storebrand

Solvency and Financial Condition Report 2017
Storebrand ASA

Content

Summary

Dear Storebrand customer

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

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 someone will live as a pensioner. The risk increases because more than 50 years may pass from when premium is paid until it is paid out in the form of a 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 schemes or have closed these for new employees, but Storebrand has a large portfolio of fully paid-up pension schemes (paid-up policies). A large 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.

The majority of new premiums for occupational pensions are linked to defined contribution pension schemes. For these products, you as an employee has the investment risk. The same applies to private pension savings within unit-linked contracts, for example the Extra Pension product. However, Storebrand still has 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 that expenses are reasonable. The life cycle portfolios Anbefalt Pensjon (Recommended Pension) in Norway and SparaSäkra (Safe Saving) in Sweden offers a simple and comprehensive solution. Defined contribution and unit-linked contracts usually involve temporary payments. The customer must ensure that the pension lasts for life. Storebrand's role is to provide you with a good, complete overview of all of your pension rights and give advice on how you can prepare for retirement.

Storebrand offers insurance coverage if something unexpected should occur. You can receive compensation for loss or damage to assets. You can receive lump-sum compensation or annual payments 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 capital.

TABLE 1 SOLVENCY II BALANCE SHEET FOR STOREBRAND ASA

(NOK million)	31/12/2017	31/12/2016		31/12/2017	31/12/2016
Assets			**Liabilities**		
Investments (other than assets held for index-linked and unit-linked contracts)	301,825	321,064	Technical provisions including transitional	447,945	414,794
Assets held for index-linked and unit-linked contracts	169,039	139,760	-Life insurance	288,676	282,181
Other assets	44,121	15,331	-Non-life insurance	1,424	1,516
			-Index-linked or unit-linked contracts	157,845	131,097
			Subordinated liabilities	8,547	7,198
			Other liabilities	19,591	18,486
Total assets	**514,985**	**476,155**	**Total liabilities**	**476,083**	**440,478**
			Net assets	**38,902**	**35,677**

[1] In Norway, Solvency II has been implemented through the Financial Institutions Act with regulations.

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 appraised 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 2016. The total value of the assets in the Storebrand Group calculated using Solvency II rules is NOK 515.0 billion (NOK 476.2 billion), while the total value of the liabilities is NOK 476.1 billion (NOK 440.5 billion). See table 1. Storebrand therefore has assets valued at NOK 38.9 billion (NOK 35.7 billion) more than the liabilities these assets have to cover. In addition, Storebrand has subordinated loans of NOK 8.5 billion (NOK 7.2 billion) which is part of the own funds. Total own funds[2)] amount to NOK 46.2 billion (NOK 42.0 billion).

Solvency II sets requirements for own funds in a normal situation. This is known as the "solvency capital requirement" and is calculated as totalling NOK 24.5 billion (NOK 24.2 billion) for the insurance companies in the Group. See table 2. The solvency capital requirement shall secure that you as a customer will receive the insurance claims or pension payments that you are entitled to with 99.5% certainty. In addition comes the capital requirements from the 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 26.9 billion (NOK 26.8 billion).

TABLE 2 SOLVENCY CAPITAL REQUIREMENT

(NOK million)	31/12/2017	31/12/2016
Market risk	22,936	24,175
Counterparty risk	565	529
Life risk	10,453	8,773
Non-life and health risk	1,026	1,027
Operational risk	1,496	1,449
Loss-absorbing capacity of deferred taxes	-5,002	-5,363
Total solvency capital requirement for insurance companies	**24,452**	**24,248**
Capital requirements for subsidiaries regulated by CRD IV	2,458	2,537
Total capital requirement	**26,910**	**26,784**

TABLE 3 SOLVENCY POSITION

(NOK million)	31/12/2017	31/12/2016
Own funds	46,164	42,018
Solvency capital requirement	26,910	26,784
Solvency margin	**171.6%**	**156.9%**

There are capital requirements for all major risks borne by Storebrand. 91% of the capital requirement is from the insurance business. 9% of the capital requirement is from other businesses, principally banking activities. Within the insurance business, 64%[3)] of the capital requirement relates to the financial markets, particularly with regard to interest rates, equities, property, credit spreads and foreign currency risk. 29% of the capital requirement relates to the life risk, including the risk that pension customers live longer than expected. The insurance business also has operational risk, risk from non-life insurance and risk associated with counterparties not fulfilling their obligations. Total capital requirement are reduced through diversification, i.e. it is unlikely all of these events will occur simultaneously. The capital requirement is also adjusted for the effect of reduced tax.

When own funds of NOK 46.2 billion are compared with the capital requirement of NOK 26.9 billion, Storebrand has a solvency margin of 172 % (157%) [4)]. The requirement in the regulations is that the solvency margin must be over 100% in a normal situation. Storebrand's own target is over 150%.

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

[2] In Norway, Solvency II has been implemented through the Financial Institutions Act with regulations.
[3] Before diversification between the risk modules.
[4] After provisions for dividends.

A. BUSINESS AND PERFORMANCE

A.1 BUSINESS

During 2017, Storebrand acquired the asset management company Skagen. Storebrand also entered into an agreement to acquire Silver Pensjonsforsikring, but the closing of the transaction took place in the first quarter of 2018. More detail on the transactions is in Note 3 of the 2017 annual report for the Storebrand Group. The acquisition of Skagen significantly increases Storebrand's asset management business. Other than that, Storebrand's business has not changed significantly during 2017.

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 [5]. The accounts of the Storebrand Group are audited by Deloitte AS [6].

Storebrand ASA is listed on the Oslo Stock Exchange. As of 31 December 2017, Storebrand was the 11Th largest company (13Th largest as of 31 December 2016) in terms of market value. The company has a diverse ownership structure.

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[7], including the regulations that apply for the most important Group companies.

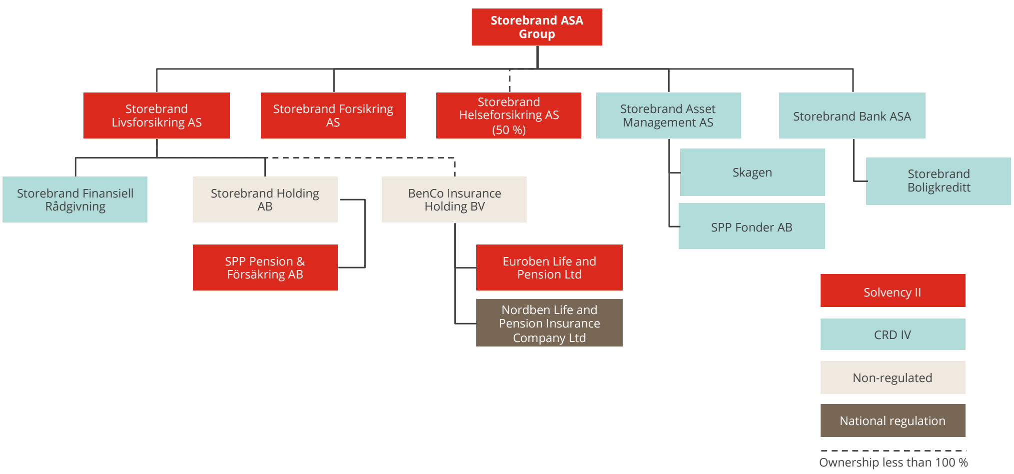


FIGURE 1 SIMPLIFIED GROUP STRUCTURE

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. 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 and Nordben Life and Pension Insurance Company Ltd. in Guernsey. The companies 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 91% (99.95% of the voting rights) of Skagen AS. Storebrand Asset Management also manages most of the assets for the Group's insurance companies.

[5] The Financial Supervisory Authority of Norway: Revierstredet 3, 0151 Oslo; Postboks 1187 Sentrum, 0107 Oslo; Tel.: +47 22 93 98 00.
[6] Deloitte AS: Dronning Eufemias gate 14; Postboks 221 Sentrum, 0103 Oslo; Tel.: +47 23 27 90 00.
[7] A complete overview of the companies in the Storebrand Group can be found on the last page of the 2017 annual report for Storebrand ASA.
[8] Storebrand Livsforsikring AS, SPP Pension & Försäkring AB, Storebrand Forsikring AS, Storebrand Helseforsikring AS, Euroben Life & Pension Ltd.

Storebrand ASA reports Solvency II on a group basis. The reporting includes all of the Group's subsidiaries, including the companies that are not governed by Solvency II. The insurance companies 5) 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's core businesses are managed and reported in the Saving, Insurance and Guaranteed Pension segments[9].

- *Saving* includes long-term saving for pensions, without interest rate guarantees. The main products are defined contribution pensions in Norway and Sweden, asset management and retail banking.
- *Insurance* includes 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 retail market and employee-related and pension-related insurance in the Norwegian and Swedish corporate markets.
- *Guaranteed pension* includes long-term pension with a guaranteed rate of return or a guaranteed benefit. The main products are defined benefit pensions in Norway and Sweden, paid-up policies and retail capital and pension insurance.

Savings and Insurance are the Group's growth areas, while Guaranteed Pension is in long-term decline.

Storebrand's strategy is to achieve profitable growth through simple and sustainable solutions, while also managing our guaranteed portfolios in a manner that is capital efficient. Occupational pension is a core product in both Norway and Sweden. In Norway, the employees and former employees of our corporate customers are also offered attractive solutions within the retail market.

A.2 UNDERWRITING PERFORMANCE

The results reported in this chapter correspond with technical accounts in the financial reporting for Storebrand, ref. Note 15 in the 2017 annual report for the Storebrand Group, but grouped in accordance with the segmentation used for Solvency II reporting. Information about the risk result is found in Note 7 of the 2017 annual report for the Storebrand Group.

Life insurance

The majority of premiums, claims and expenses for Storebrand relate to life insurance products. For 2017, total net premiums were NOK 22,934 million, compared to 22,665 million for 2016. Premiums are divided among health insurance (similar to life), guaranteed products with profit sharing, unit-linked contracts and other life insurance. Expenses relating to life insurance products were NOK 3,093 million.

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 31/12/2017	Total life insurance 31/12/2016
Gross premiums	1,013	5,412	15,167	1,390	22,983	22,687
Reinsurers' share	16	6	0	27	49	22
Net premiums	**998**	**5,406**	**15,167**	**1,363**	**22,934**	**22,665**
Gross claims	716	13,982	3,616	322	18,636	18,864
Reinsurers' share	7	0	0	5	12	5
Net claims	**709**	**13,982**	**3,616**	**317**	**18,623**	**18,858**
Expenses	**225**	**1,295**	**1,290**	**183**	**3,093**	**2,733**

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 the majority of 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.

[9] The segments are described in more detail in note 4, Segment reporting, in the 2017 annual report for Storebrand ASA.

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[10] or benefits. Premiums are significantly higher than claims because few employees have reached retirement age, particularly for defined contribution pensions in Norway. The majority 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 2017, total net premiums for non-life insurance products were NOK 1,713 compared to NOK 1,722 million for 2016. Expenses associated with non-life insurance products were NOK 456 million.

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 31/12/2017	Total non-life insurance 31/12/2016
Gross premiums written	335	274	68	608	359	95	1,739	1,748
Reinsurers' share	1	7	5	5	8	0	26	26
Net premiums written	**334**	**267**	**62**	**604**	**351**	**95**	**1,713**	**1,722**
Gross premiums earned	326	274	68	613	364	93	1,738	1,730
Reinsurers' share	1	7	5	5	8	0	26	26
Net premiums earned	**325**	**267**	**62**	**609**	**356**	**93**	**1,711**	**1,704**
Gross claims	199	145	23	383	276	63	1,088	1,248
Reinsurers' share	0	4	2	1	14		22	36
Net claims	**199**	**141**	**20**	**381**	**262**	**63**	**1,066**	**1,212**
Expenses	**78**	**72**	**17**	**160**	**94**	**25**	**456**	**376**

In the table, the segments are grouped according to main category. Appendix 2 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.

The income protection and occupational injury products are sold through both Storebrand Forsikring AS and Storebrand Livsforsikring AS. The insurance provide lump-sum compensation if accidents occur[11] 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

The majority of 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 last year.

[10] Also includes paid-up policies with investment choice and hybrid occupational pension with a 0% return guarantee.
[11] Does not include Group Life which is part of Other life insurance.

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 life insurance
		Sweden	*Ireland*	
Gross premiums written	16 034	6 875		22 910
Reinsurers' share	19			19
Net premiums written	**16 015**	**6 875**		**22 890**
Gross premiums earned	16 034	6 875		22 910
Reinsurers' share	19			19
Net premiums earned	**16 015**	**6 875**		**22 890**
Gross claims	10 237	7 903		18 140
Reinsurers' share	**7**			**7**
Net claims	**10 230**	**7 903**		**18 133**
Expenses	**1 462**	**1 521**	**9**	**3 093**

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 last year.

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

(NOK million)	Home country	Sweden	Total non-life insurance
Gross premiums written	1 558	181	1 739
Reinsurers' share	26		26
Net premiums written	**1 531**	**181**	**1 713**
Gross premiums earned	1 564	174	1 738
Reinsurers' share	26		26
Net premiums earned	**1 538**	**174**	**1 711**
Gross claims	983	105	1 088
Reinsurers' share	22		22
Net claims	**961**	**105**	**1 066**
Expenses	**403**	**43**	**456**

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 2017, Storebrand had income from investments of NOK 31,180 million, compared to NOK 27,449 million for 2016. Of this, NOK 8,914 million was interest income, NOK 548 million was equity dividends, NOK 849 million was rent and NOK 5,811 million was capital gains (net) from the sale of securities. Net unrealised gains in value was NOK 15,058 million.

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.

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

(NOK million)	Dividends	Interest revenues	Rent	Net gains and losses	Value changes
Collective portfolio	324	7,173	743	3,121	3,620
Index-linked and unit-linked contracts portfolio	263	1,312	106	2,611	10,944
Company portfolio	-39	428		79	494
Total	**548**	**8,914**	**849**	**5,811**	**15,058**

Further details about how income is divided into asset classes can be found in the appendix to this report (Appendix 1).

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

Income from investments also appears in Note 16, Net income, for different classes of financial instruments and Note 17 Net income from properties, in the 2017 annual report for the Storebrand Group.

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 2017 annual report for Storebrand ASA.

The Storebrand Group is financed by a combination of equity and subordinated loans. With the interest rate as of the end of 2017, interest expenses of approximately NOK 100 million are expected per quarter.

Other activities are specified in more detail in Note 18 Other Income and Note 26 Other Expenses in the 2017 annual report for the Storebrand Group.

A.5 ANY OTHER INFORMATION

The business and results for 2017 are also described in the 2017 annual report for Storebrand ASA.

B. SYSTEM OF GOVERNANCE

B.1 GENERAL INFORMATION ON THE SYSTEM OF GOVERNANCE

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

The Board and the Board's sub-committees

At the end of 2017, the Board of Storebrand ASA consisted of 10 members (five men and five women), of whom seven were elected by the shareholders and three 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 also 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 work of the Board is regulated by rules of procedure for the Board which are reviewed annually. The Board has established three sub-committees in the form of a compensation committee, audit committee and risk committee. The committees consist of three to four board members, of whom two to three are shareholder-elected and one is elected by the employees. The committees are preparatory and advisory working committees and assist the Board with the preparation of items for consideration. Decisions are made, however, by the full Board. The committees may, at their own initiative, hold meetings and consider matters without the involvement of management.
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 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, communication, finance & accounting and people & technology.

Independent control functions

The Board has established independent control functions in accordance with relevant legal requirements (risk management function, compliance 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. Storebrand has a transparent incentive model, with emphasis on the customers' interests and a long-term perspective The Group primarily use fixed salary as a means of overall financial compensation, and use variable remuneration only to a limited extent. The Group's executive management team and executive personnel, who have a significant influence on the company's risk, receive only fixed salaries. Other employees may be awarded a discretionary bonus of 5-15% of fixed salary.

The company arrange and pay for ordinary group pension insurance for all employees in accordance with the applicable pension rules at any given time. Since 2015, the company has had defined contribution pension schemes for all employees in Norway 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).

In connection with the transition from defined benefit to defined contribution schemes, compensation schemes were established for employees in Norway for whom the change was disadvantageous. These schemes give monthly additional saving for employees for a maximum of 36 months, and was finalised during 2017. The additional saving is taxed as income. For executive management, the calculated cash value of pension rights for income above 12 G, which was already earned before the change, will be paid out over a five-year period.

The Group CEO and executive vice presidents are entitled to severance pay if the company terminates their contracts. The entitlement to a severance package is also available if the employee decides to leave the company when this is due to substantial changes in the organisation or equivalent conditions, which result in the person in question not being able to naturally continue in his/her position. If the employment relationship ends because the person concerned is guilty of a gross breach of duty or other material breach of the employment contract, the entitlement to a severance package does not apply. Deductions are made to the severance pay for all work-related income. Severance pay represents the pensionable salary at the date on which the employment ends, excluding all bonus schemes, if applicable. The Group CEO is entitled to 24 months of severance pay. Other Group directors have a maximum of 18 months' severance pay.

Further details concerning pension schemes and remuneration, including the level of remuneration received by the Board and executive personnel, are provided in notes 23 and 24 of the 2017 annual report for the Storebrand Group.

Transactions with close associates

Companies in the Storebrand Group have transactions with close associates that are shareholders in Storebrand ASA and executive personnel. These are transactions that are a part of the products and services that are offered by the companies in the Group to their customers. The transactions are entered into on market terms and include occupational pension, private pension saving, non-life insurance, rental of premises, deposits, lending, asset management and mutual fund saving.

Specific details are provided in note 46 of the 2017 annual report for the Storebrand Group.

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/key 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.

A fit and proper assessment is implemented and documented as part of Board-member selection, annual Board evaluations, recruitment including background checks, annual succession planning and successor processes, as well as employee appraisals.

Management and key functions handled by external service providers are assessed in the same manner as equivalent roles in the company. The Group has outsourced internal auditing to Ernst & Young (EY). An employee at Storebrand is responsible for the contract. The employee responsible satisfies the fit and proper requirements by having the necessary expertise and experience to be able to evaluate the performance of and services from EY.

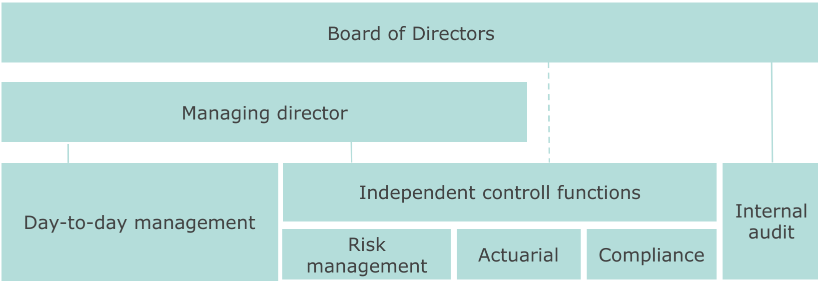
Fit and proper requirements is assessed at least once a year or in the event of important strategic or organisational changes, in the event of replacements or other changes to management or key functions and in connection with outsourcing of management or key functions. Storebrand provides The Financial 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 2017, 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.



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 future-oriented reviews 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 adequately 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 independent control functions, and for the risk-taking being in accordance with regulatory requirements and limits set by 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. Independent control functions (second line of defence) have been established for risk management (Chief Risk Officer), for compliance with the regulations (Compliance Function), and for actuarial tasks (Actuarial Function). 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 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) is organised directly under 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 how well the various control functions are working.

The risk management process

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

Through the risk identification process, the business shall ensure that all significant risks are known. The Group has established a joint risk universe. This ensures a common and unified risk language. The grouping of risk is consistent with the risk universe in the Solvency II framework.

The overall risk is measured in the form of capital requirements in accordance with the standard model in Solvency II, ref. Chapter E.2 Solvency Capital Requirement and Minimum Capital Requirement. The risk is also quantified using other stress tests and scenario analyses. All risks have a risk owner. For each risk, the risk owner is responsible for measuring the risk, including use of relevant stress tests and scenarios. The measurement shall ensure that the Board can follow up 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 commercial objectives. 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.

Each leader at all levels of the business is responsible for risk management within his/her own area of responsibility. The risk management shall ensure that the risk level is compatible at all times with the risk appetite and is within internal and regulatory limits. If the risk deviates from targets or breaches limits, the risk owner will immediately ensure that the necessary measures are initiated. Risk owners continually monitor the development of risk exposure and shall have reporting procedures that ensure that information regarding significant risks is analysed and communicated. At an overarching level, the Board receives risk reporting through information about the business at board meetings and in the form of monthly reports on business activities. Routines and systems have been established that enable all employees to provide systematic and prompt reports to management if they discover deviations, new risks or that established control measures are not functioning.

The business' risk reporting is supplemented by independent reporting from the Chief Risk Officer. Each month, this function prepares a risk report for the Group that is sent to the executive management and the boards of Storebrand ASA and Storebrand Livsforsikring. The Chief Risk Officer prepares a risk review for the executive management and the boards at least twice a year.

Risk management is an integrated part of the business and is intended to support commercial decisions. The Board and management take the relevant risk information into consideration 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 of the risk and solvency assessment.

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 factors.

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 composition of risk and development in the risk picture correlate with guidelines from the risk appetite statement and whether the risk of fluctuations in the solvency position is within an acceptable level.

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 interest rate curve. Main sensitivities as of 31/12/2017 are summarised in the figure.

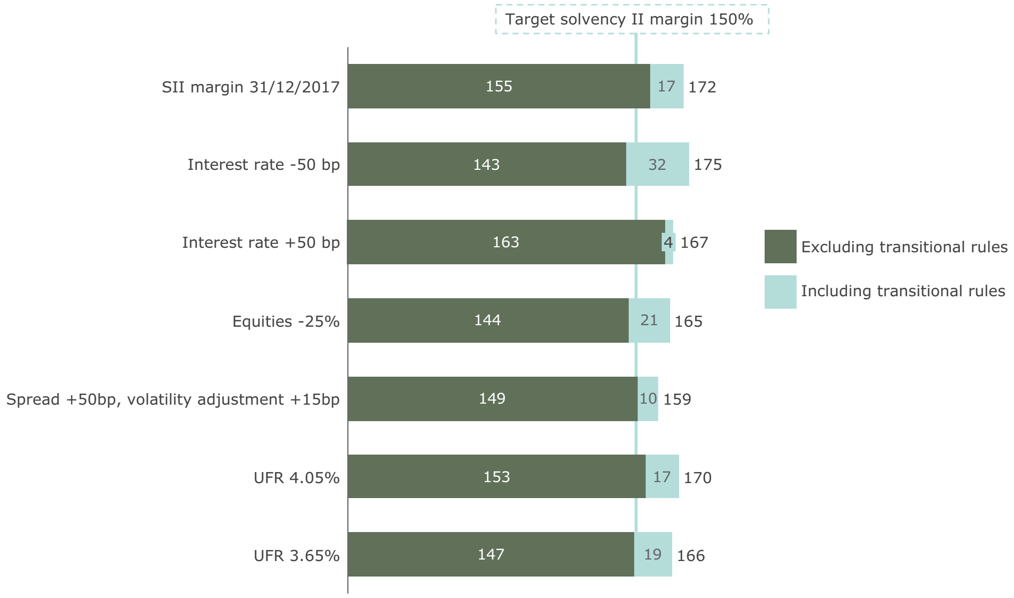


FIGURE 2 SENSITIVITIES FOR SOLVENCY MARGIN

Before the effect of transitional measure (see Chapter D.2), the solvency-margin is most vulnerable to equities and interest rates levels. A 25 % fall in equities will reduce the solvency-margin from 155 % to 144 %, while a 50bp fall in interest rates will reduce the solvency margin to 143 %. The transitional for valuation of technical provisions counteracts much of the negative effects from lower interest rates. Including transitional measures, the solvency-margin is most vulnerable to credit spreads. A 50bp increase in credit spreads will reduce the solvency margin from 172 % to 159 %.

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 is more than 10%. Risk taking shall contribute to achieving this target.

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

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

Storebrand ASA has a target of a net debt-equity ratio of close to zero. 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 2017, there has not been changes that affects the internal control system in a significant way.

The basis for 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 continual 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 Group is to cover all of the Group’s licensed operations. The Group Compliance Officer leads the function. The compliance functions for the companies are formally affiliated with the legal structure of the companies that require a license to operate, but are functionally combined under the Group Compliance Officer.
The compliance function reports directly 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 and the Group Compliance Officer reports to the Group Chief Risk Officer.
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. Regulatory changes are reviewed by the Board annually or when required.

B.5 INTERNAL AUDIT FUNCTION

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

Storebrand has an agreement with Ernst & Young (EY), valid from 1 January 2013, to act as the internal audit function for all of 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 being 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 who are being audited. The internal audit function must be able to conduct investigations at its own initiative, independently of the management. When requested by the business, or at its own initiative, the internal audit function may conduct investigations in the event of suspected breach.

B.6 ACTUARIAL FUNCTION

During 2017, 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 are 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

During 2017, Storebrand has not entered into new outsourcing arrangements or made other changes that materially affects the outsourcing. During the first quarter of 2018, Storebrand sold the remaining 34 % stake in Storebrand Baltic UAB to Cognizant.
Outsourcing is when Storebrand use contractors to perform tasks that alternatively can be carried out by the company itself. The Board has approved guidelines for outsourcing. The guidelines apply for both outsourcing internally within the Storebrand Group and when the activity is outsourced 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 continual operation, effective supervision and the relationship to our customers.

In November 2015, Storebrand entered into a long-term strategic partnership agreement with Cognizant. At the same time, Storebrand sold 66% of the shares in Storebrand Baltic UAB, which was the Group's service centre in Vilnius, Lithuania, to Cognizant. The remaining 34% was sold to Cognizant during the first quarter of 2018. The agreement involve business processes and IT development that were already carried out at Storebrand Baltic. Storebrand also sees considerable potential in the partnership in terms of innovation and digitalisation of the Group's services, with associated efficiency improvements for processes and IT solutions. This will provide better and more innovative solutions for customers and lower costs for the Group.

Companies in the Storebrand Group have outsourced services relating to, among other things, business processes, operation and development of IT infrastructure and operation and development of core systems, 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[12)]

Contract partner	Service	Jurisdiction
Cognizant Technology Solutions UK Ltd.	Business processes IT operation and development	United Kingdom (Lithuania, India)
Storebrand and SPP Business Services AB (intragroup)	Cognizant processes	Sweden
Evry AB	IT infrastructure	Sweden
Evry Norge AS	Operation of joint finance system	Norway
Oracle Norge AS	Cloud services	Norway
Microsoft Ireland Operations	IT support Cloud services	Ireland
Tieto Corporation	IT system solutions	Norway
OpusCapita IT solution AS	System administration	Norway
Skandikon Administration AS	Insurance administration	Sweden
Basefarm AS	Operation of IT infrastructure	Norway
Charles River Development Inc	Front-office system asset management	United Kingdom
SimCorp AS	Securities system	Norway
Skandinavisk Data Center AS	Operation and development of core system for banking	Denmark
FDC AS	Operation and development of core system for non-life insurance	Denmark
Touch Technology AS	Recording of customer conversations	Norway
Zalaris HR Services AS	Payroll system for own employees	Norway
Ernst & Young AS	Internal audit	Norway, Sweden
Storebrand Asset Management AS (intragroup)	Asset management	Norway
Storebrand Bank ASA (intragroup)	Loan management Distribution	Norway
Storebrand Finansiell Rådgivning AS (intragroup)	Distribution	Norway

B.8 ANY OTHER INFORMATION

The system for risk management and internal control is also described in the 2017 annual report for Storebrand ASA, particularly the chapter pertaining to Corporate Governance, and the paragraph on the capital situation and risk in the directors' report and Note 5, Risk management and internal control.

[12] 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 technical provisions due to the actual development differing from what was expected when premiums or provisions were calculated. The greatest insurance risks for Storebrand relate to longevity, disability, and lapse and expense development.

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

Customers, who have 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 offers insurance coverage for disability, essentially as collective 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 risk is reduced by obtaining health information before agreements are entered into with individuals or small companies. For larger companies, the price takes into consideration the industry and history of illness. The risk is managed by following the risk results and, if necessary, adjusting the price on an annual basis.

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 and 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[13], 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.

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 related to defined contribution pension contracts. Storebrand has entered into a reinsurance agreement that covers loss of margin if lapse for defined contribution pensions in Norway exceeds a defined level.

C.2 MARKET RISK

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

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

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.

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

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. The most important factors are the size and flexibility of the customer buffers and level and duration of the guaranteed return. If the investment return is not sufficient to meet the guaranteed interest rate, the shortfall may be met by using customer buffers built up from previous years' profits. Storebrand is responsible for meeting any shortfall under the interest rate guarantee.

The market risk is managed by segmenting the portfolios in relation to risk-bearing capacity. For customers who have large customer buffers, investments are made with higher market risk that give increased expected returns. Equity risk is also managed by means of dynamic risk management, for which the objectives are to maintain good risk-bearing capacity and continually adjust the financial risk to the buffer situation and the company's capital adequacy. 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 price or terms. In Norway, the effect of low interest rates will be dampened by a large proportion of amortised cost portfolios that will benefit from securities purchased at interest rate levels higher than the current levels. In the Swedish business, management of interest rate risk is based on matching the interest rate risk from the assets to the interest rate risk from the technical provisions.

Customer portfolios without guarantees

For defined contribution pension and unit-linked contracts, the customers can decide how to invest the funds. The greatest market risks are the equity market risk and foreign exchange 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 have low market risk for the company portfolios, and most of the funds are invested in short and medium-term fixed income securities with low credit risk. Storebrand Livsforsikring's stake in SPP[14)] is partly currency hedged.

Sensitivities

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

As the basis for continuous risk monitoring, Storebrand uses a stress test based on a 12% fall in the equity market, a 7% fall in property prices and an increase in credit spreads of 60 basis points. For interest rates, both an increase and decrease of 50 basis points are stress tested and the most negative figure is used. An interest rate increase is negative for the result, while the solvency position is negatively affected by a fall in interest rates. The stress tests are carried out individually, but the overall market risk is less than the sum of the individual stresses because diversification is assumed. The same correlation between the stress tests as for Solvency II is used.

The table shows the fall in value of Storebrand Livsforsikring and SPP's investments portfolios (company portfolio and guaranteed customer portfolios) because of immediate changes from financial market risk as of 31 December 2017.

[14] Owned via Storebrand Holding AB.

TABLE 10 PROFIT RISK

	Storebrand Livsforsikring		SPP Pension & Försäkring	
	NOK million	Share of portfolio	SEK million	Share of portfolio
Interest rate risk	1,907	1,00 %	372	0,40 %
Equity risk	1,657	0,90 %	852	1,00 %
Property risk	1,347	0,70 %	582	0,70 %
Credit risk	721	0,40 %	750	0,80 %
Diversification	-764	-0,40 %	-384	-0,40 %
Result	**4,873**	**2,50 %**	**2,172**	**2,40 %**

Because the effect of immediate market changes are calculated, dynamic risk management will not have an effect on the outcome. If it is assumed that the market changes occur over a period of time, then dynamic risk management will reduce the effect of the negative outcomes somewhat. As a result of customer buffers, the effect of the stresses on the financial result will be lower than the combined change in value in the table. As of 31 December 2017, the customer buffers were of such a size that the effects on the result are significantly lower.

Based on the stress test, Storebrand Livsforsikring (Norway) has an overall market risk of NOK 4.9 billion, which is equivalent to 2.5 per cent of the investment portfolio. That is an increase from NOK 4.1 billion (2.1 percent of portfolio) at the end of 2016. If the stress causes the return to fall below the guarantee, it will have a negative impact on the financial result if the customer buffer is inadequate. Other negative effects on the result are a lower return from the company portfolio and that there is no profit sharing from paid-up policies and individual contracts.

Based on the stress test, SPP has an overall market risk of SEK 2.2 billion, which is equivalent to 2.4 per cent of the investment portfolio. That is an increase from SEK 2.0 billion (2.2 per cent of the portfolio) at the end of 2016. 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.

Defined contribution and other unit-linked contracts without a guaranteed return are not included in the analysis. For these products, the customers bear the market risk and the effect of a falling market will not directly affect the result.

Other companies in the Storebrand Group are not included in the sensitivity analysis, as the market risk is limited. The investments have low allocation to risky assets and the products does not give Storebrand direct exposure to risk from changes in financial markets.

Prudent persons principle

The guaranteed portfolios is 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 sufficient, 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.

For all portfolios, the investment strategy limits the investable types of assets. Derivatives are used when the purpose is to reduce risk. The investment strategy has requirements for the tradability of the assets and for adequate diversification of risk between, among other things, asset classes, countries, sectors and individual issuers.

Assessment of credit risk irrespective of rating
For interest-bearing securities, the risk is managed by limiting maximum exposure per rating category, 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 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.

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

The boards of each of the companies in the Group decide the limits for credit risk in relation to each counterparty and as a whole 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 uses published credit ratings whenever available, together with own assessments.

Counterparty risk from derivatives
Storebrand has entered into framework agreements with all counterparties to reduce the risk inherent in 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. As of 31 December 2017, Storebrand had pledged collateral of NOK 2,249 million and received collateral of NOK 21 million. Net collateral pledged was NOK 2,228 million. Collateral was received and pledged in the form of both cash and securities.

Further information about collateral appears in Note 43 Collateral and Note 10 Credit risk in the 2017 annual report for the Storebrand Group.

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 an increasing 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.

As of 31 December 2017, Storebrand had loans and mortgages to customers totalling NOK 54 billion (46 billions in 2016) after provisions for losses of NOK 54 million. Of this, NOK 12 billion (NOK 11 billion for 2016) was to the corporate market and NOK 42 billion (NOK 36 billion for 2016) 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. Corporate loans at Storebrand Bank are being wound down, and therefore everything except NOK 0.3 billion of the corporate loans has been provided by Storebrand Livsforsikring and SPP.

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 15.2 billion (9.7 billion for 2016). The housing loans are transferred on market terms.

Loans and mortgages are described in more detail in Note 33 of the 2017 annual report for the Storebrand Group.

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

The risk is measured as a combination of how often it may occur (probability) and consequence. 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 is higher than what is deemed acceptable, measures must be established for reducing 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 particular responsibility for controlling operational risk. In addition, the internal audit function carries out an independent control in accordance with audit projects adopted by the Board.

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

C.6 OTHER MATERIAL RISKS

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 and Guernsey (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 in particular 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 diverisification 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 impact 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 the 2017 annual report for Storebrand ASA, particularly the description of risk in the directors' report and notes 5-11 for the Storebrand Group.

D. VALUATION FOR SOLVENCY PURPOSES

D.1 ASSETS

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

Overview of assets in the solvency balance sheet.

Total assets for Solvency II are NOK 515 billion. NOK 328 billion are financial assets and loans relating to guaranteed customer portfolios or company portfolios. Assets for unit-linked contracts amount to NOK 169 billion, while other assets total NOK 18 billion.

TABLE 11 ASSETS IN THE SOLVENCY BALANCE SHEET

(NOK million)	31/12/2017	31/12/2016
Deferred tax assets	71	102
Investments (other than assets held for index-linked and unit-linked contracts)	301,825	302,092
Property	*28,410*	*26,508*
Holdings in related undertakings, including participations	*3,730*	*3,409*
Equities	*13,155*	*9,560*
Equities - listed	*10,983*	*7,411*
Equities - unlisted	*2,171*	*2,149*
Bonds	*233,701*	*218,017*
Government bonds	*78,660*	*77,178*
Corporate bonds	*153,972*	*140,230*
Structured notes	*1,069*	*609*
Collective Investments Undertakings	*18,943*	*40,087*
Derivatives	*3,852*	*4,500*
Deposits other than cash equivalents	*35*	*10*
Assets held for index-linked and unit-linked contracts	169,039	139,760
Loans and mortgages	26,349	18,972
Reassurance recoverables	92	144
Cash and cash equivalents	6,629	6,900
Other assets	10,981	8,185
Total assets	**514,985**	**476,155**

Main principles for valuing 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 contracts and investment properties, in the 2017 annual report for the Storebrand Group.

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
   a. Insurance companies that are part of the EU/EEA and have own solo Solvency II reporting, are fully consolidated using so-called line-for-line consolidation based on Solvency II valuation.
   b. Nordben is domiciled in Guernsey, is outside of the EU/EEA, and has no Solvency II reporting. Nordben is also fully consolidated,
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 1.6 billion lower value for the solvency balance sheet, ref. Table 20.

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 8.5 billion higher than the valuation based on amortised cost. The difference also appears in the note information for the financial statements, ref. Note 32 in the 2017 annual report for the Storebrand Group.

Intangible assets

In accordance with the Solvency II principles, intangible assets shall be valued at zero for Solvency II. The difference gives a NOK 4.9 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, with the exception of 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 overall effect is described in the "Deferred tax" paragraph in Chapter D.3. Other liabilities.

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 7.9 billion compared with the financial statements. This is included in the "Other assets" item in Table 11.

D.2 TECHNICAL PROVISIONS

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

Under Solvency II, 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 second hand market for the purchase and sale of technical provisions and therefore no observable market price, the fair value is calculated in a model.

This differs from the valuation in the financial statements described in Note 1, point 2 of the 2017 annual report for the Storebrand Group.

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.

The principle for the structure of the solvency balance sheet and calculation of technical provisions are illustrated in Figure 3.

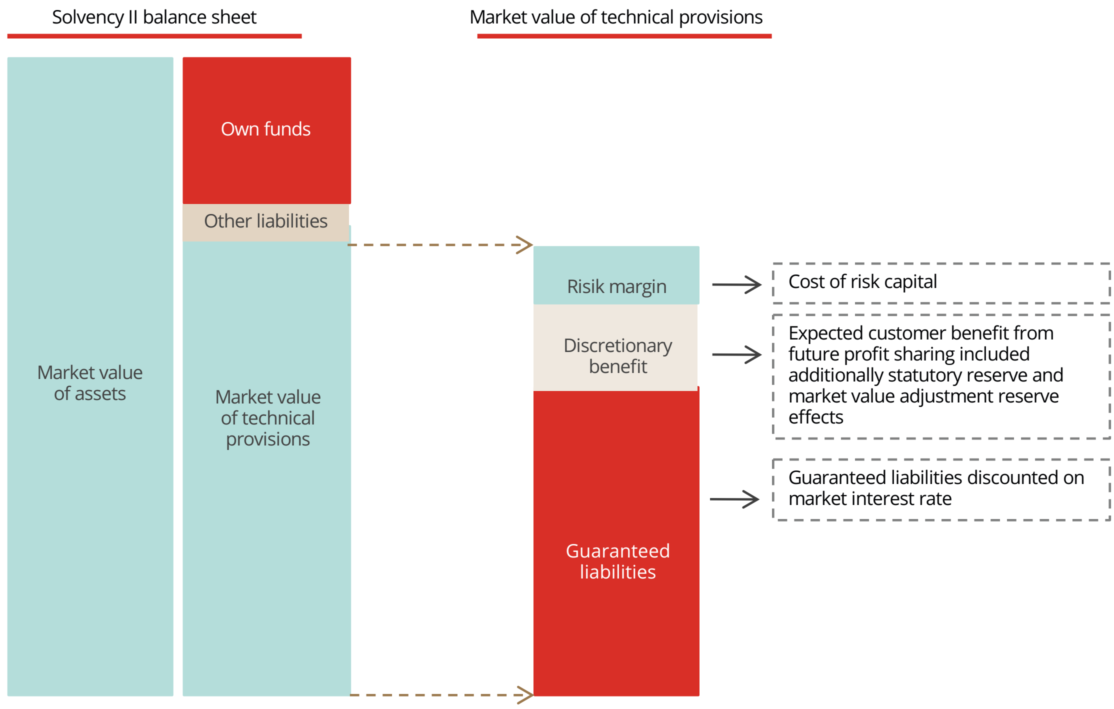


FIGURE 3 ELEMENTS IN THE SOLVENCY II BALANCE SHEET

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 with risk-free market interest rate to establish the best estimate. For the calculation as of 31 December 2017, Storebrand has estimated cash flows for the next 60 years and calculated a residual value for the 60Th 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. payment to the customer in addition to what is guaranteed. The cash flows have taken into account 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 because 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 12 shows the value of technical provisions split between best estimate and risk margin for Storebrand's product areas

TABLE 12 TECHNICAL PROVISIONS

(NOK million)		Best estimate	Risk margin	Technical provisions 31/12/2017	Technical provisions 31/12/2016
Storebrand Livsforsikring	Traditional life insurance	185,588	2,018	187,606	187,159
	Unit-linked contracts	71,277	2,753	74,029	59,332
	Group life (health similar to life)	1,371	17	1,388	1313
	Non-life (health similar to non-life)*	608	19	627	725
SPP Pension & Försäkring	Traditional life insurance	82,080	1,376	83,456	80,787
	Unit-linked contracts	81,446	1,266	82,712	70,424
	Risk (health similar to life)	808	50	858	858
Storebrand Helseforsikring	Health insurance	71	4	74	72
Storebrand Forsikring	Non-life insurance	696	27	723	720
Euroben	Life insurance	10,452	10	10,462	9818
Nordben	Life insurance	4,907		4,907	5318
	Unit-linked contracts	1,104		1,104	1341
Total technical provisions prior to transitional rules		**440,407**	**7,539**	**447,945**	**417,868**

*Occupational injury, critical illness and income protection insurance.

The technical provisions for Storebrand amount to NOK 448 billion, split between NOK 440 billion in best estimate and NOK 7.5 billion in risk margin. That is an increase of 30 billion during 2017, mainly due to an increase of NOK 27 billion in unit-linked contracts. Traditional life insurance is 64 % (68% at the end of 2016), unit-linked contracts 35 % (31%) and other products 1 % (1%) of the provisions. Storebrand Livsforsikring makes up 59 % (59%) of the provisions and SPP 37 % (36%).

Transitional on the valuation of technical provisions

Storebrand Livsforsikring uses transitional for calculating technical provisions in accordance with Section 56 of the Norwegian Solvency II Regulation.[15] The effect is calculated as the difference between the Solvency II provision and equivalent 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 provisions.

TABLE 13 EFFECT OF TRANSITIONAL ON TECHNICAL PROVISIONS

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

[15] Storebrand Livsforsikring does not use the transitional on technical provision relating to the discounting curve.

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

The size of the transitional on technical provision, including the floor effect, depends on the interest rate. A lower/higher interest rate will increase/decrease the effect. This counteracts changes in value of the technical provisions without transitional, i.e. that the value of the technical provisions with transitional will be considerably less interest-sensitive. Storebrand has received approval from the Financial Supervisory Authority of Norway to recalculate the transitional on technical provision each quarter.

The transitional is also affected by the development in reserves. The transition from guaranteed to unit-linked contracts will reduce the transitional in the future because the expected increase in the non-guaranteed portfolio will increase the floor effect.

Difference between Solvency II and financial statements

Table 14 shows the value of the technical provisions in the financial statements and under Solvency II with and without transitional.

TABLE 14 TECHNICAL PROVISIONS UNDER SOLVENCY II AND IN THE FINANCIAL STATEMENTS

(NOK million)		Solvency II including transitional on technical provisions	Solvency II excluding transitional on technical provisions*	Financial statements
Storebrand Livsforsikring	Traditional life insurance	187,606	192,119	182,918
	Unit-linked contracts	74,029	74,029	80,372
	Group life (health similar to life)	1,388	1,388	1,450
	Non-life (health similar to non-life)	627	627	631
SPP	Traditional life insurance	83,456	83,456	85,494
	Unit-linked contracts	82,712	82,712	87,473
	Risk (health similar to life)	858	858	991
Storebrand Helseforsikring	Health insurance (health similar to non-life)*	74	74	150
Storebrand Forsikring	Non-life insurance	723	723	1,092
Euroben	Life insurance	10,462	10,462	10,454
Nordben	Life insurance	4,907	4,907	4,907
	Unit-linked contracts	1,104	1,104	1,104
Total		**447,945**	**452,458**	**457,036**

* Only relevant for Storebrand Livsforsikring.

Total technical provisions are valued at NOK 447.9 billion for Solvency II, which is NOK 9.1 billion lower than in the financial statements. Without transitional, the technical provisions are valued at NOK 452.5 billion, which is NOK 4.6 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 9.2 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.

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

For index-linked and unit-linked contracts, the valuation for Solvency II is NOK 6.3 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 4.8 billion less. The principal explanation is that future margins reduces the provision for Solvency II.

Traditional life insurance is valued NOK 2.0 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 the most important assumptions

Contract boundary: Under Solvency II, future premiums are included in the calculation of technical provisions if these are deemed to be a part of an existing liability. When premiums are within the contract boundary, the premium development is modelled based on historical trends for premium payments. 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 consistent with 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.

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 the majority of the acquisition expenses are kept outside the modelling, 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 life expectancy is assumed to be longer the younger the person is. 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 transition: Assumptions are determined per product and updated annually. As a general rule, 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 as a basis for future returns. The yield curve is published by the European Insurance and Occupational Pensions Authority (EIOPA). Storebrand uses the risk-free yield curve, including volatility adjustment (VA). As of 31/12/2017, the VA was 15 basis points in Norway and 2 basis points in Sweden.

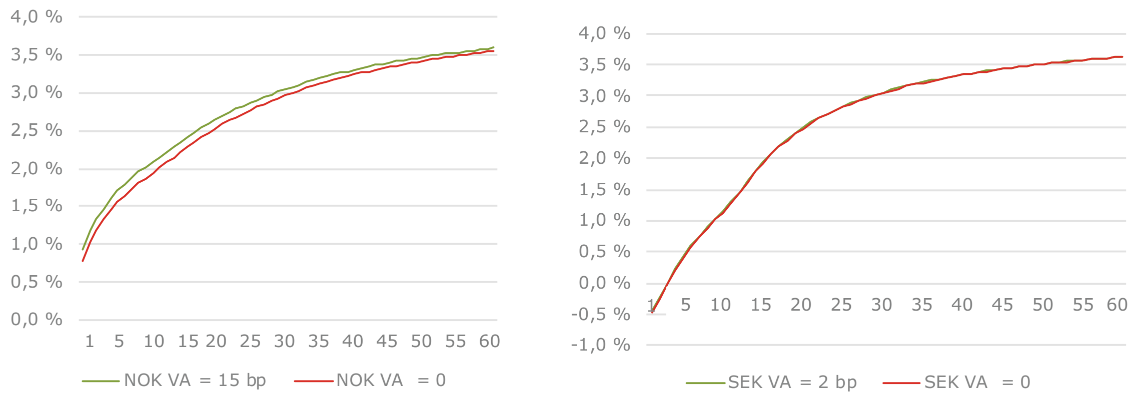


FIGURE 4 SPOT RATES WITH AND WITHOUT VA

Measured with the interest rate curve without volatility adjustment, the value of the technical provisions increases by NOK 1.7 billion before effect of transitional. In Norway, the transitional fully compensates for the change in value of technical provisions. The volatility adjustment in Sweden is minimal, so the effect is small. 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. This is an improvement during 2017, as for 2016 allocation was assumed constant through the projection.

Management actions: In order to provide as realistic picture as possible, in some areas it is necessary to implement management actions in the calculations. The management actions correspond with how the company actually acts and these are 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 some uncertain assumptions, including the extrapolating method, time period to the ultimate forward rate (UFR), level of the UFR and level of volatility adjustment.
- *Transition from defined benefit schemes in Norway.* A faster than expected transition from active defined benefit schemes to paid-up policies will increase the value of the technical provisions. A slower transition 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 conducted for the value of technical provisions, own funds and the capital requirements for alternative levels of interest rate, customer behaviour, revenues and expenses. Among other things, the purpose is to improve the understanding of the sensitivity of the calculations.

D.3 OTHER LIABILITIES

Liabilities other than technical provisions amount to NOK 28.1 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 16 OTHER LIABILITIES

(NOK million)	2017	2016
Contingent liabilities	6,121	4,540
Pension benefit obligations	320	262
Deferred tax liabilities	1,856	1,960
Derivatives	1,578	1,514
Insurance & intermediaries payables	6,952	6,375
Subordinated liabilities	8,547	7,198
Other liabilities	2,764	3,834
Total other liabilities	**28,137**	**25,684**

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. “Other differences” under Chapter D.1.

Pension benefit obligations

Pension benefit obligations are calculaed in accordance with Norwegian IAS19, ref. Note 1, point 13 in the 2017 annual report for the Storebrand Group. 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 121 million higher for Solvency II. In addtion, Storebrand Bank has a subordinated loan of NOK 276 million.

The loan is included as value of related undertaking under Solvency II; see Chapter D.1). In total, this gives a value for subordinated liabilities that is NOK 155 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 637 million and deferred tax liabilities of NOK 238 million under IFRS to a deferred tax asset of NOK 71 million and deferred tax liabilities of NOK 1.856 million under Solvency II. It is not possible to offset a deferred tax asset of NOK 71 million from the Swedish business (Storebrand Holding) against any deferred tax liabilities at Group level.

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 2017 annual report for the Storebrand Group.

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, it is the customer who 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 sufficient 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 to be 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 46.2 billion in own funds (solvency capital), an increase of NOK 4.2 billion from 2016. The capital is divided into tiers depending on quality and availability. Table 16A shows the composition of own funds and distribution into tier 1 (restricted and unrestricted), tier 2 and tier 3 capital.

TABLE 16A OWN FUNDS AS PER 31/12/2017

(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	20,014	20,014			
Effect of transitional on technical provision	4,513	4,513			
Subordinated liabilities	8,547		2,642	5,905	
Deferred tax asset	71				71
Risk equalisation reserve	143			143	
Available minority interests	16				16
Own funds	**46,164**	**37,387**	**2,642**	**6,048**	**87**
Minimum capital	**39,294**	**34,958**	**2,417**	**1,919**	

TABLE 16B OWN FUNDS AS PER 31/12/2016

(NOK million)	Total	Tier 1 Unrestricted	Tier 1 Restricted	Tier 2	Tier 3
Ordinary share capital	2,250	2,250			
Share premium account related to ordinary share capital	9,485	9,485			
Reconciliation reserve	19,754	19,754			
Effect of transitional on technical provision	3,073	3,073			
Subordinated liabilities	7,198		2,575	4,623	
Deferred tax asset	102				102
Risk equalisation reserve	140			140	
Available minority interests	16				16
Own funds	**42,018**	**34,561**	**2,575**	**4,764**	**118**
Minimum capital	**36,717**	**32,371**	**2,350**	**1,996**	

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, including the effect of the transitional on technical provision. Also included are perpetual subordinated loans with up to 20% of tier 1 capital. Storebrand has NOK 40.1 billion in tier 1 capital and this amounts to 87% of the total own funds. Of this, NOK 37.4 billion is unrestricted.

Other subordinated loans (non-perpetual) and risk equalisation reserve are categorised as tier 2 capital. Tier 2 and tier 3 capital combined can cover up to 50% of the solvency capital requirement. Storebrand has NOK 6.0 billion in tier 2 capital and this represents 13% of total own funds. Tier 3 of NOK 0.1 billion is deferred tax assets and minority interest. The tier 2 and tier 3 capital covers 23% of the solvency capital requirement.

Storebrand has eligible own funds to meet the minimum capital requirement of NOK 39.3 billion. Of this, NOK 37.4 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 1.9 billion.

Own funds and minimum capital without volatility adjustment

Without volatility adjustment, own funds are reduced to NOK 41,509 million and minimum capital to NOK 34,658 million due to the increased value of technical provisions adjusted for tax. In Norway, the transitional on technical provision compensates for the change in own funds.

Expected profit in future premiums

The value of Expected Profits in Future Premiums (EPIFP) is NOK 3,532 million, split between NOK 3,498 million in the life insurance business and NOK 34 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

During 2017, Storebrand issued a new subordinated loan with nominal value SEK 1,000. There were no redemption of subordinated loan capital.

TABLE 17 SUBORDINATED LOANS

Nominal value (NOK million)	Currency	Solvency II (NOK million)	Financial statements (NOK million)	Repurchase right	*Covered by transitional rules (grandfathering)*
1,500	NOK	1,516	1,499	2018	Yes
300	EUR	3,085	3,077	2023	Yes
1,100	NOK	1,125	1,102	2024	Yes
750	SEK	792	752	2021	No
1,000	NOK	1,025	999	2020	No
1,000	SEK	1,003	997	2022	No

The subordinated loan capital amounts to NOK 8.5 billion under Solvency II. All loans are taken out by Storebrand Livsforsikring AS. 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's interest expense is influenced by the short term money market interest rates. Storebrand has one loan in Euro and two loans in Swedish kroner. All three are hedged against Norwegian kroner until the first repurchase date. The loans therefore have little exposure to currency fluctuations.

For all loans, with the exception of hybrid tier 1 capital of NOK 1,500 million (nominal value), 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. Interest payments for hybrid tier 1 capital must be viewed in connection with this loan being issued before Solvency II was applicable.

Transitional rules (grandfathering) for subordinated loans
Subordinated loans issued prior to 17 January 2015 are subject to a transitional rule (often called grandfathering) that applies until 2026. In this period, eligible loans will not be limited despite the fact that they do not fully meet the requirements for eligible capital under Solvency II. Perpetual subordinated loans issued prior to 17 January 2015 qualify as Tier 1 capital, and non-perpetual subordinated loans qualify as Tier 2 capital. After 2026, these loans will cease to qualify as solvency capital. Grandfathering applies for three of the loans. All loans satisfied the requirements for Solvency I capital on the date of issue and were approved by the authorities. All loans covered by grandfathering have early right of repurchase prior to the expiry of the transitional. Following the first right of repurchase, all loans have a right of repurchase upon each interest payment. The plan is to replace loans that are repurchased with new loans that satisfy the requirements for eligible capital under Solvency II.

Difference between Solvency II and financial statements.

TABLE 18 SOLVENCY II OWN FUNDS VS IFRS OWN FUNDS

(NOK million)	Solvency II	Financial statements
Paid-in capital*	12,860	12,855
Retained earnings excluding deferred tax assets		16,872
Hybrid capital		226
Risk equalisation reserve	143	143
Deferred tax asset	71	637
Reconciliation reserve excluding transitional on technical provisions**	21,267	
Effect of transitional on technical provision	4,513	
Minority interests	49	99
Net assets	**38,902**	**30,832**
Subordinated loans, excluding OIF interest	8,547	8,426
Non-available minority interests	-33	
Deductions for participations in other financial undertakings	-2,929	
Deductions for own shares	-85	
Foreseeable dividends	-1,168	
Basic own funds	**43,234**	
Own funds in other CRD IV companies	2,929	
Total own funds	**46,164**	**39,258**
Total eligible own funds to meet the minimum capital requirement	**39,294**	

*included own shares
**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.[16] 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.

Net assets for Solvency II are NOK 8.1 billion higher than in the financial statements. Table 19 shows the transition from the financial statements to Solvency II. 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 as a result of the other changes in value.

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

TABLE 19 TRANSITION FROM NET ASSETS IN THE FINANCIAL STATEMENTS TO NET ASSETS IN SOLVENCY II

(NOK million)	
Subsidiaries	-1,608
Intangible assets	-4,917
Added value of bonds at amortised cost	8,531
Technical provisions	4,593
Effect of transitionals	4,513
Net change in deferred tax liabilities	-2,402
Miscellaneous	-639
Total change	**8,070**

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 be covered at all times. 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 is calculated according to the standard model, without use of simplifications or company-specific parameters. For the insurance companies, the solvency capital risk is calculated as loss of own funds (Value at Risk) which has a probability of 0.5% over one year. There are capital requirement for market risk, underwriting risk, counterparty risk and operational risk. For the CRD IV companies, the capital requirement under these regulations is used.

For the insurance companies, for each individual stress, a new solvency balance sheet is calculated 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. An prerequisite for including a deferred tax asset is that, at a minimum, an equivalently large profit is expected in the future.

TABLE 20 CAPITAL REQUIREMENTS, INCLUDING TRANSITIONAL RULE FOR EQUITIES

	31/12/2017		31/12/2016	
(NOK million)	Net	Gross	Net	Gross
Market risk	22,936	39,310	24,175	35,181
Counterparty risk	565	1,075	529	973
Life risk	10,453	18,753	8,773	13,946
Health risk	744	744	731	731
Non-life risk	283	283	297	297
Operational risk	1,496		1,449	
Loss-absorbing capacity of deferred taxes	-5,002		-5,363	
Total capital requirement for insurance business	**24,452**		**24,248**	
Capital requirement for CRD IV companies	2,458		2,537	
Total capital requirement for the Group	**26,910**		**26,784**	

Storebrand ASA has a total net solvency capital requirement of NOK 26.9 billion, almost unchanged from NOK 26.8 billion at the end of 2016. NOK 24.5 billion (91%) of the capital requirement is from the insurance business. NOK 2.5 billion (9%) 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. 29% of the capital requirement is for life insurance risk.

The market risk has decreased during the year due to increased buffers, whilst the life insurance risk has increased due to increase in non-guaranteed business, which increases the lapse risk. In total, there is no material change in the solvency capital requirement.

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 ordinary stress is 39/49% + symmetrical adjustment for equity type 1/2. The transitional reduces the total solvency capital requirement by NOK 658 million.

The transitional shall be phased out on a linear basis over 7 years, starting 1 January 2017. For the calculation as of end 2017, the effect is reduced by 1/7.

Minimum capital requirement

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

TABLE 21 MINIMUM CAPITAL REQUIREMENT

(NOK million)	31/12/2017	31/12/2016
Storebrand Livsforsikring	6,240	6,613
SPP Pension & Försäkring	3,188	3,196
Euroben	36	35
Storebrand Forsikring	113	119
Storebrand Helseforsikring (50 %)	19	18
Total minimum requirement	**9,596**	**9,979**

As of end 2017, the minimum capital requirement is NOK 9.6 billion, compared to NOK 10.0 billion at the end of 2016.

Solvency margin and minimum capital margin

When own funds of NOK 46.2 billion are compared to the solvency capital requirement of NOK 26.9 billion, Storebrand ASA has a solvency margin of 172%, compared to 157% at the end of 2016. Without transitional, own funds is NOK 42.8 billion, the solvency capital requirement is NOK 27,6 billion and the solvency margin is 155%. Table 22 shows the solvency position with and without transitional on technical provisions and capital requirements for equities.

TABLE 22 SOLVENCY POSITION

(NOK million)	Including transitional 31/12/17	Excluding transitional 31/12/17	Including transitional 31/12/16	Excluding transitional 31/12/16
Own funds	46,164	42,779	42,018	39,713
Eligible own funds to meet the minimum capital requirement	39,294	35,909	36,717	34,412
Solvency capital requirement	26,910	27,568	26,784	27,611
Minimum requirement	9,596	9,596	9,979	9,979
Solvency margin excluding transitional on technical provision		155.2 %		143.8%
Solvency margin included transitional on technical provisions for technical provisions	167.5 %		152.2%	
Solvency margin including transitional on technical provisions and on equity capital requirements	**171.6 %**		**156.9%**	
Minimum margin excluding transitional on technical provision		374.2 %		344.8%
Minimum margin including transitional on technical provision for technical provisions	409.5 %		367.9%	
Minimum margin including transitional on technical provisions and on equity capital requirements	**409.5 %**		**367.9%**	

Storebrand ASA has a minimum capital requirement of NOK 9,596 million that gives a minimum capital margin of 410% with transitional and 374% without transitional.

Solvency margin and minimum capital margin excluding volatility adjustment

Solvency margin without volatility adjustment is 166%. Own funds are not changed because the transitional for technical provisions compensate the increase in the value of the technical provision, but the capital requirement increases. Without transitional, the solvency margin excluding volatility adjustment is 146%.

TABELL 23 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	46,164	46,164	42,779	41,582
Solvency capital requirements	26,910	27,835	27,568	28,493
Solvency margin	172%	166%	155%	146%

Excluding volatility adjustment, the minimum margin is 409 % (357 % 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 2017 annual report for Storebrand ASA.

Appendix 1 - Details of investment result

(NOK millions)	Dividends	Interest revenues	Rent	Net capital gains	Change in unrealised gains and losses
Government bonds		1,801.92		-48.58	-500.37
Corporate bonds		3,781.00		-83.08	-649.55
Shares	536.81	-		894.05	7,095.58
Collective Investments Undertakings	55.52	1,631.34		3,728.22	5,446.24
Structured notes		31.38		1.30	0.13
Cash		-308.12		43.97	1.05
Borrowings		639.75		-77.90	62.34
Property	-44.12	-63.99	849.39		3,442.44
Futures				389.67	
Swaps		1,400.34		533.75	208.54
Forwards				429.83	-48.73
Total	**548.21**	**8,913.62**	**849.39**	**5,811.24**	**15,057.68**

(NOK mill.)	Dividends	Interest revenues	Rent	Net capital gains	Change in unrealised gains and losses
Investments in collective portfolio					
Government bonds		1,725.47		-75.23	-327.30
Corporate bonds		3,467.74		-130.69	-526.34
Shares	312.42			-47.54	2,313.43
Collective Investments Undertakings	55.45			2,028.06	-744.91
Structured notes		31.38		1.30	0.13
Cash		23.62		43.98	
Borrowings		629.11		-77.90	62.34
Property	-44.12	-63.99	742.95		2,990.49
Futures				389.67	
Swaps		1,359.92		532.47	37.72
Forwards				456.96	-185.53
Total	**323.76**	**7,173.27**	**742.95**	**3,121.09**	**3,620.05**
Investments in unit-linked					
Government bonds		6.56		24.04	-181.55
Corporate bonds		4.68		-0.46	-163.20
Shares	263.26			775.32	4,532.12
Collective Investments Undertakings	0.07	1,631.34		1,678.58	6,165.71
Structured notes		0.00		-0.00	0.00
Cash		-340.75			
Borrowings		10.57			
Property			106.44		451.95
Futures					
Swaps		-0.01		0.08	-0.14
Forwards				133.92	138.82
Total	**263.47**	**1,312.39**	**106.44**	**2,611.48**	**10,943.70**
Investments in company portfolio					
Government bonds		69.89		2.61	8.48
Corporate bonds		308.58		48.07	39.99
Shares	-38.87			166.27	250.03
Collective Investments Undertakings				21.58	25.44
Structured notes					
Cash		9.01		-0.00	1.05
Borrowings		0.07			
Property					
Futures					
Swaps		40.42		1.20	170.95
Forwards				-161.05	-2.02
Total	**-38.87**	**427.96**		**78.67**	**493.93**

Appendix 2 - Mandatory tables

S.02.01.02 – Balance sheet

(NOK million)		Solvency II value *C0010*
Goodwill	*R0010*	
Deferred acquisition costs	*R0020*	
Intangible assets	*R0030*	
Deferred tax assets	*R0040*	70.77
Pension benefit surplus	*R0050*	0.02
Property, plant & equipment held for own use	*R0060*	35.87
Investments (other than assets held for index-linked and unit-linked contracts)	*R0070*	301,824.86
Property (other than for own use)	*R0080*	28,409.59
Holdings in related undertakings, including participations	*R0090*	3,730.35
Equities	*R0100*	13,154.51
Equities – listed	*R0110*	*10,983.04*
Equities - unlisted	*R0120*	*2,171.47*
Bonds	*R0130*	*233,701.15*
Government Bonds	*R0140*	*78,659.90*
Corporate Bonds	*R0150*	*153,971.84*
Structured notes	*R0160*	*1,069.41*
Collateralised securities	*R0170*	
Collective Investments Undertakings	*R0180*	18,942.57
Derivatives	*R0190*	3,851.58
Deposits other than cash equivalents	*R0200*	35.12
Other investments	*R0210*	
Assets held for index-linked and unit-linked contracts	*R0220*	169,038.78
Loans and mortgages	*R0230*	26,348.91
Loans on policies	*R0240*	*0.90*
Loans and mortgages to individuals	*R0250*	*15,216.95*
Other loans and mortgages	*R0260*	*11,131.06*
Reinsurance recoverables from:	*R0270*	*92.03*
Non-life and health similar to non-life	*R0280*	*92.03*
Non-life excluding health	*R0290*	*26.78*
Health similar to non-life	*R0300*	*65.25*
Life and health similar to life, excluding index-linked and unit-linked	*R0310*	
Health similar to life	*R0320*	
Life excluding health and index-linked and unit-linked	*R0330*	
Life index-linked and unit-linked	*R0340*	
Deposits to cedants	*R0350*	0.02
Insurance and intermediaries receivables	*R0360*	646.76
Reinsurance receivables	*R0370*	40.07
Receivables (trade, not insurance)	*R0380*	3,143.82
Own shares (held directly)	*R0390*	85.00
Amounts due in respect of own fund items or initial fund called up but not yet paid	*R0400*	
Cash and cash equivalents	*R0410*	6,629.10
Any other assets, not elsewhere shown	*R0420*	7,028.97
Total assets	*R0500*	**514,985.00**

(NOK million)		Solvens II value
Liabilities		*C0010*
Technical provisions - non-life	*R0510*	1,424.05
Technical provisions - non-life (excluding health)	*R0520*	683.04
TP calculated as a whole	*R0530*	
Best Estimate	*R0540*	659.46
Risk margin	*R0550*	23.58
Technical provisions - health (similar to non-life)	*R0560*	741.01
TP calculated as a whole	*R0570*	
Best Estimate	*R0580*	714.75
Risk margin	*R0590*	26.26
Technical provisions - life (excluding index-linked and unit-linked)	*R0600*	288,676.25
Technical provisions - health (similar to life)	*R0610*	2,245.59
TP calculated as a whole	*R0620*	
Best Estimate	*R0630*	2,179.07
Risk margin	*R0640*	66.52
Technical provisions - life (excluding health and index-linked and unit-linked)	*R0650*	286,430.66
TP calculated as a whole	*R0660*	
Best Estimate	*R0670*	283,026.89
Risk margin	*R0680*	3,403.76
Technical provisions - index-linked and unit-linked	*R0690*	157,844.98
TP calculated as a whole	*R0700*	
Best Estimate	*R0710*	153,826.35
Risk margin	*R0720*	4,018.63
Contingent liabilities	*R0740*	6,121.04
Provisions other than technical provisions	*R0750*	
Pension benefit obligations	*R0760*	319.91
Deposits from reinsurers	*R0770*	
Deferred tax liabilities	*R0780*	1,856.01
Derivatives	*R0790*	1,578.15
Debts owed to credit institutions	*R0800*	
Financial liabilities other than debts owed to credit institutions	*R0810*	
Insurance & intermediaries payables	*R0820*	1,526.41
Reinsurance payables	*R0830*	33.14
Payables (trade, not insurance)	*R0840*	5,392.44
Subordinated liabilities	*R0850*	8,546.61
Subordinated liabilities not in BOF	*R0860*	
Subordinated liabilities in BOF	*R0870*	8,546.61
Any other liabilities, not elsewhere shown	*R0880*	2,763.74
Total liabilities	*R0900*	**476,082.74**
Excess of assets over liabilities	*R1000*	**38,902.26**

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

(NOK million)		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)					
		Medical expense insurance	Income protection insurance	Workers' compensati-on insurance	Motor ve-hicle liability insurance	Other motor insurance	Marine, aviation and transport insurance
Premiums written		*C0010*	*C0020*	*C0030*	*C0040*	*C0050*	*C0060*
Gross	*R0110*	334.63	273.61	67.60	223.65	384.81	
Gross - Proportional reinsurance accepted	*R0120*						
Gross - Non-proportional reinsurance accepted	*R0130*						
Reinsurers' share	*R0140*	0.85	6.98	5.14	0.66	4.26	
Net	*R0200*	**333.78**	**266.64**	**62.46**	**222.99**	**380.55**	
Premiums earned							
Gross	*R0210*	325.78	273.66	67.61	227.89	385.54	
Gross - Proportional reinsurance accepted	*R0220*						
Gross - Non-proportional reinsurance accepted	*R0230*						
Reinsurers' share	*R0240*	0.85	6.98	5.14	0.66	4.26	
Net	*R0300*	**324.93**	**266.69**	**62.47**	**227.23**	**381.28**	
Claims incurred							
Gross	*R0310*	198.85	144.61	22.67	90.30	292.39	
Gross - Proportional reinsurance accepted	*R0320*						
Gross - Non-proportional reinsurance accepted	*R0330*						
Reinsurers' share	*R0340*	0.03	3.89	2.42	1.31		
Net	*R0400*	**198.82**	**140.72**	**20.25**	**88.99**	**292.39**	
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*	77.52	72.32	16.66	58.04	102.26	
Other expenses	*R1200*						
Total expenses	*R1300*						

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

(NOK million)		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)				
		Fire and other damage to property insurance	General liability insurance	Assistance	Miscellaneous financial loss	Total
Premiums written		C0070	C0080	C0110	C0120	C0200
Gross	R0110	359.30		77.83	17.43	1,738.86
Gross - Proportional reinsurance accepted	R0120					
Gross - Non-proportional reinsurance accepted	R0130					
Reinsurers' share	R0140	7.96		0.39	0.05	26.28
Net	R0200	**351.35**		**77.44**	**17.37**	**1,712.57**
Premiums earned						
Gross	R0210	363.79		76.75	16.50	1,737.52
Gross - Proportional reinsurance accepted	R0220					
Gross - Non-proportional reinsurance accepted	R0230					
Reinsurers' share	R0240	7.96		0.39	0.05	26.28
Net	R0300	**355.83**		**76.36**	**16.45**	**1,711.24**
Claims incurred						
Gross	R0310	276.15	-0.66	51.04	12.66	1,088.01
Gross - Proportional reinsurance accepted	R0320					
Gross - Non-proportional reinsurance accepted	R0330					
Reinsurers' share	R0340	14.38				22.03
Net	R0400	**261.77**	**-0.66**	**51.04**	**12.66**	**1,065.98**
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	94.11	-0.03	20.61	4.11	**445.60**
Other expenses	R1200					**10.43**
Total expenses	R1300					**456.03**

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

		Livsforsikringsforpliktelse				
(NOK million)		Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Total
Premiums written		*C0220*	*C0230*	*C0240*		*C0300*
Gross	*R1410*	1,013.29	5,411.95	15,167.36	1,390.33	22,982.94
Reinsurers' share	*R1420*	15.70	5.90		27.20	48.80
Net	*R1500*	**997.59**	**5,406.05**	**15,167.36**	**1,363.13**	**22,934.14**
Premiums earned						
Gross	*R1510*	1,013.29	5,411.95	15,167.36	1,390.33	22,982.94
Reinsurers' share	*R1520*	15.70	5.90		27.20	48.80
Net	*R1600*	**997.59**	**5,406.05**	**15,167.36**	**1,363.13**	**22,934.14**
Claims incurred						
Gross	*R1610*	715.84	13,981.59	3,615.90	322.39	18,635.72
Reinsurers' share	*R1620*	6.91			5.32	12.23
Net	*R1700*	**708.93**	**13,981.59**	**3,615.90**	**317.07**	**18,623.49**
Changes in other technical provisions						
Gross	*R1710*	-33.41	502.83	7,241.81	8.60	7,719.82
Reinsurers' share	*R1720*					0.00
Net	*R1800*	**-33.41**	**502.83**	**7,241.81**	**8.60**	**7,719.82**
Expenses incurred	*R1900*	225.12	1,294.71	1,289.75	182.54	**2,992.12**
Other expenses	*R2500*					101.21
Total expenses	*R2600*					**3,093.33**

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

(NOK million)		Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations	Total
		C0010	*C0020*	*C0070*
	R0010		*SE*	
		C0080	*C0090*	*C0140*
Premiums written				
Gross	*R0110*	1,557.50	181.36	1,738.86
Gross - Proportional reinsurance accepted	*R0120*			
Gross - Non-proportional reinsurance accepted	*R0130*			
Reinsurers' share	*R0140*	26.02	0.26	26.28
Net	*R0200*	**1,531.48**	**181.10**	**1,712.57**
Premiums earned				
Gross	*R0210*	1,563.68	173.84	1,737.52
Gross - Proportional reinsurance accepted	*R0220*			
Gross - Non-proportional reinsurance accepted	*R0230*			
Reinsurers' share	*R0240*	26.02	0.26	26.28
Net	*R0300*	**1,537.66**	**173.59**	**1,711.24**
Claims incurred				
Gross	*R0310*	983.49	104.52	1,088.01
Gross - Proportional reinsurance accepted	*R0320*			
Gross - Non-proportional reinsurance accepted	*R0330*			
Reinsurers' share	*R0340*	22.02	0.01	22.03
Net	*R0400*	**961.47**	**104.51**	**1,065.98**
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*	403.01	42.59	**445.60**
Other expenses	*R1200*			10.43
Total expenses	*R1300*			**456.03**

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

(NOK million)		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*	16,034.48	6,875.35		22,909.83
Reinsurers' share	*R1420*	19.35			19.35
Net	*R1500*	**16,015.13**	**6,875.35**		**22,890.48**
Premiums earned					
Gross	*R1510*	**16,034.48**	**6,875.35**		**22,909.83**
Reinsurers' share	*R1520*	**19.35**			**19.35**
Net	**R1600**	**16,015.13**	**6,875.35**		22,890.48
Claims incurred					
Gross	*R1610*	10,236.54	7,874.07		18,110.60
Reinsurers' share	*R1620*	6.91			6.91
Net	*R1700*	**10,229.63**	**7,874.07**		**18,103.69**
Changes in other technical provisions					
Gross	*R1710*		7,194.80		7,194.80
Reinsurers' share	*R1720*				
Net	*R1800*		**7,194.80**		**7,194.80**
Expenses incurred	*R1900*	1,462.13	1,520.64	9.34	**2,992.12**
Other expenses	*R2500*				101.21
Total expenses	*R2600*				**3,093.33**

S.22.01.22 - Impact of long term guarantees and transitional measures

(NOK million)		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*	447,945.28	4,512.88		1,693.99	
Basic own funds	*R0020*	46,163.67	-3,384.66		-1,270.50	
Eligible own funds to meet Solvency Capital Requirement	*R0050*	46,163.67	-3,384.66		-1,270.50	
Solvency Capital Requirement	*R0090*	26,909.59			925.04	

S .23.01.22 – Own funds, page 1

(NOK million)		Total C0010	Tier 1 - unrestricted C0020	Tier 1 - restricted C0030	Tier 2 C0040	Tier 3 C0050
Basic own funds before deduction for participations in other financial sector						
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	**24,526.87**	24,526.87			
Subordinated liabilities	R0140	**8,546.61**		2,641.68	5,904.93	
Non-available subordinated liabilities at group level	R0150					
An amount equal to the value of net deferred tax assets	R0160	**70.77**				70.77
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	**142.79**			142.79	
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	**49.05**				49.05
Non-available minority interests at group level	R0210	**32.67**				32.67
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	**2,929.45**	2,429.45	225.00	275.00	
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	**32.67**				**32.67**
Total deductions	R0280	**2,962.12**	**2,429.45**	**225.00**	**275.00**	**32.67**
Total basic own funds after deductions	R0290	**43,234.22**	**34,957.67**	**2,416.68**	**5,772.72**	**87.15**

S.23.01.22 – Own funds, page 2

(NOK million)		Total C0010	Tier 1 - unrestricted C0020	Tier 1 - restricted C0030	Tier 2 C0040	Tier 3 C0050
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					
Own funds of other financial sectors						
Reconciliation reserve	R0410	**2,929.45**	2,429.45	225.00	275.00	
Institutions for occupational retirement provision	R0420	**0.00**				
Non regulated entities carrying out financial activities	R0430	**0.00**				
Total own funds of other financial sectors	R0440	**2,929.45**	2,429.45	225.00	275.00	
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					
	R0520	**43,234.22**	34,957.67	2,416.68	5,772.72	87.15
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)	R0530	**43,147.07**	34,957.67	2,416.68	5,772.72	
Total available own funds to meet the minimum consolidated group SCR	R0560	**43,234.22**	34,957.67	2,416.68	5,772.72	87.15
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)	R0570	**39,300.81**	34,957.67	2,416.68	1,926.46	
Total eligible own funds to meet the minimum consolidated group SCR	R0590	**26,909.59**				
Minimum consolidated Group SCR	R0610	**9,632.31**				
Ratio of Eligible own funds to Minimum Consolidated Group SCR	R0630	**176.82%**				

S.23.01.22 – Own funds, page 3

		C0010				
Ratio of Eligible own funds to Minimum Consolidated Group SCR	*R0650*	408.01%				
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*	46,163.67	37,387.12	2,641.68	6,047.72	87.15
SCR for entities included with D&A method	*R0670*					
Group SCR	*R0680*	26,909.59				
Ratio of Eligible own funds to group SCR including other financial sectors and the undertakings included via D&A	*R0690*	171.55%				
		C0060				
Reconciliation reserve						
Excess of assets over liabilities	*R0700*	38,902.26				
Own shares (included as assets on the balance sheet)	*R0710*	85.00				
Forseeable dividends, distributions and charges	*R0720*	1,167.53				
Other basic own fund items	*R0730*	13,122.85				
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*	24,526.87				
Expected profits						
Expected profits included in future premiums (EPIFP) - Life business	*R0770*	3,497.68				
Expected profits included in future premiums (EPIFP) - Non- life business	*R0780*	33.89				
Total EPIFP	*R0790*	3,531.57				

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	22,935.83		
Counterparty default risk	R0020	564.60		
Life underwriting risk	R0030	10,453.28		
Health underwriting risk	R0040	743.71		
Non-life underwriting risk	R0050	282.55		
Diversification	R0060	-7,022.80		
Intangible asset risk	R0070	**0.00**		
Basic Solvency Capital Requirement	R0100	**27,957.18**		

		C0100
Calculation of Solvency Capital Requirement		
Operational risk	R0130	1,496.17
Loss-absorbing capacity of technical provisions	R0140	-20,275.22
Loss-absorbing capacity of deferred taxes	R0150	-5,001.75
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	
Solvency capital requirement excluding capital add-on	R0200	24,451.60
Capital add-on already set	R0210	
Solvency capital requirement	R0220	**26,909.59**
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	**9,632.31**
Information on other entities		
Capital requirement for other financial sectors (Non-insurance capital requirements)	R0500	2,457.99
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	2,457.99
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	**26,909.59**

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

Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal Name of the undertaking	Type of undertaking	Supervisory Authority
C0010	C0020	C0030	C0040	C0050	C0060
NO	958995369	Specific code	Storebrand Livsforsikring AS	Life insurance undertaking	Finanstilsynet
NO	5967007LIEEXZX9GV481	LEI	Storebrand Forsikring AS	Non life insurance undertaking	Finanstilsynet
NO	5967007LIEEXZX849444	LEI	Storebrand Helseforsikring As	Non life insurance undertaking	Finanstilsynet
NO	NO0003005001	Specific code	Storebrand Bank ASA	Credit institution, investment firm and financial institution	Finanstilsynet
NO	529900ZTCGG5XNFGB694	LEI	Storebrand Asset Management AS	Credit institution, investment firm and financial institution	Finanstilsynet
LT	98999	Specific code	Cognizant Technologi Solutions Lithyanua UAB	Other	
NO	305360	Specific code	Storebrand ASA	Mixed-activity insurance holding company as defined in Article 212(1) (g) of Directive 2009/138/EC	Finanstilsynet
NO	62580	Specific code	Aktuar Systemer AS	Other	
NO	NO0010079858	Specific code	Formuesforvaltning AS	Other	
NO	NO0010301401	Specific code	Værdalsbruket AS	Other	
NO	94842	Specific code	Storebrand Finansiell Rådgivning AS	Credit institution, investment firm and financial institution	Finanstilsynet
NO	30460	Specific code	Storebrand Pensjonstjenester AS	Other	
NO	94506	Specific code	Norsk Pensjon AS	Other	
NO	98995	Specific code	Storebrand Eiendom Trygg AS	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	
NO	98997	Specific code	Storebrand Eiendom Utvikling AS	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	
NO	98996	Specific code	Storebrand Eiendom vekst AS	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	
NO	99003	Specific code	STB Eiendomsfond Invest	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	
SE	529900GS6OZTM1HYL611	LEI	SPP Pension & Försäkring AB	Life insurance undertaking	Finansinspektionen
SE	556045-7581	Specific code	SPP Konsult AB	Other	

Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal Name of the undertaking	Type of undertaking	Supervisory Authority
C0010	*C0020*	*C0030*	*C0040*	*C0050*	*C0060*
SE	549300HNOEWVOXIE8187	LEI	SPP Spar AB	Credit institution, investment firm and financial institution	Finansinspektionen
SE	556883-1340	Specific code	SPP Hyresförvaltning AB	Other	
SE	556594-9517	Specific code	SPP Varumärkes AB	Other	
SE	556482-4471	Specific code	Försäkringsgirot AB	Other	
SE	556743-9815	Specific code	Storebrand Holding AB	Other	
SE	556745-7428	Specific code	SPP Fastigheter AB	Other	
BE	95416	Specific code	Benco Insurance Holding B.V.	Insurance holding company as defined in Article 212(1) (f) of Directive 2009/138/EC	
GG	14861	Specific code	Nordben Life & Pension LTD	Life insurance undertaking	Guernsey Financial Services Commission.
IE	529900WDJ1Z5QH42H269	LEI	Euroben Life & Pension LTD	Life insurance undertaking	Central Bank of Ireland
LV	95159	Specific code	Foran Real Estate	Other	

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

Criteria of influence						Inclusion in the scope of Group supervision		Group solvency calculation
% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	YES/NO	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
C0180	*C0190*	*C0200*	*C0210*	*C0220*	*C0230*	*C0240*	C0250	C0260
100.00 %	100.00 %	100.00 %		Dominant	100.00 %	Included in the scope		Method 1: Full consolidation
100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation
50.00%	50.00%	50.00%		Significant	50.00%	Included in the scope		Method 1: Proportional consolidation
100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Sectoral rules
100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Sectoral rules
34.00%	34.00%	34.00%		Significant	34.00%	Included in the scope		Method 1: Adjusted equity method
100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation
100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
21.29%	21.29%	21.29%		Significant	21.29%	Included in the scope		Method 1: Adjusted equity method
74.90%	74.90%	74.90%		Dominant	74.90%	Included in the scope		Method 1: Adjusted equity method
100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Sectoral rules
100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
25.00%	25.00%	25.00%		Significant	25.00%	Included in the scope		Method 1: Adjusted equity method
100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation
100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation
100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation
100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation
100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation
100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Sectoral rules

Criteria of influence						Inclusion in the scope of Group supervision		Group solvency calculation
% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	YES/NO	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
C0180	*C0190*	*C0200*	*C0210*	*C0220*	*C0230*	*C0240*	C0250	C0260
100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
25.00%	25.00%	25.00%		Significant	25.00%	Included in the scope		Method 1: Adjusted equity method
100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
90.00%	100.00%	90.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation
100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation
100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation
99.40%	99.40%	99.40%		Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method

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