Appendix 1 contains a table with a more detailed sector division (S.05.01.02).

The health insurance segment (similar to non-life) comprises products sold through Storebrand Helseforsikring AS. The company offers coverage of expenses relating to illness and injury. Storebrand owns 50%, which means that only half of the premiums, claims and expenses are included in the Group's reporting.

[8] Also includes paid-up policies with investment choice and hybrid occupational pension with a 0% return guarantee.

The income protection and occupational injury products are sold through both Storebrand Forsikring AS and Storebrand Livsforsikring AS. The insurance provides lump-sum compensation if accidents occur[9] or compensation for occupational injuries.
The remaining segments are primarily P&C-insurance sold through Storebrand Forsikring AS. The main products are motor and home insurance.

Geographic distribution
Most premiums, claims and expenses for life insurance are in Norway (home country), with the reminder mainly in Sweden, see table 6. The geographic distribution is not materially changed from 2018.

TABLE 6 PREMIUMS, CLAIMS AND EXPENSES BY COUNTRY– LIFE INSURANCE

(NOK million)	Home Country	Top 5 countries (by amount of gross premiums written) - life obligations		Total home country and largest countries
		Sweden	*Ireland*	
Gross premiums written	16,600	8,155		24,755
Reinsurers' share	5	0		5
Net premiums written	**16,596**	**8,155**		**24,750**
Gross claims	11,994	7,455		19,449
Reinsurers' share				
Net claims	**11,995**	**7,455**		**19,449**
Expenses	**1,807**	**1,437**	**7**	**3,302**

Approximately 90% of the non-life premiums, claims and expenses are in Norway (home country), with the reminder in Sweden, see table 7. The geographic distribution is not materially changed from 2018.

TABLE 7 PREMIUMS, CLAIMS AND EXPENSES BY COUNTRY– NON-LIFE INSURANCE

(NOK million)	Home country (Norway)	Sweden	Total home country and largest countries
Gross premiums written	1,725	199	1,924
Reinsurers' share	19	0	19
Net premiums written	**1,706**	**199**	**1,904**
Gross premiums earned	1,640	194	1,834
Reinsurers' share	19	0	19
Net premiums earned	**1,621**	**194**	**1,815**
Gross claims	1,138	126	1,264
Reinsurers' share	18	0	19
Net claims	**1,120**	**126**	**1,246**
Expenses	**412**	**51**	**465**

A.3 INVESTMENT PERFORMANCE
In this report, investment results are based on fair value accounting that apply for Solvency II. This entails that there will be discrepancies in relation to the financial statements, which are based on amortised cost for parts of the investments.

For 2019, Storebrand had income from investments of NOK 48.6 billion (6.1 billion). Of this, NOK 6.3 billion was interest income, NOK 3.0 billion was equity dividends, NOK 0.8 billion was rent and NOK 4.5 billion was capital gains (net) from the sale of securities. Net unrealised gains increased NOK 34.0 billion.

Storebrand's investments are divided into the three main groups of portfolios: collective portfolios (guaranteed customer portfolios), index-linked and unit-linked contracts portfolios (customer portfolios without guarantee) and the company portfolios. The investment performance has a varying degree of influence on Storebrand's income and financial performance for the different sub-portfolios. This is described in more detail in Chapter B.2. Market Risk.

[9] Does not include Group Life which is part of Other life insurance.

TABLE 8 INCOME AND EXPENSES LINKED TO INVESTMENTS DIVIDED INTO MAIN PORTFOLIOS

(NOK million)	Dividends	Interest	Rent	Net gains and losses	Value changes
Collective portfolio	2,523	5,761	642	2,441	5,704
Index-linked and unit-linked contracts portfolio	343	57	148	1,803	27,679
Company portfolio	126	456	0	302	621
Total	**2,992**	**6,274**	**790**	**4,546**	**34,004**

Storebrand has not recognized investment income or expenses directly against equity. Storebrand has no investments in securitisation.

Income from investments also appears in Note 15, Net income, for different classes of financial instruments and Note 16 Net income from properties, in the Storebrand Annual report 2019.

A.4 PERFORMANCE OF OTHER ACTIVITIES

For the insurance companies, most income and expenses relate to the insurance business or the investments. For the Group, there are also income and expenses associated with the asset management business and the bank. Income and expenses from Storebrand Asset Management and the retail market part of Storebrand Bank are reported as part of the Saving segment in the Storebrand Annual report 2019.

The Storebrand Group is financed by a combination of equity and subordinated loans. With the interest rate as of the end of 2019, interest expenses of approximately NOK 90 million are expected per quarter.

Other activities are specified in more detail in Note 17 Other Income and Note 24 Other Expenses in the Storebrand Annual report 2019.

A.5 ANY OTHER INFORMATION

The business and results for 2019 are also described in the Storebrand Annual report 2019.

B. System of governance

B.1 GENERAL INFORMATION ON THE SYSTEM OF GOVERNANCE

During 2019, there has been no changes that affects the system of governance in a significant way.

The Board and the Board's sub-committees

At the end of 2019, the Board of Storebrand ASA consisted of eight members (four men and four women), of whom the shareholders elected six and two were elected by the employees. None of the members elected by the general meeting have any employment, professional or consultancy relationship with Storebrand beyond their appointment to the Board. The day-to-day management is not represented on the Board.

The Board is responsible for the company being adequately organised and sets risk frameworks, strategies, plans and budgets for the business and ensures that the business, accounts and asset management are subject to adequate controls, including that the company is managed in accordance with the applicable laws. The Board shall also supervise the day-to-day management and the company’s activities in general.

The Board has established three sub-committees in the form of a compensation committee, audit committee and risk committee. The committees consist of two to four board members. The committees are preparatory and advisory working committees and assist the Board with the preparation of items for consideration. Decisions are taken, however, by the full Board.

The audit committee assists the Board by reviewing, assessing and, where necessary, proposing measures with respect to the business’ control environment, financial and operational reporting, risk management and internal control, as well as internal and external auditing.

The main task of the risk committee is to prepare the Board matters in the area of risk, with a special focus on the Group's risk appetite and risk strategy, including investment strategy. The committee shall contribute forward-looking decision-making support related to the Board's discussion of the business’ risk taking, financial forecasts and the treatment of risk reporting.

The compensation committee is the Group's joint remuneration committee in accordance with Norwegian and Swedish regulations. The committee shall provide advice to the boards of the Group’s companies in Norway and Sweden that are obligated to have remuneration committees. The scope is all matters that concern the individual company's compensation scheme for executive personnel, employees with duties of importance to the company's risk exposure and employees with control functions.

Day-to-day management

The CEO of Storebrand ASA (Group CEO) is responsible for the day-to-day management of Storebrand’s business activities and must follow the guidelines and instructions issued by the Board. The Group CEO reports to the Board. The Group CEO’s responsibilities and duties are specified in instruction approved by the Board.

The Group CEO is granted the authority to represent the ownership interests at the general meetings of the Group's subsidiaries. The Group CEO, or the person he/she authorises, appoints shareholder-elected board members in the subsidiaries. When appointing internal shareholder-elected board members, it is a requirement that they do not have direct functional responsibility under the company's CEO if this will weaken the Board's ability to undertake an independent and critical assessment.

In terms of the functional governance of the Group, the executive management team constitute the highest level of management. Areas of responsibility are Retail market Norway, Corporate market Norway, SPP and Asset management, as well as intragroup responsibility for Digital business development, IT, Communication, Finance & accounting and People.

Independent control functions
The Board has established independent control functions in accordance with relevant legal requirements (risk management function, compliance function, data protection officer, anti-money laundering function. actuarial function, internal audit). The organisation of, and responsibility for, independent control functions are described in more detail in Chapters B.3-B.6.

Remuneration
Storebrands remuneration should help to attract, develop and retain highly qualified employees. The Group mainly offers fixed salaries supplemented by limited bonus payments linked to the company value creation and individual performances. Senior executives, employees that have a significant influence on the company's risk exposure and employees in independent control functions, are only eligible for fixed salaries.

The company arrange and pay for ordinary group pension insurance for all employees in accordance with the applicable pension rules at any given time. In Norway, all employees have defined contribution pension schemes that also include salaries above 12 G (G - National Insurance base amount). The pension plan for employees at SPP in Sweden follows the plan for bank employees in Sweden (Bankanställdas Tjänstepensionsplan - BTP).

Further details concerning pension schemes and remuneration, including the level of remuneration received by the Board and executive personnel, are provided in notes 22 and 23 of the Storebrand Annual report 2019.

Transactions with related parties
Companies in the Storebrand Group have transactions with other companies in the Storebrand Group, senior employees and shareholders in Storebrand ASA. These transactions 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.

Specific details are provided in Note 45 of the Storebrand Annual report 2019.

B.2 FIT AND PROPER REQUIREMENTS

The Board of Storebrand ASA has established processes that ensure that the company's Board, CEO/actual management, and heads of independent control functions, satisfy the fit and proper requirements. People who hold management or key functions shall have adequate experience and education, as well as behaviour and integrity that satisfy requirements for good repute and aptitude. The Board as a whole shall have a satisfactory breadth of qualifications, experience and knowledge relating to the nature of the business.

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 has outsourced internal auditing to Ernst & Young (EY). An employee of Storebrand 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.

Fit and proper requirements is assessed at least once a year or in the event of important strategic or organisational changes, in the event of replacements or other changes to management or key functions and in connection with outsourcing of management or key functions. Storebrand provides The Financial Supervisory Authority of Norway with a list of persons covered by fit and proper requirements.

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

During 2019, there has not been changes that affects the risk management system in a significant way.

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

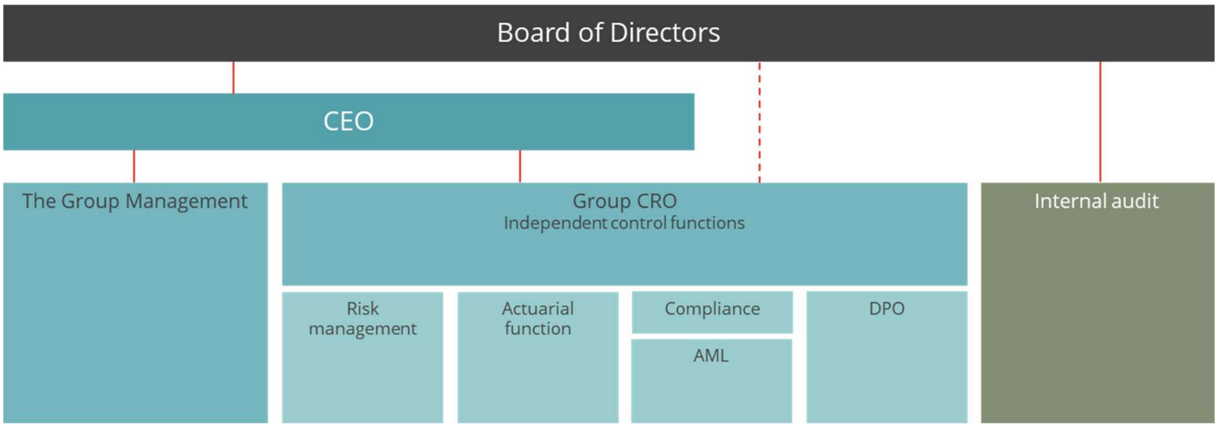

FIGURE 2 GROUP RISK MANAGEMENT STRUCTURE

The Board of Storebrand ASA and the boards of the subsidiaries have the primary responsibility for assessing and limiting the risks to the business. The boards set limits and guidelines for risk-taking in the business, receive reports on the actual risk levels, and perform a forward-looking assessment of the risk situation.

As the first line of defence, the executive management have responsibility for managing risk. The risk owners in the executive management team shall contribute to the CEO being able to safeguard his/her overall responsibility for all risks within the subsidiaries. The CEO is responsible for risk management within his/her own company, including the establishment of key control functions, and for the risk-taking being in accordance with regulatory requirements and guidelines from the Board.

Managers at all levels of the business are responsible for risk management in their own areas of responsibility. All employees shall know that awareness of risks and risk management are important elements in the Group's culture.

Key independent control functions (second line of defence) have been established for risk management (Chief Risk Officer), for compliance with the regulations (Compliance Function), for actuarial tasks (Actuarial Function), for privacy issues (Data protection officer) and for anti-money laundering. The functions are established at both Group level and for each company. The independent control functions are directly subordinate to the CEO and have independent reporting to the Board. The areas of responsibility of the functions are described in instructions issued by the Board. In functional terms, the independent control functions are affiliated with the Chief Risk Officer for the Group, who in turn is directly subordinate to the Group CEO.

The Chief Risk Officer (CRO) shall ensure that all significant risks are identified, measured and appropriately reported. The function is actively involved in the development of Storebrand's risk appetite and risk strategy and shall have a holistic view on the Group's risk exposure. This includes responsibility for ensuring compliance with relevant regulations pertaining to risk management and the company's business activities.

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

The risk management process

The risk management process involves identifying, measuring, limiting, managing, monitoring, reporting, documenting and communicating risk.

The risk identification process shall ensure awareness of all material risks. There is a group-wide risk universe based on the risk categories in Solvency II, to provide a common, comprehensive risk language.

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 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 the risk types that Storebrand accepts in order to achieve its business goals. The risk strategy specifies guidelines from the risk appetite to targets and limits for risk taking, both as a whole and for different types of risk. The Board of Storebrand ASA discusses and approves the risk appetite and the risk strategy at least once a year.

The Chief Risk Officer is responsible for preparing proposals. The risk appetite and risk strategy provide guidelines and establish limits for more detailed strategies relating to, among other things, market risk (investment strategy), insurance risk, credit risk and liquidity risk. The boards of the subsidiaries decide on their own risk appetite and risk strategy within limits set by the Group Board.

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 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 business' risk reporting is supplemented by independent reporting from the CRO. Each month, this function prepares a risk report for the Group which goes to the executive management and the boards of Storebrand ASA and Storebrand Livsforsikring. The CRO prepares a risk review for the executive management and the boards at least twice a 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 consider any relevant risk information in all decision-making processes.

Own Risk and Solvency Assessment (ORSA)
The Board conducts an Own Risk and Solvency Assessment (ORSA) at least once a year. The annual ORSA is linked to the Group's strategy and planning process and is concluded at the same time as the financial plan and capital plan. The Board is responsible for the ORSA process and approves an ORSA document that summarises the results.

An extraordinary ORSA shall be conducted, either in part or in full, if changes occur that may have a major impact on risk and/or capital. Changes may be driven by internal decisions or external circumstances.

Through the ORSA process, the Board shall assess whether risk taking is in line with the approved risk appetite and is within the applicable risk limits. This includes whether the risk taking contributes as desired in achieving the business' profitability targets; 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 calculates how sensitive the solvency margin is to changes in key parameters. Results are updated and reported on a quarterly basis. The solvency position is most sensitive to changes in financial markets and to changes in the methodology used to define the long end of the interest rate curve. Figure 3 shows the main sensitivities at year end 2019.

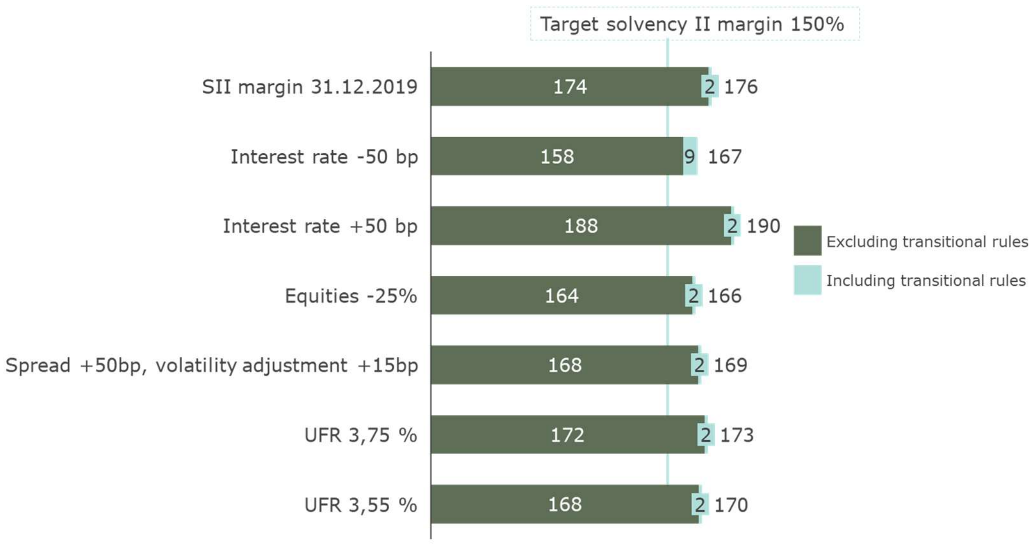

FIGURE 3 SENSITIVITIES FOR SOLVENCY

Before the effect of transitional measure (see Chapter D.2), the solvency-margin is most vulnerable to equities and interest rates levels. A 50bp fall in interest rates will reduce the solvency margin from 174 % to 158 %, while a 25 % fall in equities will reduce the solvency-margin to 164%. 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 equity risk and increased credit spreads. A 50bp increase in credit spreads will reduce the solvency margin from 176 % to 169 %.

Capital adequacy targets and link to capital plan

The Storebrand Group has overarching financial targets relating to capital adequacy, profitability and dividends.

The capital adequacy target is that the solvency margin for Storebrand ASA (Group) is more than 150%. It is the Board's desire that there is a low probability that fluctuations, particularly in the financial market, shall require extraordinary measures to strengthen the solvency position. The target is therefore set significantly higher than the regulatory requirement of 100%. The solvency target shall also be consistent with a target of an A credit rating for Storebrand Livsforsikring AS.

The profitability target is that the return on equity of more than 10%. Risk taking shall contribute to achieving this target.

Storebrand aims to pay a dividend of more than 50% of the Group's profit after tax with an ambition that ordinary dividend per shares should at least be at the same level as the previous year. Ordinary dividend is paid if the solvency margin is sustainable above 150%. If the solvency margin exceeds 180%, it is the Board's intention to propose extraordinary dividends or share repurchases. Storebrand ASA has reserved for a dividend of NOK 1,517 million for 2019, corresponding to NOK 3.25 per share. share.

Surplus capital that exceeds the targeted solvency level for subsidiaries should be held in Storebrand ASA. This ensures flexibility and is a contingency for capital support to the Group's operating companies if needed.

Assessment of the system for risk management and internal control

At least once a year, as part of the ORSA process, the Board assesses the system for risk management and internal control. The Board's assessment is that the organisation is appropriate in terms of the type, scope and complexity of the risks relating to Storebrand's business.

B.4 INTERNAL CONTROL SYSTEM

During 2019, there has not been changes that affects the internal control system in a significant way.

The foundation of good risk management and internal control is a good control environment represented by the attitudes, integrity, values and ethics of the Board, management and employees, as well as the formal and operational organisation of the business.

The term "internal control" includes everything the company does to set targets and limit undesired events to protect and create value for customers, owners, employees and society. Internal control involves more than just basic control measures. Among other things, this includes ensuring focused and cost-effective operation, reliable reporting and compliance with external and internal regulations. Internal control is a continuous process performed by the Board, management and employees and integrated into the day-to-day management and operation of the business.

As the first line of defence, managers at all levels in the business are responsible for internal control within their own areas of responsibility and should continuously assess the implementation of internal control. Control functions are organised in such a way that they can perform their duties in an objective and independent manner. 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 a control function, should be avoided.

The compliance function

The objective of the compliance function for the Storebrand ASA is to cover all the Group's licensed operations. In the functional Group organisation, the function is part of the Group Chief Risk Officer's area of responsibility. The compliance function has a direct reporting line to the CEO and the Board.

The responsibilities, tasks and rights of the compliance function are described in instructions approved by the Board. The function shall support the management and Board's responsibility for compliance with external and internal regulations. The function shall provide the CEO and Board with independent reporting and a complete overview of the most important activities for advice, monitoring, and control regarding internal and external regulations, as well as submit an overarching plan for priorities in the coming years.

Compliance reporting occurs in independent reports to the CEO and Board. The reports show the status of the work and controls per month/quarter. In addition, an annual report is presented with a plan for the work in the coming year. The Board annually or when required reviews regulatory changes.

B.5 INTERNAL AUDIT FUNCTION

During 2019, there has not been changes that affects the functioning of the internal audit function in a significant way.

Storebrand has an agreement with Ernst & Young (EY), to act as the internal audit function for all the companies in the Group. The partner in charge at EY reports directly to the Board of Storebrand ASA, which issues instructions for the internal audit and approves the annual plan for the audit.

The internal audit of the Storebrand Group shall assist the Board and management with good corporate governance through an independent and neutral assessment of whether the most important risks for the companies are adequately managed and controlled.

The internal audit function is organised directly under the Board and its work shall be independent of the areas and people being audited. The internal audit function may conduct investigations at its own initiative, independently of the management.

B.6 ACTUARIAL FUNCTION

During 2019, there has not been changes that affects the actuarial function in a significant way.

In order to have an efficient and consistent actuarial function for the Storebrand Group, a Group actuary is responsible for the overall performance of the function. Those responsible for the actuarial function for the insurance subsidiaries are part of the Group's actuarial function and report to the Group actuary.

The actuarial function reports to the CEO and the Board. In the functional Group organisation, the function is part of the Group Chief Risk Officer's area of responsibility. The Group actuary reports to the Group Chief Risk Officer.

The responsibilities, duties and rights of the actuarial function are described in instructions approved by the Board. The principal task of the actuarial function is to ensure that the calculation of the technical provisions for Solvency II is reliable and suitable. The function shall provide a statement about the guidelines for underwriting insurance and the suitability and effectiveness for the company's reinsurance programme. The function shall also contribute to the work of the risk management function, particularly in relation to the underwriting risk. The actuarial function submits a written report to the Board at least once a year, which assesses the degree of reliability and suitability of the calculation of the technical provisions.

The actuarial function shall act independently of the company's business. This entails that the function shall not decide, take responsibility for, or participate in the execution of the activities and services that are controlled in a manner that calls into question the independence or neutrality of the actuarial function. In connection with decisions that influence the company's technical provisions for Solvency II, the role of the function is to provide advice.

B.7 OUTSOURCING

Outsourcing is when Storebrand use contractors to perform tasks that alternatively can be carried out by the companies own employees. The Board has approved guidelines for outsourcing that apply both to outsourcing internally within the Storebrand group and outsourcing to external companies. Exceptions are purchase agreements and agreements for the provision of services that are of minor importance to the operational business of the company.

A fundamental principle for outsourcing is that the outsourcing company always continues to be responsible for the activity that is outsourced. The company must therefore be able to carry out its obligations and verify the contractor's risk management and internal controls, including compliance with laws and rules for the outsourced activity.

Before an activity is outsourced, a risk assessment is always conducted. The outsourcing must be justified based on commercial considerations and with regard to adequate operation and control, assurance of continuous operation, effective supervision and the relationship to our customers.

Companies in the Storebrand Group have outsourced services relating to, among other things, business processes, IT operation and development, IT infrastructure, cloud services and internal auditing, see table 9. There is also intragroup outsourcing, including asset management and distribution. Each year, the Board receives a report concerning outsourced activities in the Storebrand Group. The report provides an overview of the activities that have been outsourced and how the outsourcing is followed up. Relevant supervisory authorities are informed about outsourcing in accordance with applicable rules.

TABLE 9 OVERVIEW OF SIGNIFICANT OUTSOURCING[10]

Contract partner	Service	Jurisdiction
Atea	Operation of customer centre solution	Norway
Cognizant	Business processes IT operation and development	UK (Lithuania, India)
Ernst & Young	Internal audit	Norway
Evry AB	IT infrastructure	Sweden
Evry Norge AS	Operation of joint finance system	Norway
Microsoft Ireland Operations	IT support Cloud services	Ireland
Oracle	Handling of incoming e-mails	Norway
Basefarm	Operation and infrastructure (SAM)	Norway
COOR	Technical management property portfolio	Norway
JP Morgan	Collateral Management Security lending	Luxembourg
Distribution companies Norway/EU	Distribution of securities funds through other financial institutions in Norway and the EU	
Evry Card Services	Payment card production	Norway
Lindorff	Courier and debt collection service (bank)	Norway
SDC Skandinavisk Data Center A/S	Core systems (bank)	Denmark
FDC Forsikringsselskabernes Data Central	Core systems (insurance)	Denmark
Falck Healthcare	Health services booking	Norway
KnowIT	Application development and operation (health insurance)	Norway
DigiCare	Booking (health insurance)	Norway
webhelp SIA	Agreement on telephone and email service for customer inquiries and booking (health insurance)	Latvia
Insurance Management Administration AS	Insurance policies administration	Norway
Norian	System operation USBetaling (pension payment system)	Norway
Morningstar	Advisory tools	Norway
Storebrand Asset Management AS (Group internal)	Asset management	Norway
Storebrand Bank ASA (Group internal)	Loan management distribution	Norway
Storebrand Finansiell Rådgivning AS (Group internal)	Distribution	Norway

In the first quarter of 2020, Storebrand has entered into new agreements with Salesforce (CRM system) and Mnemonic (IT security).

B.8 ANY OTHER INFORMATION

The system for risk management and internal control is also described in the Storebrand Annual report 2019, particularly the chapter pertaining to Corporate Governance, section Risk management and internal control, and Note 5, Risk management and internal control.

[10] Significant is assessed from a Group perspective. In the Solvency and Financial Condition Report from the Group's insurance companies, there is a list per company that is somewhat more comprehensive, among other things, for external distribution agreements.

C. Risk profile

C.1 UNDERWRITING RISK

Insurance risk (underwriting risk) is the risk of higher than expected claims 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 are longevity, disability, customer lapses and expense development.

During 2019, 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 both Norway and Sweden, can normally claim a guaranteed level of annual pension for the remainder of their lives. If the average life expectancy increases more than what has been assumed in the calculation of premiums and reserves, Storebrand must cover the difference. Storebrand also has some risk associated with increased longevity for surviving dependents. The most important method for controlling risk is that pricing and reserves assume that the trend towards increased longevity will continue. The actual development in longevity compared with the expected provides the basis for assessing whether pricing and reserves are adequate. Storebrand also offers insurance that provides payment to surviving dependants in the event of death, whereby the risk is associated with more people dying prematurely. This risk is low in relation to the risk from increased longevity.

Storebrand provides disability insurance, mainly in the form of group insurance for companies. The disability coverage can be linked to both traditional guaranteed pension products and defined contribution pensions. The risk is associated with more people than expected becoming disabled or fewer disabled people than expected returning to work. Storebrand also offers insurance cover relating to illness, accident or occupational injury. The risk, however, is limited due to this being a small part of the overall 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 considered when calculating the premium. The risk is mitigated by monitoring risk results and, if necessary, adjusting the premium annually.

Storebrand also offers P&C-insurance. The greatest risks are from motor vehicle insurance and home insurance. P&C-insurance is a small business area compared with life and pension insurance. From a group perspective, the risk is modest.

To limit the risk associated with major damage or disasters, Storebrand has entered into reinsurance agreements. Reinsurance covers the risk, exceeding a lower limit[11], associated with major single events and disasters that cause two or more deaths or instances of disability. The company's maximum risk amount at its own expense is relatively high and the reinsured risk is therefore modest in size.

[11] There is also an upper limit for coverage.

Due to future margins influencing the technical provisions, there is risk associated with profitable customers leaving the company (risk of lapse) or that expenses become higher than expected. The risk of lapse is particularly from defined contribution pension contracts. Storebrand has entered into a reinsurance agreement that covers loss of margin if lapse for defined contribution pensions exceeds a defined level.

C.2 MARKET RISK

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

During 2019, 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.

Most of the market risk is for the life insurance companies. The life insurance companies invest the financial assets in a variety of sub-portfolios. Market risk affects Storebrand's income and profit differently in the different sub-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. For the other companies in the Group, the financial assets are in company portfolios.

Guaranteed customer portfolios

For customer portfolios with a guarantee, the net risk for Storebrand will be lower than the gross market risk. The extent of the risk-reduction depends on several factors, most important the size and flexibility of the customer buffers and the level and duration of the guaranteed return. If the investment return is too low to meet the guarantee, the shortfall may be covered by using customer buffers built up from previous years' surpluses.

The market risk is managed by segmenting the portfolios based on risk-bearing capacity. For customers who have large customer buffers, assets are invested with higher market risk in order to improve 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 expects to create good returns each year and over time. Investments in currencies other than the currency of the home country are essentially hedged.

The risk is influenced by changes in interest rates. 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 the 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

For defined contribution pension and unit-linked insurance, the customers can decide how to invest the funds. The most significant market risks are equity market risk and currency risk.

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

Company portfolios

The market risk in the company portfolios has a direct impact on the profit. Storebrand aims to take low market 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[12] .

Sensitivity analyses

Storebrand monitors the market risk in the form of stress tests and sensitivity analyses. Market risk is an important part of the ORSA process.

[12] Owned via Storebrand Holding AB.

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

TABLE 10 STRESS LEVELS

	Stress test 1	Stress test 2
Interes rate level (parallel shift)	-100bp	+100bp
Equities	-20 %	-12 %
Property	-12 %	-7 %
Credit spreads (proportion of Solvens II)	50 %	30 %

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

Because of customer buffers, the effect of the stresses on the financial result will be lower than the combined change in value in the table. At yearend 2019, the customer buffers are enough to dampen the effects on the result significantly.

TABLE 11 STRESS TEST 1

	Storebrand Livsforsikring AS		SPP Pension & Försäkring	
Sensitivity	NOK million	Proportion of portfolio	NOK million	Proportion of portfolio
Interest rate risk	3,341	1.6 %	421	0.5 %
Equity risk	-3,201	-1.5 %	-2,038	-2.2 %
Property risk	-2,388	-1.1 %	-1,170	-1.3 %
Credit risk	-850	-0.4 %	-704	-0.8 %
Total	**-3,098**	**-1.5 %**	**-3,490**	**-3.8 %**

TABLE 12 STRESS TEST 2

	Storebrand Livsforsikring AS		SPP Pension & Försäkring	
Sensitivity	NOK million	Proportion of portfolio	NOK million	Proportion of portfolio
Interest rate risk	-3,341	-1.6 %	-421	-0.5 %
Equity risk	-1,920	-0.9 %	-1,223	-1.3 %
Property risk	-1,393	-0.7 %	-682	-0.7 %
Credit risk	-510	-0.2 %	-422	-0.5 %
Total	**-7,164**	**-3.4 %**	**-2,749**	**-3.0 %**

For Storebrand Livsforsikring it is stress test 2, which includes an increase in interest rates, that makes the greatest impact. The overall market risk is NOK 7.2 billion, which is equivalent to 3.4 per cent of the investment portfolio.

If the stress causes the return to fall below the guarantee, it will have a negative impact on the financial result if the customer buffer is inadequate. 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.

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

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

Other companies in the Storebrand Group are not included in the sensitivity analysis, as the market risk is limited. The shareholder portfolio for these companies are invested with low or no allocation to high risk assets and the products does not give rise to direct risk for Storebrand from changes in financial market prices.

Prudent persons principle
The guaranteed portfolios are managed to deliver a minimum return. The portfolios are segmented based on, among other things, guarantee level, duration and size of customer buffers. The exposure to market risk is dependent on the size of customer buffers. When buffers are enough, investment risk is increased in order to achieve a competitive return for customers. If customer buffers are limited or the contracts are under-reserved, the risk of Storebrand having to contribute to covering guaranteed returns is limited by investing in interest-bearing securities that correspond to the liability. Dynamic equity allocation is used to adjust the investment risk to changes in risk-bearing capacity.

For unit-linked contracts, the customer him/herself makes the investment choice. Storebrand's role is to offer a good and extensive range of funds, to assemble portfolios adapted to different risk preferences, and to offer systematic reduction of risk towards retirement age.

The company portfolios are a buffer for the insurance customers if there are insufficient funds in the customer portfolios to cover the pay-outs. In addition, the portfolios shall cover operating expenses and act as a liquidity buffer. The asset management should ensure sufficiently liquid portfolios with low correlation with the customer portfolios, combined with good returns relative to the risk.

Outsourcing of asset management to Storebrand Asset Management
The companies in the Storebrand Group have outsourced the management of most of the investments to Storebrand Asset Management AS (SAM). The outsourding is based on normal business terms, and the relationship is governed by a management contract. The boards of the insurance companies decide an investment strategy. Based on the investment strategy, SAM gets investment mandates with investment objectives (benchmarks) and degree of freedom. The investment results are continuously monitored by the insurance companies.

The investment strategy
The investment strategy defines the framework for asset allocation, asset management, risk management and risk monitoring. For all portfolios, the investment strategy limits the investable types of assets. Derivatives are utilised only in order to reduce risk or increase efficiency in the asset management. 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.

Sustainability requirements
Storebrand considers sustainability risk, including climate risk, for all investments. The strategy includes the exclusion of companies, the ranking of companies based on various sustainability criteria and influencing companies through voting at the general meeting and meetings with the management.

Storebrand will not invest in companies that can be linked to serious violations of human rights, serious environmental damage, corruption or other financial crime. In addition, companies that produce or sell controversial weapons or have a significant share of sales from non-sustainable products such as tobacco, coal and oil sand are excluded. Other companies receive a sustainability score based on exposure to and management of sustainability risks that may affect the company's performance and value. The sustainability score is used to a variable extent in the investment process for various funds and portfolios.

Assessment of credit risk irrespective of rating
For interest-bearing securities, the risk is managed by limiting maximum exposure per rating class, both as a whole and for individual issuers. Storebrand also conducts its own assessment of the credit risk and the correct rating for an investment, irrespective of the official rating.

Management of interest rate risk related to the yield curve
The yield curve that Storebrand uses when valuing the technical provisions is based on extrapolating against a long-term ultimate forward rate (UFR) and a spread in the form of a volatility adjustment. Both elements are part of the standard model for Solvency II. However, it is a requirement[13] to assess the risk associated with these factors.

Storebrand assess the risk both as a part of the ORSA process and as part of the ongoing risk management of the investment portfolio. At least quarterly, Storebrand calculates what the solvency position would have been without the volatility adjustment (VA) and with alternative levels for the UFR.

[13] § 25 of the Norwegian Solvency II Regulation

C.3 CREDIT RISK

Credit risk is the risk of loss if a counterparty does not fulfil its debt obligations. This risk includes losses on lending and losses related to current accounts or failure of counterparties to perform under reinsurance agreements or financial derivatives. Credit losses related to the securities portfolio are categorised as market risk.

During 2019, 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 boards of each of the companies in the Group decide the limits for credit risk in relation to each counterparty and within rating categories. This ensures diversification of credit exposure in order to avoid concentration towards any individual debtor or sector. Changes in the credit quality of debtors are monitored and followed up. Storebrand use official credit ratings whenever available, supplemented by our own credit assessments.

Counterparty risk from derivatives

Storebrand has entered into framework agreements with all counterparties to reduce the risk from outstanding derivative transactions. Among other things, these regulate 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 is regulated daily based on the change in margin for individual contracts. At yearend 2019, Storebrand had pledged collateral of NOK 477 million and received collateral of NOK 3,939 million. Net collateral pledged was NOK 3,462 million. Collateral was received and pledged in the form of cash and securities.

Further information about collateral appears in Note 42 Collateral and Note 10 Credit risk in the Storebrand Annual report 2019.

Loans and mortgages

Most of the loans given by Storebrand are mortgages to retail customers. The mortgages are granted and administered by Storebrand Bank, but a significant share is transferred to Storebrand Livsforsikring on market terms and held as part of the investment portfolio. Storebrand Livsforsikring and SPP also holds loans to corporates as part of the investment portfolio. The corporate market segment in Storebrand Bank has been run down and will eventually be wound up. Loans has increased as proportion of investments for the live insurance companies because they contribute to reach the guaranteed return.

At yearend 2019, Storebrand had loans and mortgages to customers totalling NOK 60.7 billion (59.4 billions) net after provisions for losses of NOK 0.1 million. Of this, NOK 13.2 billion (NOK 12.8 billion) was to the corporate market and NOK 47.5 billion (NOK 46.7 billion) to the retail market.

The corporate market portfolio consists of loans to income-generating property and property development with few customers and few defaults that are mainly secured by mortgages on commercial property.

In the retail market, most of the loans are home mortgages. Customers are evaluated according to their capacity and intent to repay the loan. In addition to their capacity to service debt, the customers are checked regarding policy rules and receive a credit score using a model. The balance of housing loans sold from Storebrand Bank to sister company Storebrand Livsforsikring is NOK 17.5 billion (NOK 18.1 billion). The housing loans are transferred on market terms.

Loans and mortgages are described in more detail in Note 32 of the Storebrand Annual report 2019.

C.4 LIQUIDITY RISK

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

During 2019, there has not been material changes in the measures to assess the liquidity risk.

For the insurance companies, and the life insurance companies in particular, the technical provisions are long-term, and the cash flows are generally known long before they fall due. In addition, liquidity is required to handle payments relating to operations, and there are liquidity needs related to derivative contracts. The liquidity risk is managed through liquidity forecasts and by parts of the investments being in liquid securities, such as government bonds. The liquidity risk is considered low based on these measures.

Liquidity risk is one of the most important risk factors for the banking business, and the regulations have requirements for liquidity management and liquidity indicators. The guidelines for liquidity risk specify the principles for liquidity management, minimum liquidity reserves and financing indicators for measuring liquidity risk. In addition to this, an annual funding strategy and funding plan set out the overall limits for the bank's funding activities.

Separate liquidity strategies are also in place for other subsidiaries in accordance with regulatory requirements. These strategies specify limits and measures for ensuring good liquidity and a minimum allocation to assets that can be sold at short notice. The strategies define limits for allocations to various asset types and assures the companies have money market investments, bonds, equities and other liquid investments that can be disposed of as required.

In addition, Storebrand ASA has established a liquidity buffer. The development of the liquid holdings is continuously monitored at Group level in relation to internal limits. A particular risk is the fact that during certain periods the financial markets can be closed for new borrowing. Measures for minimising the liquidity risk are to maintain a diverse maturity structure for the loans, low costs, an adequate liquidity buffer and credit agreements with banks, which can be drawn on if necessary.

The value of margins from future premiums that are within the contract boundary are included as part of own funds. This is described in more detail in Chapter E.1 Own Funds. Margins from future premiums are a capital element that can be less liquid than other capital. The liquidity planning is based on the financial statements. Margins from future premiums are not included in the financial statements. The size of margins from future premiums are therefore of limited relevance to liquidity risk or liquidity management.

C.5 OPERATIONAL RISK

Operational risk is the risk of financial losses, impaired reputation or sanctions due to breach of internal or external regulations due to inefficient, inadequate or defective internal processes or systems, human error, external incidents or non-compliance with rules and guidelines.

During 2019, there has not been material changes in the measures to assess the operational risk.

The risk is assessed as a combination of how often it may occur (probability) and consequence if it occurs. In addition to direct financial loss, consequences for customers, regulatory compliance and additional work are assessed and measured. When the risk assessment concludes that the risk exceeds acceptable levels, measures must be established to reduce the risk (probability or consequence).

Storebrand seeks to reduce undesired operational risk through an effective system for internal control. 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 include employees with 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 and recovery plans have been prepared to deal with serious incidents in business-critical processes.

C.6 OTHER MATERIAL RISKS

Concentrations of risk

Most of the risk for the Storebrand Group relates to the guaranteed pension products in the life insurance companies. These risks are consolidated in the Storebrand Life Insurance Group, which includes Storebrand Livsforsikring AS, SPP Pension & Försäkring AB and the businesses in Ireland (BenCo). Other companies directly owned by Storebrand ASA that are exposed to significant risks are Storebrand Forsikring AS, Storebrand Helseforsikring AS, Storebrand Asset Management Group and Storebrand Bank Group.

For the life insurance businesses, the greatest risks are similar in Norway and Sweden. The market risk will significantly depend on global circumstances that influence the investment portfolios in all businesses. The insurance risk may be different for the various companies, but longevity can be influenced by universal trends.

Both the insurance business and the banking business are exposed to credit risk. The insurance business primarily has credit risk relating to bonds with significant diversification based on geography and industry, while the banks main exposure is direct loans for residential property in Norway. There is no significant concentration risk across bonds and loans.

The market and investment risks are largely related to the customer portfolios in the life insurance business. The banking business has little direct exposure to risks other than credit. In the short term, an interest rate increase will have a negative impact on the returns for the life insurance companies. An interest rate increase may also result in bank customers having lower debt-servicing capacity and increased losses for the banking business.

The risk from the non-life insurance and health insurance risk in Storebrand Forsikring AS and Storebrand Helseforsikring AS has a low correlation with the risk from the rest of the businesses in the Group.

In the asset management business, the principal risk is operational risk in the form of behaviour that can trigger claims and/or affect reputation. Since the asset management business is the principal asset manager for the insurance businesses, errors in asset management could result in errors in the insurance businesses.

The companies' investment strategies set frameworks for concentration risk in the form of limits for maximum exposure to certain companies and rating categories. The insurance risk strategy sets limits for maximum exposure to disasters (reinsurance).

C.7 ANY OTHER INFORMATION

Information related to the risk profile can also be found in Storebrand Annual report 2019, particularly notes 5-11 for Storebrand Group.

D. Valuation for solvency purposes

D.1 ASSETS

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

Overview of assets in the solvency balance sheet.
Total assets for Solvency II amount to NOK 558 billion (NOK 518 million). NOK 317 billion are financial assets and loans relating to guaranteed customer portfolios or company portfolios. Assets for unit-linked contracts amount to NOK 220 billion, while other assets total NOK 21 billion.

TABLE 13 ASSETS IN THE SOLVENCY BALANCE SHEET

(NOK million)	31.12.2019	31.12.2018
Deferred tax assets	268	873
Investments (other than assets held for index-linked and unit-linked contracts)	287,315	287,669
Property	*30,253*	*30,012*
Holdings in related undertakings, including participations	*3,407*	*3,668*
Equities	*13,022*	*11,873*
Equities – listed	*12,509*	*10,523*
Equities – unlisted	*513*	*1,350*
Bonds	*204,952*	*217,262*
Government bonds	*58,208*	*64,682*
Corporate bonds	*145,234*	*151,602*
Structured notes	*1,510*	*978*
Collective Investments Undertakings	*31,325*	*20,253*
Derivatives	*4,247*	*4,443*
Deposits other than cash equivalents	*108*	*159*
Assets held for index-linked and unit-linked contracts	219,600	180,452
Loans and mortgages	30,098	30,416
Reassurance recoverable	94	68
Cash and cash equivalents	8,487	6,583
Other assets	11,956	12,393
Total assets	**557,819**	**518,455**

During 2019, assets for unit-linked increased by NOK 39 billion, and total assets increased equivalently.

Main principles for valuation of assets
For Solvency II, assets are appraised at fair value. The valuation principles are largely the same as for the International Financial Reporting Standards (IFRS). The Storebrand ASA financial statements have been prepared in accordance with IFRS. In the financial statements, bonds at amortised costs and bonds classified as loans and receivables are appraised at amortised cost in accordance with the principles for this in IFRS.

Storebrand conducts a comprehensive process to ensure that financial instruments are valued as closely as possible to their market value. This is described in detail in Note 1 Company information and accounting principles and Note 12 Valuation of financial instruments and investment properties, in the Storebrand Annual report 2019.

Difference in valuation between Solvency II and financial statements

As a result of the balance sheet being consolidated according to the Solvency II rules which differ from IFRS, it is not possible to reconcile the balance sheet line by line. See Chapter E.1 Own Funds, for a reconciliation of the transition from IFRS own funds to own funds under Solvency II.

An explanation is provided below of key differences between the valuation of assets in the financial statements and for Solvency II. The most important valuation differences relate to subsidiaries, bonds and loans, intangible assets and deferred tax.

Subsidiaries

For the financial statements (IFRS), all subsidiaries with ownership of more than 50% are consolidated. For ownership of between 20% and 50%, the equity method is used.

For solvency, Storebrand uses method 1 in the Solvency II regulations for consolidation at group level. There are different principles for consolidating subsidiaries based on the type of supervision the companies are subject to.

1. Insurance companies that are part of the EU/EEA and have own solo Solvency II reporting, are fully consolidated using so-called line-by-line consolidation based on Solvency II valuation.
2. Companies that are regulated according to the CRD IV framework are entered in the “Subsidiaries” line in the balance sheet with a value equivalent to the proportionate share of the company's own funds based on CRD IV.
3. Non-regulated companies with ownership of more than 20% are entered as equity at the proportionate part of the market value (equity method), minus goodwill and intangible assets in the “Subsidiaries” line in the balance sheet, so-called one-line consolidation. The exceptions are the investment companies for property, which are fully consolidated.

Minority interests are fully included in the consolidation in the financial statements. Under Solvency II, minority interests in insurance companies are included corresponding to the relevant company’s contribution to the group's solvency capital.

A consequence of the different consolidation methods is that both total assets and total liabilities are lower under Solvency II than in the financial statements. This is due to one- line consolidation of several subsidiaries in the solvency balance sheet. Differences in consolidation methods will not affect the value of own funds, as opposed to valuation differences. Different valuations of subsidiaries give a total of NOK 2.4 billion lower value for the solvency balance sheet, ref. Table 21.

Bonds and loans

Financial assets that are valued at amortised cost in the financial statements, shall be appraised at fair value for Solvency II. Appraisal at fair value in the solvency balance sheet is NOK 4.7 billion higher than the valuation based on amortised cost. The difference also appears in the note information for the financial statements, ref. Note 31 in the Storebrand Annual report 2019.

Intangible assets

In accordance with the Solvency II principles, intangible assets shall be valued at zero for Solvency II. The difference gives a NOK 4.4 billion lower valuation.

Deferred tax liabilities/tax assets

Changes in value in connection with the transition from the financial statements to the Solvency II balance sheet also influence the Group's tax position. This applies to all changes in value, except for changes in value for subsidiaries. The tax position is also affected by changes in the valuation of liabilities described in Chapter D.2 Technical provisions and D.3. Other liabilities. The Storebrand Group goes from having a deferred tax asset of NOK 8 billion and a deferred tax of NOK 0.8 billion under IFRS to a deferred tax asset of NOK 0.3 billion and a deferred tax of NOK 1.3 billion under Solvency II.

Miscellaneous

Other differences between the valuation of assets for Solvency II and the financial statements must be seen in relation to corresponding changes in the liability. Storebrand has assumed liabilities relating to non-paid-up capital, mainly linked to private equity funds and property. These are entered as a liability for Solvency II, with a corresponding item on the asset side.

This increases the asset side of the solvency balance sheet by NOK 5.8 billion compared with the financial statements. This is included in the "Other assets" item in Table 13.

D.2 TECHNICAL PROVISIONS

The methodology for assumption setting and calculation is not materially changed during 2019. Assumptions are based on updated history.

Under Solvency II, technical provisions are appraised at fair value (market value). In principle, the technical provisions are valued at what they realistically could 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 is calculated based on a model. This deviates from the valuation in the financial statements described in Note 1, point 3 of the Storebrand Annual report 2019.

The valuation for Solvency II is based on a best estimate for net cash flow from the insurance company to the customer. The cash flow is discounted by risk-free market interest rate. The best estimate is split between guaranteed provisions and discretionary benefits. Due to the uncertainty, the provisions shall include a risk margin in addition to the best estimate.

Figure 4 illustrates the principle for the structure of the solvency balance sheet and calculation of technical provisions.

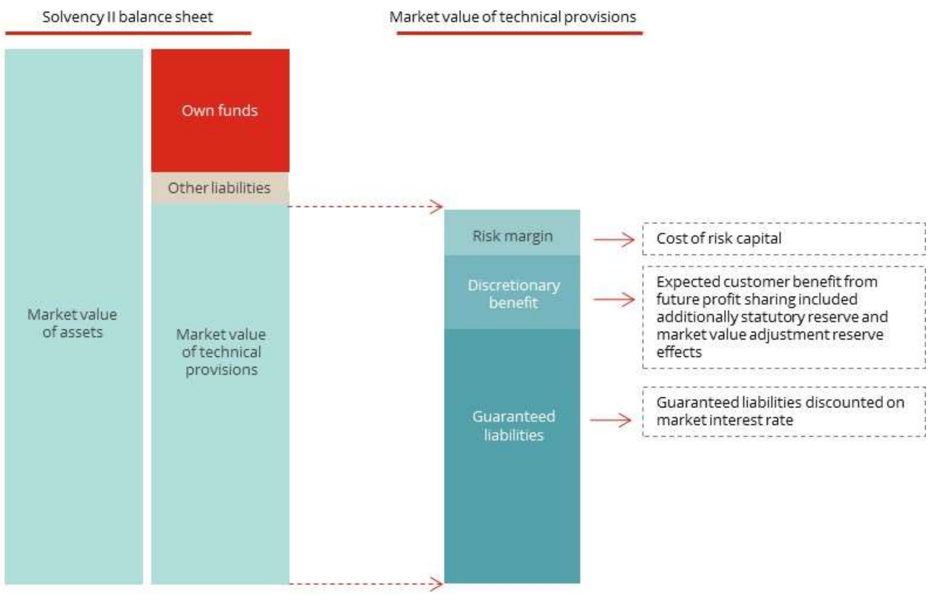

FIGURE 4 ELEMENTS IN THE SOLVENCY II BALANCE SHEET

Method for valuing technical provisions

Best estimate

The net cash flow from the insurance company to the customer is calculated. All ingoing and outgoing payments are estimated, including future premiums that are part of the contract, insurance events that have occurred, investment returns, pensions paid, lapses and transitions to other schemes. For the guaranteed portfolios with profit sharing, the uncertainty is modelled with the assistance of an ESG as described below. The probability-weighted cash flow is discounted using risk-free market interest rate to establish the best estimate. For the calculation at yearend 2019, Storebrand has estimated cash flows for the next 60 years and calculated a residual value for the 60^{Th} year.

The best estimate for the value of technical provisions is split into guaranteed provisions and discretionary benefits. The discretionary benefit is the part of the best estimate that is the result of future profit sharing, i.e. added returns to the customer beyond the guaranteed amount. The cash flows have considered differences in profit sharing between the products and the different buffer elements that are permitted pursuant to regulation or are agreed with customers in the form of product terms.

Risk margin

Since there is uncertainty associated with the best estimate, a risk margin is calculated that covers the cost of holding risk capital. The risk margin only applies for capital requirements that cannot be hedged. In practice, these will be underwriting risk, counterparty risk and operational risk. The market risk is assumed to be hedged.

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

Table 14 shows the value of technical provisions split between best estimate and risk margin for Storebrand's product areas.

TABLE 14 TECHNICAL PROVISIONS

(NOK million)		Best estimate	Risk margin	Technical Provisions 31.12.2019	Technical Provisions 31.12.2018
Storebrand Livsforsikring	Traditional life insurance	187,064	2,792	189,856	188,183
	Unit-linked contracts	106,000	2,626	108,626	88,565
	Group life (health similar to life)	1,271	17	1,288	1,278
	Non-life (health similar to non-life)[14]	646	11	657	607
SPP Pension & Försäkring	Traditional life insurance	76,206	1,398	77,604	79,075
	Unit-linked contracts	98,242	1,374	99,616	81,427
	Risk (health similar to life)	1,054	46	1,100	1,031
Storebrand Helseforsikring	Health insurance	83	4	87	83
Storebrand Forsikring	Non-life insurance	615	28	643	616
Euroben	Life insurance	9,754	26	9,780	9,757
Total technical provisions prior to transitional rules		**480,935**	**8,322**	**489,257**	**456,378**

The technical provisions for Storebrand amount to NOK 489 billion, split between NOK 480 billion in best estimate and NOK 8.2 billion in risk margin. That is an increase of 33 billion during 2019, mainly due to an increase of NOK 38 billion in unit-linked contracts. Traditional life insurance is 57% (62%), unit-linked contracts 43 % (37%) and other products 1% (1%) of the provisions. Storebrand Livsforsikring makes up 61 % (61%) of the provisions and SPP 36% (35%).

Transitional on the valuation of technical provisions

Storebrand Livsforsikring uses transitional rules for calculating technical provisions in accordance with Section 56 of the Norwegian Solvency II Regulation. The effect is calculated as the difference between the Solvency II provision and the corresponding provisions under Solvency I (minus claims reserve) for the portfolios that are covered by the transitional. This applies to all Norwegian products with guarantees. In addition, there is a floor for the valuation that limits the effect of the transitional to the difference between the total technical provisions under Solvency II and the total Solvency I provision.

TABLE 15 EFFECT OF TRANSITIONAL ON TECHNICAL PROVISIONS

(NOK million)	31.12.2019	31.12.2019 before phasing out	31.12.2018
Defined-benefit pension	1,389	1,709	1,054
Paid-up policies	-3,633	-4,471	-5,227
Traditional individual capital and pension	-182	-224	-272
Floor effect	5,696	6,256	4,445
Total effect	**0**	**0**	**0**

For the portfolios that are part of the scheme, the transitional on technical provision provides a valuation that is NOK 3.0 billion lower in total. The transitional is phased out over 16 year, starting from 2017, so the effect is decreased by 3/16 to NOK 2.4 billion at year end 2019. The limitation from the floor rule means that the transitional on technical provision is zero at yearend 2019.

The size of the transitional, including the floor effect, depends on the interest rate level. Even though the transitional on technical provisions is zero at yearend 2019, a future decrease in the interest rate level might result in a positive effect.

[14] Occupational injury, critical illness and income protection insurance

Storebrand Livsforsikring has received permission by the Financial Supervisory Authority in Norway to recalculate the transitional on a quarterly basis.

Difference between Solvency II and the financial statements
Table 16 shows the value of the technical provisions in the financial statements and under Solvency II.

TABLE 16 TECHNICAL PROVISIONS UNDER SOLVENCY II AND IN THE FINANCIAL STATEMENTS

(NOK million)		*Solvency II*	*Financial statements*
Storebrand Livsforsikring	Traditional life insurance	189,856	187,123
	Unit-linked contracts	108,626	114,538
	Group life (health similar to life)	1,288	1,389
	Non-life (health similar to non-life)	657	649
SPP	Traditional life insurance	77,604	80,084
	Unit-linked contracts	99,616	105,255
	Risk (health similar to life)	1,100	1,153
Storebrand Helseforsikring	Health insurance (health similar to non-life)	87	180
Storebrand Forsikring	Non-life insurance	643	1,131
Euroben	Life insurance	9,780	9,847
Total		**489,257**	**501,349**

Total technical provisions are valued at NOK 489.3 billion for Solvency II, which is NOK 12.1 billion lower than in the financial statements. Most of the difference is from the valuation of life insurance liabilities in Storebrand Livsforsikring and SPP.

Storebrand Livsforsikring
For traditional life insurance, the valuation for Solvency II without transitional on technical provisions is NOK 2.7 billion higher than in the financial statements. The greatest difference relates to paid-up policies. Important explanations are:

- The valuation for Solvency II is based on a risk-free market interest rate, while the valuation in the financial statements is based on the guaranteed rate.
- The valuation for Solvency II includes both guaranteed provisions and discretionary benefits (future profit sharing). The valuation in the financial statements only includes the guaranteed provisions (premium reserve).
- The valuation for Solvency II includes the market value of the interest rate guarantee (option).
- The valuation for Solvency II includes the cost of capital in the form of the risk margin.

For index-linked and unit-linked contracts, the valuation for Solvency II is NOK 5.9 billion lower than for the financial statements. The principal reason is that Storebrand's future margin reduces the provisions.

SPP
For SPP, the valuation of the technical provisions for Solvency II is lower than for the financial statements. The greatest difference is due to unit-linked contracts being valued at NOK 5.6 billion less. The principal explanation is that future margins reduces the provision for Solvency II.

Traditional life insurance is valued NOK 2.5 billion lower for Solvency II. The main explanation is that future margin reduces the provision for Solvency II. This is partly counteracted by the risk margin and the time value of options being included in the valuation for Solvency II, but not for the financial statements. Other than that, the valuation principles used for SPP is broadly consistent for Solvency II and for the financial statements. The discount rate is almost equal and both guaranteed provisions and discretionary benefits are included for both purposes.

Overview of main assumptions.
Contract boundary: Under Solvency II, future premiums are included in the calculation of technical provisions if these are part of an existing liability. When premiums are within the contract boundary, the premium development is modelled based on historical premium payment patterns. Future premiums are not included if Storebrand can unilaterally terminate the contract or the contract can be repriced to reflect the current assessment of the risk. Based on this, most of Storebrand's future premiums are outside the contract boundary and are not included in the modelling. The exceptions are:

- First year's premium for risk products.
- Premiums for traditional pension whereby the customer is able to pay future premiums without Storebrand being able to reprice or terminate the contract. Annual premiums quickly decline because the portfolios are essentially closed for new sales and many contracts reach the claims phase.
- Premiums that companies pay within occupational pension contracts in Norway to cover costs on existing reserves. In Norway, companies are required by law to cover all expenses for occupational pensions, so that the existing reserve cannot be used to cover expenses. Defined benefit contracts include the margin for the price of guaranteed return, risk and administration. For defined contribution pensions, the premium for management and administration is included.

Revenues: In general, the modelling of revenues is based on actual levels that correspond to the revenues in the financial statements. Revenues is projected based on the price structure and expected development for the different products, normally as a proportion of the reserve or per contract, possibly with G-adjustment. (G=National Insurance basic amount).

Expenses: The expense modelling is based on actual expenses per product area based on the expense distribution model that is used for the financial statements. A distinction is made between portfolio expenses, acquisition expenses and one-off expenses. One-off expenses and most of the acquisition expenses are excluded from projections, consistent with the contract boundary. For products with future premiums within the contract boundary, the relevant part of the acquisition expense is included. Expenses are partly projected to follow the development in reserves and partly as a unit expense per contract. Unit expenses are adjusted for inflation.

Biometric assumptions: Biometric assumptions include longevity, mortality, disability and reactivation (disabled who become employable). The assumptions are consistent with the observed development of the portfolio. The assumptions are assessed annually and updated when required.

A dynamic model is used for longevity i.e. that expected lifespan is assumed longer over time. In Norway, the model is based on the same principles as the tariff K2013. In Sweden, the mortality survey (DUS), is used as a basis.

Lapse and product conversion: Assumptions are determined per product and updated annually. Generally, historical observations over the past 3-5 years are used. Exceptions to the general rule of experience-based assumptions are made if the history is not considered relevant to the future, for example, due to changed prices or new regulation. This applies in particular to the market for defined benefit pensions in Norway.

Tax: In Sweden, investment income tax is modelled in accordance with applicable rules. Beyond this, tax is not included in the modelling of the cash flows. However, a change to the valuation of the provision will influence the Group's calculated tax position. See the paragraph concerning deferred tax liabilities in Chapter D3.

Financial assumptions: The risk-free yield curve is used both to discount the cash flows and for estimating future returns. The European Insurance and Occupational Pensions Authority (EIOPA) publish the yield curve. Storebrand uses the risk-free yield curve, including volatility adjustment (VA). At yearend 2019, the VA was 40 basis points in Norway and 10 basis points in Sweden.

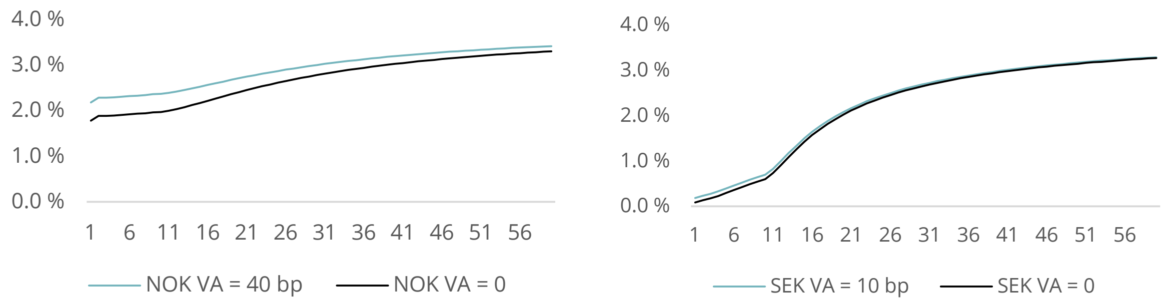

FIGURE 5 SPOT RATES WITH AND WITHOUT VA

Measured with the interest rate curve without volatility adjustment, the value of the technical provisions increases by NOK 4.8 billion before effect of transitional. In Norway, the transitional would have compensated for some of the change in value of technical provisions. The effect on own funds and solvency margin is described in Chapter E.2 Solvency Capital Requirement and Minimum Capital Requirement.

Storebrand does not use 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. Wage growth (G-adjustment) is set at inflation plus 1.9%. In Sweden, the inflation rate that is priced in the market for inflation-linked bonds is used for the first 10 years. After 10 years, inflation is extrapolated based on the same methodology as for the yield curve.

Economic Scenario Generator (ESG): In order to calculate the time value of options and guarantees, Storebrand use a Monte-Carlo simulation based on 1,000 risk-neutral, stochastic scenarios generated in an Economic Scenario Generator (ESG). The scenarios are created based on the risk-free yield curve and take into account market pricing of the volatility of interest rates, equities 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.

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.

Uncertainty relating to the valuation of the technical provisions

The degree of uncertainty in the calculations of the technical provisions is driven by uncertainty in the underlying assumptions. Uncertainty is greatest if there is no relevant historical or market data on which to base the assumptions. Storebrand considers there to be uncertainty relating to, among other things, the following assumptions:

- The *yield curve* is set by EIOPA, but based on a number of uncertain assumptions, including the extrapolation method, the time for reaching the ultimate forward rate (UFR), the level of the UFR and the level of volatility adjustment.
- *Conversion from defined benefit schemes in Norway.* A faster than expected conversion from active defined benefit schemes to paid-up policies will increase the value of the technical provisions. A slower conversion will reduce the provisions.
- *Lapse assumptions for paid-up policies.* Higher than expected lapse in the form of transition to investment choice (FMI) or to other companies will reduce the provision while lower lapse will increase the provision.
- *Revenues from unit-linked contracts.* Lower than expected revenues will increase the provision. The effect will be less for the solvency margin because the capital requirements will also be reduced.
- *Expenses, particularly the division of expenses between acquisition and operating expenses*. Lower expenses will reduce technical provisions, while increased expenses will increase technical provisions. The effect will be counteracted by changed capital requirements, particularly for unit-linked contracts.

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

During 2019, there has not been any material changes to the recognition and valuation bases used.

Liabilities other than technical provisions amount to NOK 27.7 billion (NOK 24.6 billion) under Solvency II. 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 17 OTHER LIABILITIES

(NOK million)	31.12.2019	31.12.2018
Contingent liabilities	6,851	5,575
Pension benefit obligations	254	309
Deferred tax liabilities	1,289	82
Derivatives	825	2,867
Insurance & intermediaries payables	5,580	4,402
Subordinated liabilities	8,526	7,780
Other liabilities	4,353	3,561
Total other liabilities	**27,678**	**24,575**

Contingent liabilities

Storebrand Livsforsikring and SPP has assumed liabilities relating to non-paid-in capital, principally linked to private equity funds and property. This is included as a liability on the Solvency II balance sheet with a corresponding entry on the asset side, ref. section “Other" under "Difference in valuation between Solvency II and financial statements" in Chapter D.1. This increases the liability side of the Solvency II balance sheet compared to the financial statement.

Pension benefit obligations

Pension benefit obligations are calculated in accordance with Norwegian IAS19, ref. Note 1, point 15 in the Storebrand Annual report 2019. The valuation of pension benefit obligations for Solvency II corresponds with the valuation in the financial statements.

Derivatives

The principle for valuing derivatives is consistent with the principle in the financial statements, but deviations arise because derivatives in unit-linked contracts are entered as a net amount under Solvency II, but as a gross amount under IFRS.

Subordinated liabilities

Subordinated liabilities are appraised at fair value under Solvency II but valued at amortised cost in the financial statements. This gives a valuation that is NOK 39 million lower for Solvency II. See also Chapter E.1. Own Funds.

Deferred tax liabilities

Changes in value in connection with the transition from the financial statements to the solvency balance sheet also influence the Group's calculated tax position. The difference in deferred tax liabilities is the net tax effect of changes in value in connection with the transition to Solvency II, including transitional on technical provisions, based on a tax rate of 25%. The Storebrand Group goes from having a deferred tax asset of NOK 818 million and a deferred tax of NOK 768 million under IFRS to a deferred tax asset of NOK 268 million and a deferred tax of NOK 1,289 million under Solvency II.

D.4 ALTERNATIVE METHODS FOR VALUATION

Storebrand's valuation principles for assets that cannot be appraised based on listed prices are described in detail in Note 12 of the Storebrand Annual report 2019.

D.5 ANY OTHER INFORMATION

Ring Fenced Funds in Euroben

Euroben’s business is divided into two parts, Europlan and SAS Plan. SAS Plan accounts for almost 90 per cent of Euroben's assets and liabilities. For SAS Plan, the customer bears all market risk and biometric risk, given that the risk is covered by surplus capital in the plan (buffer). The buffer in the plan is more than enough to cover loss equivalent to capital requirements for Solvency II and the risk management is based on securing these buffer levels.

SAS Plan is deemed a so-called Ring-Fenced Fund (RFF) under Solvency II. This means that own funds and capital requirements relating to SAS Plan shall be reported separately and not be part of group consolidation.

E. Capital management

Storebrand manages the levels of equity and loans in the Group to secure an optimal structure. The level is adapted to changes in the risk and capital requirement. The rate of growth and composition of business segments are an important driver for the need for capital. The purpose of capital management is to ensure an efficient capital structure and provide an appropriate balance between internal goals and regulatory requirements.

The Board of Storebrand assesses the capital plan together with the financial plan and ORSA to ensure consistency between commercial goals, risk and capital. The financial plan and capital plan are prepared with a three-year time horizon.

E.1 OWN FUNDS

Storebrand ASA Group has NOK 46.9 billion in own funds (solvency capital), an increase of NOK 3.1 billion from 2018. The capital is divided into tiers depending on quality and availability. Table 18 shows the composition of own funds and distribution into tier 1 (restricted and unrestricted), tier 2 and tier 3 capital.

TABELL 18a OWN FUNDS as per 31.12.2019

(NOK million)	Total	Tier 1 Unrestricted	Tier 1 Restricted	Tier 2	Tier 3
Ordinary share capital	2,339	2,339			
Share premium account related to ordinary share capital	10,521	10,521			
Reconciliation reserve	25,651	25,651			
Effect of transitional on technical provision					
Subordinated liabilities	7,651		1,114	6,536	
Deferred tax asset	268				268
Risk equalisation reserve	466			466	
Available minority interests	17				17
Own funds	**46,913**	**38,512**	**1,114**	**7,002**	**285**
Minimum capital	**38,614**	**35,542**	**1,114**	**1,958**	

TABELL 18b OWN FUNDS as per 31.12.2018

(NOK million)	Total	Tier 1 Unrestricted	Tier 1 Restricted	Tier 2	Tier 3
Ordinary share capital	2,339	2,339			
Share premium account related to ordinary share capital	10,521	10,521			
Reconciliation reserve	22,042	22,042			
Effect of transitional on technical provision					
Subordinated liabilities	7,780		1,089	6,691	
Deferred tax asset	873				873
Risk equalisation reserve	234			234	
Available minority interests	19				19
Own funds	**43,808**	**34,902**	**1,089**	**6,925**	**892**
Minimum capital	**34,623**	**31,591**	**1,089**	**1,942**	

Tier 1 capital represents capital of the best quality in terms of loss-bearing capability and must be available to cover any loss at any time. Tier 1 consists of paid-in capital and reconciliation reserve. Also included are perpetual subordinated loans with up to 20% of tier 1 capital. Storebrand has NOK 39.6 billion in tier 1 capital and this amounts to 84% of the total own funds. Of this, NOK 38.5 billion is unrestricted.

Other subordinated loans (non-perpetual) and risk equalisation reserve are categorised as tier 2 capital. Deferred tax assets is categorised as Tier 3 capital. Tier 2 and tier 3 capital combined can cover up to 50% of the solvency capital requirement. Storebrand has NOK 7.0 billion in tier 2 capital and this represents 15% of total own funds. The tier 2 and tier 3 capital cover 27% of the solvency capital requirement.

Storebrand has eligible own funds to meet the minimum capital requirement of NOK 38.6 billion. Of this, NOK 36.7 billion is tier 1 capital, equivalent to 95% of the total minimum capital. Own funds from the CRD IV companies in the Group are not included as part of the minimum capital. Tier 2 capital can cover up to 20% of the minimum capital requirement and is therefore limited to NOK 2.0 billion.

Own funds and minimum capital without volatility adjustment

Without volatility adjustment, own funds are reduced to NOK 43.2 billion and minimum capital to NOK 35.0 billion due to the increased value of technical provisions adjusted for tax. In Norway, the transitional on technical provision would have compensated for some of the changes both in technical provisions, own funds and minimum capital.

Expected profit in future premiums

The value of Expected Profits in Future Premiums (EPIFP) amounts to NOK 3.9 billion, split between NOK 3.8 billion in the life insurance business and NOK 53 million from the non-life insurance business. This is part of the reconciliation reserve and is included as tier 1 capital. Only margins from future premiums that are within the contract boundary are included. This is described in more detail in the paragraph concerning contract boundary in chapter D.2 Technical Provisions.

Subordinated loan capital

TABLE 19 SUBORDINATED LOANS

Nominal value (NOK million)	Currency	Solvency II (NOK million)	Financial statements (NOK million)	*Repurchase right*	*Covered by transitional rules (grandfathering)*
300	EUR	3,097	3,248	2023	*Yes*
1,100	NOK	1,114	1,100	2024	*Yes*
750	SEK	727	709	2021	*No*
1,000	SEK	926	935	2024	*No*
1,000	SEK	940	939	2022	*No*
900	SEK	846	844	2025	*No*
872	NOK	876	874	2020[15]	*No*

[15] The loan was called in March 2020 and is not included in own funds as of 31.12.2019

The subordinated loan capital amounts to NOK 8.5 billion under Solvency II. During 2019, a new loan with nominal value SEK 1 billion was issued. In March 2020, a loan of NOK 0.9 billion was called and this loan is not included in the own funds as of yearend 2019.

Five of the loans have variable rate of interest, while the remaining is a fixed-interest loan that has been swapped to variable interest rate. This means that Storebrand Livsforsikring's interest expense is influenced by the short-term money market interest rates. Storebrand Livsforsikring has one loan in Euro, one in Norwegian kroner and four loans in Swedish kroner. The Euro loan is hedged against Norwegian Kroner until the first date for right of repurchase and hence has limited exposure towards currency fluctuations. The loans in Swedish kroner are not hedged, but works as a partial currency hedge against the exposure towards Storebrand Holding AB.

For all loans, interest payments will cease in the event of breach of the solvency capital requirement (SCR). Any unpaid interest will be accumulated, but compound interest will not accrue.

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 even though 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 two of the loans. Both loans fulfilled the Solvency I capital requirements at the time of issuance and were approved by the authorities. 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 financial statements

TABLE 20 SOLVENCY II OWN FUNDS VS IFRS OWN FUNDS

(NOK million)	Solvency II	Financial statements
Paid-in capital[16]	12,860	12,856
Retained earnings excluding deferred tax assets		17,981
Hybrid capital		226
Risk equalisation reserve	466	466
Deferred tax asset	268	1,818
Reconciliation reserve excluding transitional on technical provisions[17]	27,233	
Effect of transitional on technical provision		
Minority interests	57	52
Net assets	**40,885**	**33,398**
Subordinated loans, excluding OIF interest	7,651	8,488
Non-available minority interests	-41	
Deductions for participations in other financial undertakings	-2,970	
Deductions for own shares	-64	
Foreseeable dividends	-1,517	
Basic own funds	**43,943**	
Own funds in other CRD IV companies	2,970	
Total own funds	**46,913**	**41,885**
Total eligible own funds to meet the minimum capital requirement	**38,614**	

[16] included own shares

[17] Before expected dividends.

The value of own funds appears as net assets in the solvency balance sheet (see table 1 in Summary) plus eligible subordinated loans. Own funds are reduced by the value of own shares and foreseeable dividends[18]. In addition, non-eligible own funds from minority interests is deducted.

The main difference between Solvency II and the financial statements is that profit earned, that is included as own funds in the financial statements, is replaced by the reconciliation reserve in the solvency balance sheet. The reconciliation reserve also includes profit earned but 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 because of the valuation of the technical provisions.

Table 21 shows the transition from the financial statements to Solvency II. Net assets for Solvency II are NOK 7.5 billion higher than in the financial statements. Deductions for intangible assets and lower valuation of subsidiaries reduce own funds. The added value of bonds at amortised cost and lower valuation of technical provisions increase own funds. Deferred tax liabilities increase because of the other changes in value.

TABLE 21 TRANSITION FROM NET ASSETS IN THE FINANCIAL STATEMENTS TO NET ASSETS IN SOLVENCY II

(NOK million)	
Subsidiaries	-2,397
Intangible assets	-4,395
Added value of bonds at amortised cost	4,697
Technical provisions	11,919
Effect of transitional rules	
Net change in deferred tax liabilities	-2,177
Miscellaneous	-160
Total change	**7,487**

E.2 SOLVENCY CAPITAL REQUIREMENT AND MINIMUM CAPITAL REQUIREMENT

Both a solvency capital requirement and minimum capital requirement is calculated. The solvency capital requirement must be covered in a normal situation, while the minimum capital requirement is an absolute requirement that must always be covered. The solvency capital requirement depends on the risk, while the minimum capital requirement is not risk sensitive.

Solvency capital requirement

The solvency capital requirement for Storebrand ASA (Group) is calculated according to the standard model, without use of simplifications or company-specific parameters. For the insurance companies, the solvency capital requirement is loss of own funds (Value at Risk) with a probability of 0.5% over one year. There is capital requirement for market risk, underwriting risk, counterparty risk and operational risk. For the CRD IV companies, the capital requirement under this regulation is used.

For the insurance companies, a new solvency balance sheet is calculated for each individual stress, based on the same principles and methods as described in D.2. Technical provisions. The difference in own funds prior to and after stress gives the capital requirement. The capital requirement for the different stresses is aggregated to the total capital requirement based on given correlation matrices.

The capital requirement (net) is Storebrand's risk after risk sharing with customers and risk-mitigating effect of tax. Risk sharing with customers arises in guaranteed pensions in the life insurance companies when the stresses result in a reduction in customer buffers or reduction in future upward adjustment of pensions. Gross capital requirement includes the part of the risk that is borne by customers. Reduced tax because of lower profits after stress also reduces the risk. A prerequisite for including a deferred tax asset is that a corresponding profit is expected in the future.

[18] This occurs in the form of a reduction in the reconciliation reserve.

TABLE 22 CAPITAL REQUIREMENTS[19]

	31.12.2019		31.12.2018	
(NOK million)	Net	Gross	Net	Gross
Market risk	22,040	36,891	20,917	33,481
Counterparty risk	779	1,836	625	1,199
Life risk	10,702	15,549	10,412	16,543
Health risk	761	761	713	713
Non-life risk	307	307	278	278
Operational risk	1,493		1,485	
Loss-absorbing capacity of deferred taxes	-4,847		-4,764	
Total capital requirement for insurance business	**24,028**		**22,827**	
Capital requirement for CRD IV companies	2,683		2,482	
Total capital requirement for the Group	**26,711**		**25,309**	

Storebrand ASA has a total net solvency capital requirement of NOK 26.7 billion (NOK 25.3 billion). NOK 24.0 billion (90%) of the capital requirement is from the insurance business. NOK 2.7 billion (10%) of the capital requirement is from other activities, mainly the bank. Within the insurance business, 64% of the capital requirement (before diversification) is for financial market risk, particularly interest rates, equities, property, credit spreads and foreign currency. 31% of the capital requirement is for life insurance risk.

Transitional rule for equities
Storebrand Livsforsikring and SPP apply the transitional for equity stress. The transitional entails that equities owned as of 1 January 2016 are stressed by 22%. The transitional reduces the total solvency capital requirement by NOK 301 million. The transitional shall be phased out on a linear basis over 7 years, starting 1 January 2017. For the calculation at year end 2019, the effect is reduced by 3/7.

The ordinary stress is 39/49% + symmetrical adjustment for equity type 1/2. At yearend 2019, the adjustment factor is -0.1 percentage points, giving an ordinary stress of 38.9/48.9%.

Minimum capital requirement
The minimum capital requirement is calculated as the total of the minimum capital requirements for the underlying insurance companies.

TABLE 23 MINIMUM CAPITAL REQUIREMENT

(NOK million)	31.12.2019	31.12.2018
Storebrand Livsforsikring	6,512	6,465
SPP Pension & Försäkring	3,070	3,038
Euroben	64	77
Storebrand Forsikring	120	111
Storebrand Helseforsikring (50 %)	21	20
Total minimum requirement	**9,788**	**9,711**

At yearend 2019, the minimum capital requirement is NOK 9.8 billion (NOK 9.7 billion).

[19] Including transitional rule for equities

Solvency margin and minimum capital margin

When own funds of NOK 46.9 billion are compared against the solvency capital requirement of NOK 26.7 billion, Storebrand ASA has a solvency margin of 176% (173%). Without transitional, the solvency margin is 174%. Table 24 shows the solvency position with and without transitional on technical provisions and capital requirements for equities.

TABLE 24 SOLVENCY POSITION

(NOK million)	Including transitional 31.12.2019	*Excluding transitional 31.12.2019*	Including transitional 31.12.2018	*Excluding transitional 31.12.2018*
Own funds	46,913	46,913	43,808	43,808
Eligible own funds to meet the minimum capital requirement	38,614	38,614	34,623	34,623
Solvency capital requirement	26,711	27,012	25,309	25,543
Minimum requirement	9,788	9,788	9,711	9,711
Solvency margin excluding transitional on technical provision		173.7%		171.5%
Solvency margin included transitional on technical provisions for technical provisions	173.7 %		171.5%	
Solvency margin including transitional on technical provisions and on equity capital requirements	**175.6%**		**173.1%**	
Minimum margin excluding transitional on technical provision		394.5%		356.5%
Minimum margin including transitional on technical provision for technical provisions	394.5%		356.5%	
Minimum margin including transitional on technical provisions and on equity capital requirements	**394.5%**		**356.5%**	

Storebrand ASA has a minimum capital requirement of NOK 9.8 billion and minimum capital of NOK 38.6 billion that give a minimum capital margin of 395%.

Solvency margin and minimum capital margin excluding volatility adjustment

Solvency margin without volatility adjustment is 154%. Increase of technical provisions reduces own funds by NOK 2.7 billion and the capital requirement increases by NOK 1.9 billion. Without transitional, the solvency margin excluding volatility adjustment is 150%. See table 25 for details.

TABLE 25 SOLVENCY POSITION INCLUDING AND EXCLUDING VOLATILITY ADJUSTMENT

	Including transitional		Excluding transitional	
(NOK million)	Including volatility adjustment	Excluding volatility adjustment	Including volatility adjustment	Excluding volatility adjustment
Own funds	46,913	44,168	46,913	43,241
Solvency capital requirements	26,711	28,589	27,009	28,887
Solvency margin	175,6 %	154,5 %	173,7 %	149,7 %

Excluding volatility adjustment, the minimum margin is 354 % (345 % excluding transitional).

E.3 USE OF THE DURATION-BASED EQUITY RISK SUB-MODULE IN THE CALCULATION OF THE SCR

Not relevant, because no companies in the Storebrand Group use the duration-based equity risk sub-module for calculating the solvency capital requirement for equity risk.

E.4 DIFFERENCES BETWEEN THE STANDARD FORMULA AND ANY INTERNAL MODEL USED

Not relevant because Storebrand uses the standard formula for calculating the solvency capital requirement.

E.5 NON-COMPLIANCE WITH THE MCR AND NON-COMPLIANCE WITH THE SCR

Not relevant because the Storebrand Group and all subsidiaries satisfy both the MCR and SCR.

E.6 ANY OTHER INFORMATION

Capital management is also described in the Storebrand Annual report 2019, in particular note 13.

Appendix 1 - mandatory tables

S.02.01.02 – Balance sheet – assets, page 1

(NOK million)		*C0010*
Goodwill	*R0010*	
Deferred acquisition costs	*R0020*	
Intangible assets	*R0030*	
Deferred tax assets	*R0040*	268.44
Pension benefit surplus	*R0050*	1.54
Property, plant & equipment held for own use	*R0060*	1,026.30
Investments (other than assets held for index-linked and unit-linked contracts)	*R0070*	287,314.65
Property (other than for own use)	*R0080*	30,253.31
Holdings in related undertakings, including participations	*R0090*	3,406.97
Equities	*R0100*	13,021.50
Equities – listed	*R0110*	12,508.65
Equities - unlisted	*R0120*	512.85
Bonds	*R0130*	204,952.38
Government Bonds	*R0140*	58,208.25
Corporate Bonds	*R0150*	145,234.15
Structured notes	*R0160*	1,509.98
Collateralised securities	*R0170*	0.00
Collective Investments Undertakings	*R0180*	31,325.42
Derivatives	*R0190*	4,246.68
Deposits other than cash equivalents	*R0200*	108.40
Other investments	*R0210*	0.00
Assets held for index-linked and unit-linked contracts	*R0220*	219,600.28
Loans and mortgages	*R0230*	30,098.36
Loans on policies	*R0240*	0.66
Loans and mortgages to individuals	*R0250*	17,542.27
Other loans and mortgages	*R0260*	12,555.43
Reinsurance recoverables from:	*R0270*	94.18
Non-life and health similar to non-life	*R0280*	91.98
Non-life excluding health	*R0290*	24.98
Health similar to non-life	*R0300*	67.00
Life and health similar to life, excluding index-linked and unit-linked	*R0310*	2.21
Health similar to life	*R0320*	2.21
Life excluding health and index-linked and unit-linked	*R0330*	0.00
Life index-linked and unit-linked	*R0340*	0.00

S.02.01.02 – Balance sheet – assets, page 2,

(NOK million)		*C0010*
Deposits to cedants	*R0350*	0.02
Insurance and intermediaries receivables	*R0360*	426.34
Reinsurance receivables	*R0370*	16.64
Receivables (trade, not insurance)	*R0380*	2,950.28
Own shares (held directly)	*R0390*	64.06
Amounts due in respect of own fund items or initial fund called up but not yet paid	*R0400*	0.00
Cash and cash equivalents	*R0410*	8,487.09
Any other assets, not elsewhere shown	*R0420*	7,470.74
Total assets	*R0500*	**557,818.93**

S.02.01.02 – Balance sheet, liabilities

(NOK million)		C0010
Technical provisions - non-life	R0510	1,387.51
Technical provisions - non-life (excluding health)	R0520	603.27
TP calculated as a whole	R0530	0.00
Best Estimate	R0540	579.40
Risk margin	R0550	23.88
Technical provisions - health (similar to non-life)	R0560	784.24
TP calculated as a whole	R0570	0.00
Best Estimate	R0580	765.24
Risk margin	R0590	19.00
Technical provisions - life (excluding index-linked and unit-linked)	R0600	279,627.58
Technical provisions - health (similar to life)	R0610	2,388.14
TP calculated as a whole	R0620	0.00
Best Estimate	R0630	2,325.07
Risk margin	R0640	63.07
Technical provisions - life (excluding health and index-linked and unit-linked)	R0650	277,239.43
TP calculated as a whole	R0660	0.00
Best Estimate	R0670	273,022.84
Risk margin	R0680	4,216.59
Technical provisions - index-linked and unit-linked	R0690	208,241.51
TP calculated as a whole	R0700	0.00
Best Estimate	R0710	204,242.31
Risk margin	R0720	3,999.20
Other technical provisions	R0730	0.00
Contingent liabilities	R0740	6,851.14
Provisions other than technical provisions	R0750	0.00
Pension benefit obligations	R0760	253.59
Deposits from reinsurers	R0770	0.00
Deferred tax liabilities	R0780	1,289.26
Derivatives	R0790	824.81
Debts owed to credit institutions	R0800	0.00
Financial liabilities other than debts owed to credit institutions	R0810	0.00
Insurance & intermediaries payables	R0820	1,195.64
Reinsurance payables	R0830	5.73
Payables (trade, not insurance)	R0840	4,378.29
Subordinated liabilities	R0850	8,526.48
Subordinated liabilities not in BOF	R0860	875.82
Subordinated liabilities in BOF	R0870	7,650.67
Any other liabilities, not elsewhere shown	R0880	4,352.81
Total liabilities	R0900	**516,934.35**
Excess of assets over liabilities	R1000	**40,884.58**

S.05.01.02 – Premiums, claims and expenses by line of business - non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance) non-life (only for lines of business relevant for Storebrand), page 1

(NOK million)		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance
		C0010	*C0020*	*C0030*	*C0040*	*C0050*	*C0060*
Premiums written							
Gross	*R0110*	372.92	275.04	71.70	233.19	446.42	
Gross - Proportional reinsurance accepted	*R0120*						
Gross - Non-proportional reinsurance accepted	*R0130*						
Reinsurers' share	*R0140*	0.94	1.53	1.59	1.56	5.79	
Net	*R0200*	371.98	273.51	70.11	231.63	440.63	
Premiums earned							
Gross	*R0210*	363.58	271.77	71.70	222.78	416.24	
Gross - Proportional reinsurance accepted	*R0220*						
Gross - Non-proportional reinsurance accepted	*R0230*						
Reinsurers' share	*R0240*	0.94	1.53	1.59	1.56	5.79	
Net	*R0300*	362.63	270.24	70.11	221.22	410.45	
Claims incurred							
Gross	*R0310*	252.22	176.78	110.96	107.15	276.98	
Gross - Proportional reinsurance accepted	*R0320*						
Gross - Non-proportional reinsurance accepted	*R0330*						
Reinsurers' share	*R0340*	0.81	4.80	4.61	4.14		
Net	*R0400*	251.42	171.97	106.34	103.01	276.98	
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*	84.46	64.30	16.23	53.32	112.41	
Other expenses	*R1200*						
Total expenses	*R1300*						

S.05.01.02 – Premiums, claims and expenses by line of business - non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance) non-life (only for lines of business relevant for Storebrand), page 2

(NOK million)		Fire and other damage to property insurance	General liability insurance	Assistance	Miscellaneous financial loss	Total
		C0070	*C0080*	*C0110*	*C0120*	*C0200*
Premiums written						
Gross	*R0110*	403.19		99.17	22.21	1,923.83
Gross - Proportional reinsurance accepted	*R0120*					
Gross - Non-proportional reinsurance accepted	*R0130*					
Reinsurers' share	*R0140*	7.21		0.71	0.13	19.45
Net	*R0200*	395.98		98.46	22.08	**1,904.38**
Premiums earned						
Gross	*R0210*	379.47		89.27	19.26	1,834.07
Gross - Proportional reinsurance accepted	*R0220*					
Gross - Non-proportional reinsurance accepted	*R0230*					
Reinsurers' share	*R0240*	7.21		0.71	0.13	19.45
Net	*R0300*	372.26		88.56	19.14	**1,814.62**
Claims incurred						
Gross	*R0310*	261.57	-0.27	67.27	11.41	1,264.06
Gross - Proportional reinsurance accepted	*R0320*					
Gross - Non-proportional reinsurance accepted	*R0330*					
Reinsurers' share	*R0340*	4.16				18.53
Net	*R0400*	257.41	-0.27	67.27	11.41	**1,245.54**
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*	102.78	-0.01	24.51	4.81	462.79
Other expenses	*R1200*					2.42
Total expenses	*R1300*					**465.21**

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

(NOK million)		Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Total
		C0210	*C0220*	*C0230*	*C0240*	*C0300*
Premiums written						
Gross	*R1410*	884.63	5,258.05	17,224.26	1,388,28	24,755,22
Reinsurers' share	*R1420*	2.36	1.41		1,16	4,93
Net	*R1500*	882.27	5,256.63	17,224.26	1,387,12	**24,750,29**
Premiums earned						
Gross	*R1510*	884.63	5,258.05	17,224.26	1,388,28	24,755,22
Reinsurers' share	*R1520*	2.36	1.41		1,16	4,93
Net	*R1600*	882.27	5,256.63	17,224.26	1,387,12	**24,750,29**
Claims incurred						
Gross	*R1610*	926.08	13,754.21	4,490.97	278,21	19,449,47
Reinsurers' share	*R1620*	0.19				0,19
Net	*R1700*	925.88	13,754.21	4,490.97	278,21	**19,449,28**
Changes in other technical provisions						
Gross	*R1710*	-31.85	3,573.49	18,663.72	39,21	22,244,57
Reinsurers' share	*R1720*	1.84				1,84
Net	*R1800*	-33.70	3,573.49	18,663.72	39,21	**22,242,73**
Expenses incurred	*R1900*	166.00	1,358.27	1,524.59	202,68	3,251,54
Other expenses	*R2500*					50.77
Total expenses	*R2600*					**3,302.31**

S.05.02.01 - Premiums, claims and expenses by country – non-life insurance

		Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations	Total Top 5 and home country
		C0010	*C0020*	*C0070*
	R0010		SE	
		C0080	*C0090*	*C0140*
Premiums written				
Gross	*R0110*	1,724.92	198.92	1,923.83
Gross - Proportional reinsurance accepted	*R0120*			
Gross - Non-proportional reinsurance accepted	*R0130*			
Reinsurers' share	*R0140*	19.16	0.29	19.45
Net	*R0200*	1,705.75	198.62	**1,904.38**
Premiums earned				
Gross	*R0210*	1,640.07	194.00	1,834.07
Gross - Proportional reinsurance accepted	*R0220*			
Gross - Non-proportional reinsurance accepted	*R0230*			
Reinsurers' share	*R0240*	19.16	0.29	19.45
Net	*R0300*	1,620.91	193.70	**1,814.62**
Claims incurred				
Gross	*R0310*	1,137.94	126.13	1,264.06
Gross - Proportional reinsurance accepted	*R0320*			
Gross - Non-proportional reinsurance accepted	*R0330*			
Reinsurers' share	*R0340*	18.24	0.28	18.53
Net	*R0400*	1,119.69	125.84	**1,245.54**
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*	411.93	50.86	462.79
Other expenses	*R1200*			2.42
Total expenses	*R1300*			**465.21**

S.05.02.01 - Premiums, claims and expenses by country – life insurance

(NOK millions)		Home Country	Top 5 countries (by amount of gross premiums written) - life obligations		Total Top 5 and home country
		C0150	*C0160*	*C0170*	*C0210*
	R1400		*SE*	*IE*	
		C0220	*C0230*	*C0240*	*C0280*
Premiums written					
Gross	*R1410*	16,600.46	8,154.76		24,755.22
Reinsurers' share	*R1420*	4.93			4.93
Net	*R1500*	16,595.52	8,154.76		24,750.29
Premiums earned					
Gross	*R1510*	16,600.46	8,154.76		24,755.22
Reinsurers' share	*R1520*	4.93			4.93
Net	*R1600*	16,595.52	8,154.76		24,750.29
Claims incurred					
Gross	*R1610*	11,994.45	7,455.02		19,449.47
Reinsurers' share	*R1620*				
Net	*R1700*	11,994.45	7,455.02		19,449.47
Changes in other technical provisions					
Gross	*R1710*		22,244.57		22,244.57
Reinsurers' share	*R1720*				
Net	*R1800*		22,244.57		22,244.57
Expenses incurred	*R1900*	1,806.83	1,437.21	7.50	3,251.54
Other expenses	*R2500*				50.77
Total expenses	*R2600*				3,302.31

S.22.01.22 - 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*	489,256.59			3,711.23	
Basic own funds	*R0020*	46,913.05			-2,783.43	
Eligible own funds to meet Solvency Capital Requirement	*R0050*	49,882.74			-2,783.43	
Solvency Capital Requirement	*R0090*	44,420.57			1,724.58	

S.23.01.22 – Own funds, page 1

(NOK million)		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	*C0020*	*C0030*	*C0040*	*C0050*
Basic own funds before deduction for participations in other financial sector						
Ordinary share capital (gross of own shares)	*R0010*	**2,339.07**	2,339.07			
Non-available called but not paid in ordinary share capital at group level	*R0020*					
Share premium account related to ordinary share capital	*R0030*	**10,521.18**	10,521.18			
Iinitial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	*R0040*					
Subordinated mutual member accounts	*R0050*					
Non-available subordinated mutual member accounts at group level	*R0060*					
Surplus funds	*R0070*					
Non-available surplus funds at group level	*R0080*					
Preference shares	*R0090*					
Non-available preference shares at group level	*R0100*					
Share premium account related to preference shares	*R0110*					
Non-available share premium account related to preference shares at group level	*R0120*					
Reconciliation reserve	*R0130*	**25,651.41**	25,651.41			
Subordinated liabilities	*R0140*	**7,650.67**		1,114.49	6,536.17	
Non-available subordinated liabilities at group level	*R0150*					
An amount equal to the value of net deferred tax assets	*R0160*	**268.44**				268.44
The amount equal to the value of net deferred tax assets not available at the group level	*R0170*					
Other items approved by supervisory authority as basic own funds not specified above	*R0180*	**465.77**			465.77	
Non available own funds related to other own funds items approved by supervisory authority	*R0190*					
Minority interests (if not reported as part of a specific own fund item)	*R0200*	**57.32**				57.32
Non-available minority interests at group level	*R0210*	**40.80**				40.80

S.23.01.22 – Own funds, page 2

(NOK million)		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	*C0020*	*C0030*	*C0040*	*C0050*
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 other financial undertakings, including non-regulated undertakings carrying out financial activities	*R0230*	**2,969.69**	2,969.69			
whereof deducted according to art 228 of the Directive 2009/138/EC	*R0240*					
Deductions for participations where there is non-availability of information (Article 229)	*R0250*					
Deduction for participations included by using D&A when a combination of methods is used	*R0260*					
Total of non-available own fund items	*R0270*	**40.80**				40.80
Total deductions	*R0280*	**3,010.50**	2,969.69			40.80
Total basic own funds after deductions	*R0290*	**43,943.35**	35,541.96	1,114.49	7,001.94	284.95
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*					
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	*R0330*					
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	*R0340*					
	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*					
Non available ancillary own funds at group level	*R0380*					
Other ancillary own funds	*R0390*					
Total ancillary own funds	*R0400*					

S.23.01.22 – Own funds, page 3

(NOK million)		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	*C0020*	*C0030*	*C0040*	*C0050*
Own funds of other financial sectors						
Reconciliation reserve	*R0410*	**2,969.69**	2 969.69			
Institutions for occupational retirement provision	*R0420*					
Non regulated entities carrying out financial activities	*R0430*					
Total own funds of other financial sectors	*R0440*	**2,969.69**	2 969.69			
Own funds when using the D&A, exclusively or in combination of method 1						
Own funds aggregated when using the D&A and combination of method	*R0450*					
Own funds aggregated when using the D&A and a combination of method net of IGT	*R0460*					
Total available own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	*R0520*	**43,943.35**	35,541.96	1,114.49	7,001.94	284.95
Total available own funds to meet the minimum consolidated group SCR	*R0530*	**43,658.40**	35,541.96	1,114.49	7,001.94	
Total eligible own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	*R0560*	**43,943.35**	35,541.96	1,114.49	7,001.94	284.95
Total-eligible own funds to meet the minimum consolidated group SCR	*R0570*	**38,614.10**	35,541.96	1,114.49	1,957.64	
Consolidated Group SCR	*R0590*	**26,711.11**				
Minimum consolidated Group SCR	*R0610*	**9 788.20**				
Ratio of Eligible own funds to Minimum Consolidated Group SCR	*R0630*	**164.51 %**				

S.23.01.22 – Own funds, page 4

		C0010	C0020	C0030	C0040	C0050
Ratio of Eligible own funds to Minimum Consolidated Group SCR	*R0650*	**394.50 %**				
Total eligible own funds to meet the group SCR (including own funds from other financial sector and from the undertakings included via D&A)	*R0660*	**46,913.05**	38,511.66	1,114,49	7,001,94	284,95
SCR for entities included with D&A method	*R0670*					
Group SCR	*R0680*	**26,711.11**				
Ratio of Eligible own funds to group SCR including other financial sectors and the undertakings included via D&A	*R0690*	**175.63 %**				

		C0060
Reconciliation reserve		
Excess of assets over liabilities	*R0700*	40,884.58
Own shares (included as assets on the balance sheet)	*R0710*	64.06
Forseeable dividends, distributions and charges	*R0720*	1,517.33
Other basic own fund items	*R0730*	13,651.77
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	*R0740*	
Other non available own funds	*R0750*	
Reconciliation reserve before deduction for participations in other financial sector	*R0760*	**25,651.41**
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	*R0770*	3,836.30
Expected profits included in future premiums (EPIFP) - Non- life business	*R0780*	53.42
Total EPIFP	*R0790*	**3,889.72**

S.25.01.22 - Solvency Capital Requirement - for groups on Standard Formula

(NOK million)		Gross solvency capital requirement	USP	Simplifications
		C0110	*C0080*	*C0090*
Market risk	*R0010*	38,909.61		
Counterparty default risk	*R0020*	1,836.98		
Life underwriting risk	*R0030*	15,556.09		
Health underwriting risk	*R0040*	761.83		
Non-life underwriting risk	*R0050*	306.87		
Diversification	*R0060*	-11,104.26		
Intangible asset risk	*R0070*			
Basic Solvency Capital Requirement	*R0100*	**46,267.11**		

Calculation of Solvency Capital Requirement		*C0100*
Operational risk	*R0130*	1,493.41
Loss-absorbing capacity of technical provisions	*R0140*	-18,884.79
Loss-absorbing capacity of deferred taxes	*R0150*	-4,847.39
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	*R0160*	
Solvency capital requirement excluding capital add-on	*R0200*	24,028.34
Capital add-on already set	*R0210*	
Solvency capital requirement	*R0220*	**26,711.11**
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	*R0400*	
Total amount of Notional Solvency Capital Requirements for remaining part	*R0410*	
Total amount of Notional Solvency Capital Requirements for ring fenced funds	*R0420*	
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	*R0430*	
Diversification effects due to RFF nSCR aggregation for article 304	*R0440*	
Minimum consolidated group solvency capital requirement	*R0470*	**9,788.20**
Information on other entities		
Capital requirement for other financial sectors (Non-insurance capital requirements)	*R0500*	2,682.76
Capital requirement for other financial sectors (Non-insurance capital requirements) - Credit institutions, investment firms and financial institutions, alternative investment funds managers, UCITS management companies	*R0510*	2,682.76
Capital requirement for other financial sectors (Non-insurance capital requirements) - Institutions for occupational retirement provisions	*R0520*	
Capital requirement for other financial sectors (Non-insurance capital requirements) - Capital requirement for non--regulated entities carrying out financial activities	*R0530*	
Capital requirement for non-controlled participation requirements	*R0540*	
Capital requirement for residual undertakings	*R0550*	
Overall SCR		
SCR for undertakings included via D and A	*R0560*	
Solvency capital requirement	*R0570*	**2,682.76**

S.32.01.22 - Undertakings in the scope of the group, part 1 page 1

Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal Name of the undertaking	Type of undertaking	Legal form	Category (mutual/ non mutual)	Supervisory Authority
C0010	*C0020*	*C0030*	*C0040*	*C0050*	*C0060*	*C0070*	*C0080*
NO	958995369	2	Storebrand Livsforsikring AS	Life insurance undertaking	Company limited by shares or by guarantee or unlimited	2	Finanstilsynet
NO	930553506	2	Storebrand Forsikring AS	Non life insurance undertaking	Company limited by shares or by guarantee or unlimited	2	Finanstilsynet
NO	980126196	2	Storebrand Helseforsikring AS	Non life insurance undertaking	Company limited by shares or by guarantee or unlimited	2	Finanstilsynet
NO	NO0003005001	2	Storebrand Bank ASA	Credit institution, investment firm and financial institution	Company limited by shares or by guarantee or unlimited	2	Finanstilsynet
NO	529900ZTCGG5XNFGB694	1	Storebrand Asset Management AS	Credit institution, investment firm and financial institution	Company limited by shares or by guarantee or unlimited	2	Finanstilsynet
NO	916300484	2	Storebrand ASA	Insurance holding company as defined in Article 212(1) (f) of Directive 2009/138/EC	Company limited by shares or by guarantee or unlimited	2	Finanstilsynet
NO	NO0010301401	2	Værdalsbruket AS	Other	Company limited by shares or by guarantee or unlimited	2	
NO	94842	2	Storebrand Finansiell Rådgivning AS	Credit institution, investment firm and financial institution	Company limited by shares or by guarantee or unlimited	2	Finanstilsynet
NO	30460	2	Storebrand Pensjonstjenester AS	Other	Company limited by shares or by guarantee or unlimited	2	
NO	94506	2	Norsk Pensjon AS	Other	Company limited by shares or by guarantee or unlimited	2	
NO	98995	2	Storebrand Eiendom Trygg AS	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Company limited by shares or by guarantee or unlimited	2	
NO	98997	2	Storebrand Eiendom Utvikling AS	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Company limited by shares or by guarantee or unlimited	2	
NO	98996	2	Storebrand Eiendom vekst AS	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Company limited by shares or by guarantee or unlimited	2	

S.32.01.22 - Undertakings in the scope of the group, part 1 page 2

Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal Name of the undertaking	Type of undertaking	Legal form	Category (mutual/ non mutual)	Supervisory Authority
C0010	*C0020*	*C0030*	*C0040*	*C0050*	*C0060*	*C0070*	*C0080*
NO	99003	2	STB Eiendomsfond Invest	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Company limited by shares or by guarantee or unlimited	2	
BE	95416	2	Benco Insurance Holding B.V.	Insurance holding company as defined in Article 212(1) (f) of Directive 2009/138/EC	Company limited by shares or by guarantee or unlimited	2	
IE	529900WDJ1Z5QH42H269	1	Euroben Life & Pension LTD	Life insurance undertaking	Company limited by shares or by guarantee or unlimited	2	Central Bank of Ireland
SE	529900GS6OZTM1HYL611	1	SPP Pension & Försäkring AB	Life insurance undertaking	Company limited by shares or by guarantee or unlimited	2	Finansinspektionen
SE	556045-7581	2	SPP Konsult AB	Other	Company limited by shares or by guarantee or unlimited	2	
SE	556892-4830	2	SPP Spar AB	Other	Company limited by shares or by guarantee or unlimited	2	
SE	556883-1340	2	SPP Hyresförvaltning AB	Other	Company limited by shares or by guarantee or unlimited	2	
SE	556594-9517	2	Storebrand & SPP Business Services AB	Other	Company limited by shares or by guarantee or unlimited	2	
SE	556482-4471	2	Försäkringsgirot AB	Other	Company limited by shares or by guarantee or unlimited	2	
SE	556743-9815	2	Storebrand Holding AB	Other	Company limited by shares or by guarantee or unlimited	2	
SE	556745-7428	2	SPP Fastigheter AB	Other	Company limited by shares or by guarantee or unlimited	2	
SE	559051-7735	2	SPP Fastigheter Komplementär AB	Other	Company limited by shares or by guarantee or unlimited	2	

S.32.01.22 - Undertakings in the scope of the group, part 2

		Criteria of influence			
% capital share	**% used for the establishment of consolidated accounts**	**% voting rights**	**Other criteria**	**Level of influence**	**Proportional share used for group solvency calculation**
C0180	*C0190*	*C0200*	*C0210*	*C0220*	*C0230*
100 %	100 %	100 %		1	100 %
100 %	100 %	100 %		1	100 %
50 %	50 %	50 %		2	50 %
100 %	100 %	100 %		1	100 %
100 %	100 %	100 %		1	100 %
100 %	100 %	100 %		1	100 %
100 %	100 %	100 %		1	100 %
100 %	100 %	100 %		1	100 %
100 %	100 %	100 %		1	100 %
25 %	25 %	25 %		2	25 %
100 %	100 %	100 %		1	100 %
100 %	100 %	100 %		1	100 %
100 %	100 %	100 %		1	100 %
21 %	21 %	21 %		1	21 %
90 %	100 %	90 %		1	100 %
100 %	100 %	100 %		1	100 %
100 %	100 %	100 %		1	100 %
100 %	100 %	100 %		1	100 %
100 %	100 %	100 %		1	100 %
100 %	100 %	100 %		1	100 %
100 %	100 %	100 %		1	100 %
25 %	25 %	25 %		2	25 %
100 %	100 %	100 %		1	100 %
92 %	92 %	92 %		1	92 %
100 %	100 %	100 %		1	100 %

S.32.01.22 - Undertakings in the scope of the group, part 3

Inclusion in the scope of Group supervision		Group solvency calculation
YES/NO	**Date of decision if art. 214 is applied**	**Method used and under method 1, treatment of the undertaking**
C0240	*C0250*	*C0260*
1		Method 1: Full consolidation
1		Method 1: Full consolidation
1		Method 1: Proportional consolidation
1		Method 1: Sectoral rules
1		Method 1: Sectoral rules
1		Method 1: Full consolidation
1		Method 1: Adjusted equity method
1		Method 1: Sectoral rules
1		Method 1: Adjusted equity method
1		Method 1: Adjusted equity method
1		Method 1: Full consolidation
1		Method 1: Full consolidation
1		Method 1: Full consolidation
1		Method 1: Adjusted equity method
1		Method 1: Full consolidation
1		Method 1: Full consolidation
1		Method 1: Full consolidation
1		Method 1: Adjusted equity method
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1		Method 1: Adjusted equity method

Main office:
Professor Kohts vei 9
Postboks 500, 1327
Lysaker, Norway
Phone: +47 915 08880
storebrand.no

storebrand