storebrand

Solvency and Financial Condition Report 2018

Storebrand ASA

Contents

Summary

Dear Storebrand customer.

Storebrand's primary products are private occupational pensions in Norway and Sweden and individual pensions in Norway. For retirement savings, there are two major risks. The investment return from premiums paid are uncertain, and it is unknown how long 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 significant amount of capital is allocated to cover the uncertainty associated with future returns and longevity from the paid-up policies. This is vital for the guarantees to have real value.

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, such as the Ekstrapensjon 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 keeping fees within reasonable levels. The life cycle portfolios Anbefalt Pensjon in Norway and SparaSäkra in Sweden offers a simple and comprehensive solution. For defined contribution and unit-linked insurance, pensions are usually temporary; meaning that you as a customer are responsible for ensuring that your pension will be sufficient in a lifelong perspective. Storebrand's role is to provide you with a good, comprehensive 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 the required capital.

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

Under Solvency II, all assets and liabilities are 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 2017. The total value of the assets in the Storebrand Group calculated using Solvency II rules is NOK 518.5 billion (NOK 515.0 billion), while the total value of the liabilities is NOK 481.0 billion (NOK 476.1 billion). See table 1. Storebrand therefore has assets valued at NOK 37.5 billion (NOK 38.9 billion) more than the liabilities these assets have to cover. In addition, Storebrand has subordinated loans of NOK 7.8 billion (NOK 8.5 billion) which is part of the own funds. Total own funds[1] amount to NOK 43.8 billion (NOK 46.2 billion).

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

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

TABLE 1 SOLVENCY II BALANCE SHEET FOR STOREBRAND ASA

(NOK million)					
Assets	31.12.2018	31.12.2017	**Liabilities**	31.12.2018	31.12.2017
Deferred tax assets	873		Technical provisions including transitional	456,378	447,945
Investments (other than assets held for index-linked and unit-linked contracts)	287,669	301,825	-Life insurance	*283,967*	288,676
Assets held for index-linked and unit-linked contracts	180,452	169,039	-Non-life insurance	*1,306*	1,424
Other assets	49,460	44,121	-Index-linked or unit-linked contracts	*171,105*	157,845
			Subordinated liabilities	7,780	8,547
			Other liabilities	16,795	19,591
Total assets	**518,455**	**514,985**	**Total liabilities**	**480,954**	**476,083**
			Net assets	**37,502**	**38,902**

Solvency II sets requirements for own funds under normal operation conditions. This is known as the "solvency capital requirement" and amounts to NOK 22.8 billion (NOK 24.5 billion) for the insurance companies in the Group. See table 2. The solvency capital requirement should provide great assurance that you as a customer gets the insurance settlement or pension payments you are entitled to receive. In addition, there is companies in the Group that are subject to capital requirements for banks and securities companies (CRD IV). The total capital requirement for the Group is NOK 25.3 billion (NOK 26.9 billion).

TABLE 2 SOLVENCY CAPITAL REQUIREMENT

(NOK million)	31.12.2018	31.12.2017
Market risk	20,917	22,936
Counterparty risk	625	565
Life risk	10,412	10,453
Non-life and health risk	991	1,026
Operational risk	1,485	1,496
Loss-absorbing capacity of deferred taxes	-4,764	-5,002
Total solvency capital requirement for insurance companies	**22,827**	**24,452**
Capital requirements for subsidiaries regulated by CRD IV	2,482	2,458
Total capital requirement	**25,309**	**26,910**

There are capital requirements for all major risks borne by Storebrand. 90% of the capital requirement is from the insurance business. 10% of the capital requirement is from other businesses, principally banking activities. Within the insurance business, 63%[2] of the capital requirement relates to the financial markets, particularly risk from interest rates, equities, property, credit spreads and currency. 32% of the capital requirement relates to the life insurance risk, such as the risk that pension customers may live longer than expected. The insurance business is also subject to operational risk, non-life insurance risk and risk of loss from counterparties not fulfilling their obligations. Total capital requirement are reduced through diversification, i.e. it is unlikely all the risk will hit simultaneously. The capital requirement is also adjusted for the effect of reduced tax.

TABLE 3 SOLVENCY POSITION

(NOK million)	31.12.2018	31.12.2017
Own funds	43,808	46,164
Solvency capital requirement	25,309	26,910
Solvency margin	**173.1 %**	**171.6 %**

When own funds of NOK 43.8 billion are compared against the capital requirement of NOK 25.3 billion, Storebrand has a solvency margin of 173 % (172%). The minimum regulatory requirement is 100% solvency

[2] Before diversification between the risk modules.

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

Storebrand Livsforsikring, Storebrand Forsikring and Storebrand Helseforsikring in Norway, SPP in Sweden and Euroben in Ireland, calculates solvency at company level (solo) and publicise a Solvency and Financial Condition Report. Storebrand Bank, Storebrand Asset Management and other subsidiaries regulated 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 internal targets.

A. Business and performance

A.1 BUSINESS

In January 2018, Storebrand Livsforsikring acquired Silver Pensjonsforsikring. The acquisition took place partly in the form of transfer of insurance obligations, where the majority were paid-up policies with investment choice, and partly as a takeover by Storebrand Livsforsikring of the company Silver Pensjonsforsikring. Silver Pensjonsforsikring was merged with Storebrand Life Insurance with accounting effect from 1 January 2018. In December 2018, an agreement was signed for the sale of Nordben Life and Pension Insurance Company Ltd. Implementation of the transaction is dependent on regulatory approvals and is expected to be completed during the first half of 2019. Apart from these transactions, there has been no significant changes in the Storebrand Livsforsikring business during 2018.

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

Storebrand ASA is listed on the Oslo Stock Exchange. At year end 2018, Storebrand was the 11[Th] largest company 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[5], including the regulations that apply for the most important Group companies.

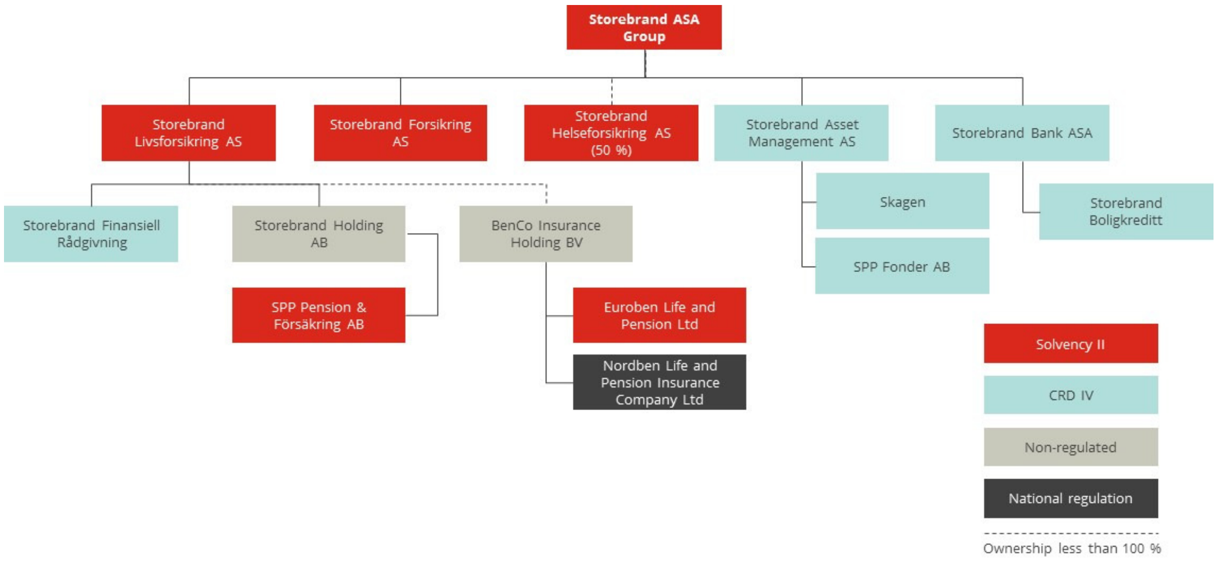

FIGURE 1 SIMPLIFIED GROUP STRUCTURE

[3] The Financial Supervisory Authority of Norway: Revierstredet 3, 0151 Oslo; Postboks 1187 Sentrum, 0107 Oslo; Tel.: +47 22 93 98 00.
[4] PwC: Dronning Eufemias gate 8; 0109 Oslo; Tel.: +47 952 60 578.
[5] A complete overview of the companies in the Storebrand Group can be found on page 66 of the Storebrand Annual report 2018.

Storebrand ASA owns 100% of Storebrand Livsforsikring AS, which is the largest company in the Group. Storebrand Livsforsikring is a leading provider of life insurance and pension products to companies and private individuals in Norway. 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. In December 2018, an agreement was signed for the sale of Nordben. Implementation of the transaction is dependent on regulatory approvals and is expected to be completed in the first half of 2019.

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.

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[6] have their own Solvency II reporting on a solo basis, including the Solvency and Financial Condition Report. The Group's banking and securities companies, including Storebrand Bank ASA and Storebrand Asset Management AS, report in accordance with the CRD IV regulations.

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

- *Savings* 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 retail market solutions.

A.2 UNDERWRITING PERFORMANCE

The results reported in this chapter correspond with technical accounts in the financial reporting for Storebrand, ref. Note 14 in the Storebrand Annual report 2018, but grouped in accordance with the segmentation used for Solvency II reporting. Information about the risk result is found in Note 7 Insurance risk of the Storebrand Annual report 2018.

Life insurance

The majority of premiums, claims and expenses for Storebrand relate to life insurance products. For 2018, total net premiums were NOK 24,036 (NOK 22,934 million). Premiums are divided among health insurance (similar to life), guaranteed products with profit sharing, unit-linked contracts and other life insurance. Net claims were NOK 19,316 million (NOK 18,623 million). Expenses relating to life insurance products were NOK 3,211 million (NOK 3,093 million.)

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

[7] The segments are described in more detail in note 4, Segment reporting, in the Storebrand Annual report 2018.

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 31.12.2018	Total life insurance 31.12.2017
Gross premiums	972	5,467	16,259	1,385	24,083	22,983
Reinsurers' share	9	8		30	47	49
Net premiums	**963**	**5,459**	**16,259**	**1,355**	**24,036**	**22,934**
Gross claims	801	14,089	4,326	162	19,377	18,636
Reinsurers' share	53	-1		10	62	12
Net claims	**748**	**14,089**	**4,326**	**152**	**19,316**	**18,623**
Expenses	**233**	**1,209**	**1,489**	**195**	**3,211**	**3,093**

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.

The unit-linked contracts segment consists of collective occupational pension (defined contribution pension, hybrid pension and paid-up policies with investment choice) and individual pension schemes without guaranteed returns[8] or benefits. Premiums are significantly higher than claims because few employees have reached retirement age, particularly for defined contribution pensions in Norway. 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 2018, total net premiums for non-life insurance products were NOK 1,731 million (NOK 1,713 million). Net claims were NOK 1,051 million (NOK 1,066 million). Expenses associated with non-life insurance products were NOK 414 million (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 31.12.2018	Total non-life insurance 31.12.2017
Gross premiums written	352	277	71	592	360	100	1,752	1,739
Reinsurers' share	1	3	3	7	6	1	21	26
Net premiums written	**351**	**274**	**68**	**585**	**353**	**100**	**1,731**	**1,713**
Gross premiums earned	343	277	71	592	356	94	1,733	1,738
Reinsurers' share	1	3	3	7	6	1	21	26
Net premiums earned	**342**	**274**	**68**	**586**	**350**	**93**	**1,712**	**1,711**
Gross claims	218	110	76	372	217	72	1,065	1,088
Reinsurers' share	0	6	6	1	1		14	22
Net claims	**218**	**104**	**70**	**37**	**262**	**63**	**1,051**	**1,066**
Expenses	**84**	**60**	**14**	**145**	**83**	**25**	**414**	**456**

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.

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

The income protection and occupational injury products are sold through both Storebrand Forsikring AS and Storebrand Livsforsikring AS. The insurance provide lump-sum compensation if accidents occur[9] or compensation for occupational injuries.

The remaining segments are primarily P&C-insurance sold through Storebrand Forsikring AS. The main products are motor and home insurance.

Geographic distribution

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 2017.

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

(NOK million)	Home Country	Top 5 countries (by amount of gross premiums written) - life obligations		Total home country and largest countries
		Sweden	*Ireland*	
Gross premiums written	16,416	7,577		23,993
Reinsurers' share	12	0		12
Net premiums written	**16,404**	**7,577**		**23,982**
Gross claims	10,846	7,710		18,556
Reinsurers' share	53			53
Net claims	**10,794**	**7,710**		**18,504**
Expenses	**1,546**	**1,556**	**11**	**3,198**

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 2017.

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

(NOK million)	Home country (Norway)	Sweden	Total home country and largest countries
Gross premiums written	1,560	192	1,752
Reinsurers' share	20	0	21
Net premiums written	**1,540**	**192**	**1,731**
Gross premiums earned	1,548	184	1,733
Reinsurers' share	20	0	21
Net premiums earned	**1,528**	**184**	**1,712**
Gross claims	954	111	1,065
Reinsurers' share	14	0	14
Net claims	**940**	**110**	**1,051**
Expenses	**362**	**49**	**414**

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 2018, Storebrand had income from investments of NOK 6,057 million (31,180 million). Of this, NOK 8,122 million was interest income, NOK 5,776 million was equity dividends, NOK 763 million was rent and NOK 574 million was capital gains (net) from the sale of securities. Net unrealised gains in value decreased NOK 9,178 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.

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

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

(NOK million)	Dividends	Interest	Rent	Net gains and losses	Value changes
Collective portfolio	426	7,405	633	-743	-892
Index-linked and unit-linked contracts portfolio	307	242	130	978	-7,952
Company portfolio	5,044	475	0	339	-335
Total	**5,776**	**8,122**	**763**	**574**	**-9,178**

Further details about how income is distributed in terms of asset classes can be found in 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 15, Net income, for different classes of financial instruments and Note 16 Net income from properties, in the Storebrand Annual report 2018.

A.4 PERFORMANCE OF OTHER ACTIVITIES

For the insurance companies, most income and expenses relate to the insurance business or the investments. For the Group, there are also income and expenses associated with the asset management business and the bank. Income and expenses from Storebrand Asset Management and the retail market part of Storebrand Bank are reported as part of the Saving segment in the Storebrand Annual report 2018.

The Storebrand Group is financed by a combination of equity and subordinated loans. With the interest rate as of the end of 2018, interest expenses of approximately NOK 100 million are expected per quarter.

Other activities are specified in more detail in Note 17 Other Income and Note 25 Other Expenses in the Storebrand Annual report 2018.

A.5 ANY OTHER INFORMATION

The business and results for 2018 are also described in the Storebrand Annual report 2018.

B. System of governance

B.1 GENERAL INFORMATION ON THE SYSTEM OF GOVERNANCE

During 2018, there has been no changes that affects the system of governance in a significant way.

The Board and the Board's sub-committees

At the end of 2018, the Board of Storebrand ASA consisted of nine members (four men and five women), of whom the shareholders elected six 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. The committees' mandates are reviewed and determined annually. The committees are preparatory and advisory working committees and assist the Board with the preparation of items for consideration. Decisions are taken, however, by the full Board.

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

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

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

Day-to-day management

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

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

In terms of the functional governance of the Group, the executive management team constitute the highest level of management. Areas of responsibility are retail market Norway, corporate market Norway, SPP and asset management, as well as intragroup responsibility for digital business development, 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, data protection officer, anti-money laundering function. actuarial function, internal audit). The organisation of, and responsibility for, independent control functions are described in more detail in Chapters B.3-B.6.

Remuneration

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

The company arrange and pay for ordinary group pension insurance for all employees in accordance with the applicable pension rules at any given time. 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).

Further details concerning pension schemes and remuneration, including the level of remuneration received by the Board and executive personnel, are provided in notes 22 and 23 of the Storebrand Annual report 2018.

Transactions with related parties

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

Specific details are provided in Note 44 of the Storebrand Annual report 2018.

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.

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

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

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

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

During 2018, there has not been changes that affects the risk management system in a significant way.

Risk management system

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

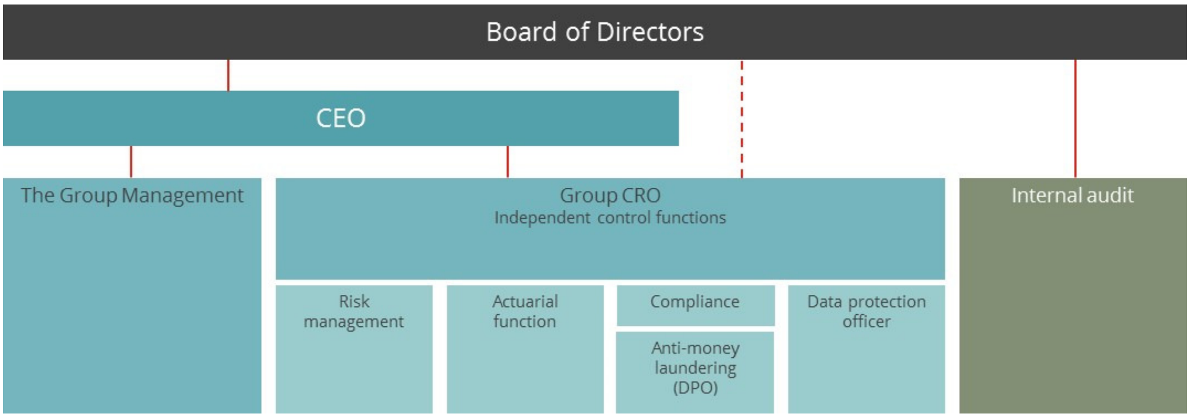

FIGURE 2 GROUP RISK MANAGEMENT STRUCTURE

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

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

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

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

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

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

The risk management process

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

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

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

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

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

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

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

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

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

Own Risk and Solvency Assessment (ORSA)

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

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

Through the ORSA process, the Board shall assess whether risk taking is in line with the approved risk appetite and is within the applicable risk limits. This includes whether the risk taking contributes as desired in achieving the business' profitability targets; whether developments in the risk situation are within the risk appetite statement; and whether the risk of fluctuations in the solvency position is within acceptable limits.

As part of the ORSA process, Storebrand calculates how sensitive the solvency margin is to changes in key parameters. Results are updated and reported on a quarterly basis. The solvency position is most sensitive to changes in financial markets and to changes in the methodology used to define the long end of the interest rate curve. Figure 3 shows the main sensitivities at year end 2018.

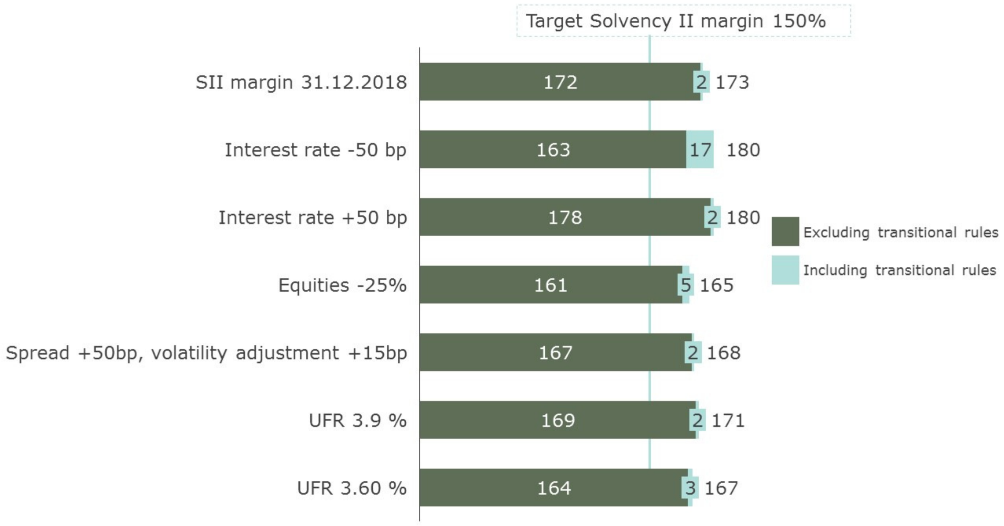

FIGURE 3 SENSITIVITIES FOR SOLVENCY

Before the effect of transitional measure (see Chapter D.2), the solvency-margin is most vulnerable to equities and interest rates levels. A 25 % fall in equities will reduce the solvency-margin from 172 % to 161 %, while a 50bp fall in interest rates will reduce the solvency margin to 163 %. The transitional for valuation of technical provisions counteracts much of the negative effects from lower interest rates. Including transitional measures, the solvency-margin is most vulnerable to equity risk and increased credit spreads. A 50bp increase in credit spreads will reduce the solvency margin from 173 % to 168 %.

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

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

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

For 2018, the Group paid a total dividend of NOK 1,402 million, equivalent to NOK 3.0 per share. For 2019, the goal is to pay more than 50% of Group result after tax as dividend. In addition, 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.

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 2018, there has not been changes that affects the internal control system in a significant way.

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

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

As the first line of defence, managers at all levels in the business are responsible for internal control within their own areas of responsibility and should continuously assess the implementation of internal control. Control functions are organised in such a way that they can perform their duties in an objective and independent manner. It is essential to emphasise sufficient independence for the control functions in order to prevent possible conflicts of interest. Situations in which individuals are responsible for a decision-making process, for which they also act as a control function, should be avoided.

The compliance function
The objective of the compliance function for the Storebrand 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. The Board annually or when required reviews regulatory changes.

B.5 INTERNAL AUDIT FUNCTION

During 2018, there has not been changes that affects the functioning of the internal audit function in a significant way.

Storebrand has an agreement with Ernst & Young (EY), to act as the internal audit function for all 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 adequately managed and controlled.

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

B.6 ACTUARIAL FUNCTION

During 2018, there has not been changes that affects the actuarial function in a significant way.

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

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

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

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

B.7 OUTSOURCING

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

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

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

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

TABLE 9 OVERVIEW OF SIGNIFICANT OUTSOURCING[10]

Contract partner	Service	Jurisdiction
Adobe – Sign	Digital signing	Ireland
Atea	Operation of customer centre solution	Norway
Cognizant	Business processes IT operation and development	UK (Lithuania, India)
Ernst & Young	Internal audit	Norway
Evry AB	IT infrastructure	Sweden
Evry Norge AS	Operation of joint finance system	Norway
Microsoft Ireland Operations	IT support Cloud services	Ireland
Microsoft VASP	Contract system for all group purchase agreements	Ireland
Workday Limited	HR system – cloud services	Ireland
Oracle	Handling of incoming e-mails	Norway
Zalaris	Payroll system for own employees	Norway
Basefarm	Operation and infrastructure (SAM)	Norway
COOR	Technical management property portfolio	Norway
JP Morgan	Collateral Management Security lending	Luxembourg
VPS	Securities Fund management system	Norway
Distribusjonssselskaper Norge/EU	Distribution of securities funds through other financial institutions in Norway and the EU	
Evry Card Services	Payment card production	Norway
Lindorff	Courier and debt collection service (bank)	Norway
SDC Skandinavisk Data Center A/S	Core systems (bank)	Denmark
FDC Forsikringsselskabernes Data Central	Core systems (insurance)	Denmark
Falck Healthcare	Health services booking	Norway
KnowIT	Application development and operation(health insurance)	Norway
Oppgjørskontoret	Booking (health insurance)	Norway
Runway	Agreement on telephone and email service for customer inquiries and booking (health insurance)	Latvia
Consort	Outgoing telephone activity	Norway
IMAA Insurance Management Administration&Advi	Insurance policies administration	Norway
Norian (OpusCapita)	System operation USBetaling (pension payment system)	Norway
Tieto	System platform purchase for link products	Norway
Morningstar	Counselling tools	Norway
Storebrand Asset Management AS (konsernintern)	Asset management	Norway
Storebrand Bank ASA (konsernintern)	Loan management Distribution	Norway
Storebrand Finansiell Rådgivning AS (konsernintern)	Distribution	Norway

B.8 ANY OTHER INFORMATION

The system for risk management and internal control is also described in the Storebrand Annual report 2018, particularly the chapter pertaining to Corporate Governance, section Risk management and internal control, and Note 5, Risk management and internal control.

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

C. Risk profile

C.1 UNDERWRITING RISK

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

During 2018, there has not been material changes in the composition of the underwriting risk or in the measures to assess these risks.

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

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

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

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

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

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

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

C.2 MARKET RISK

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

During 2018, there has not been material changes in the measures to assess the market risk. Other changes to the risk are described under the sub-paragraphs.

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

Guaranteed customer portfolios

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

The market risk is managed by segmenting the portfolios based on risk-bearing capacity. For customers who have large customer buffers, assets are invested with higher market risk in order to improve expected returns. Equity risk is also managed dynamically with the aim of maintain good risk-bearing capacity by adjusting the financial risk to the buffer situation and the company's financial strength. By exercising this type of risk management, Storebrand expects to create good returns each year and over time. Investments in currencies other than the currency of the home country are essentially hedged.

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

Non-guaranteed customer portfolios

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

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

Company portfolios

The market risk in the company portfolios has a direct impact on the profit. Storebrand aims to take low market risk for the company portfolios, and most of the assets are invested in short and medium-term fixed income securities with low credit risk. Storebrand Livsforsikring has hedged part of the value of its shareholding in SPP[12] .

Sensitivity analyses

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

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 applied individually, but the overall market

[12] Owned via Storebrand Holding AB.

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) caused by immediate changes from financial market risk at year end 2018.

TABLE 10 RESULT RISK

Result risk	**Storebrand Livsforsikring**		**SPP Pension & Försäkring**	
	NOK million	Share of portfolio	SEK million	Share of portfolio
Interest rate risk	2,584	1.3 %	311	0.4 %
Equity risk	1,336	0.6 %	1,111	1.3 %
Property risk	1,377	0.7 %	594	0.7 %
Credit risk	710	0.3 %	736	0.8 %
Diversification	-849	-0 %	-385	-0.4 %
Result	**5,158**	**2.5 %**	**2,387**	**2.8 %**

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, then dynamic risk management will reduce the effect of the negative outcomes somewhat. Because of customer buffers, the effect of the stresses on the financial result will be lower than the combined change in value in the table. At year end 2018, the customer buffers are sufficient to dampen the effects on the result significantly.

Based on the stress test, Storebrand Livsforsikring (Norway) has an overall market risk of NOK 5.2 billion (NOK 4.9 billion), which is equivalent to 2.5% (2.5%) of the investment portfolio. If the stress causes the return to fall below the guarantee, it will have a negative impact on the financial result if the customer buffer is inadequate. Other negative effects on the result are a lower return from the company portfolio and loss of profit sharing from paid-up policies and individual contracts.

Based on the stress test, SPP has an overall market risk of SEK 2.4 billion (SEK 2.2 billion), which is equivalent to 2.8% (2.4%) of the investment portfolio. The buffer situation for the individual contracts will determine if all or portions of the fall in value will affect the financial result. Only the portion of the fall in value that cannot be settled against the customer buffer will be charged to the result. In addition, the reduced profit sharing or loss of the indexing fees may affect the financial result.

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

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 utilised only in order to reduce risk or increase efficiency in the asset management. The investment strategy has requirements for the tradability of assets and for adequate distribution of risk between e.g. different asset classes, countries, industries and individual issuers.

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

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

Assessment of credit risk irrespective of rating

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

Management of interest rate risk related to the yield curve

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

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

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 2018, 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 from outstanding derivative transactions. Among other things, these regulate how collateral is to be pledged against changes in market values which are calculated on a daily basis.

Collateral pledged in connection with futures and options is regulated daily based on the change in margin for individual contracts. At year end 2018, Storebrand had pledged collateral of NOK 4,055 million and received collateral of NOK 1,669 million. Net collateral pledged was NOK 2,385 million. Collateral was received and pledged in the form of both cash and securities.

Further information about collateral appears in Note 42 Collateral and Note 10 Credit risk in the Storebrand Annual report 2018.

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[13] § 25 of the Norwegian Solvency II Regulation

Loans and mortgages

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

At year end 2018, Storebrand had loans and mortgages to customers totalling NOK 59.4 billion (54 billions) net after provisions for losses of NOK 0.1 million. Of this, NOK 13 billion (NOK 12 billion) was to the corporate market and NOK 46.5 billion (NOK 42 billion) to the retail market.

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

In the retail market, most of the loans are home mortgages. Customers are evaluated according to their capacity and intent to repay the loan. In addition to their capacity to service debt, the customers are checked regarding policy rules and receive a credit score using a model. The balance of housing loans sold from Storebrand Bank to sister company Storebrand Livsforsikring is NOK 18.1 billion (NOK 15.2 billion). The housing loans are transferred on market terms.

Loans and mortgages are described in more detail in Note 32 of the Storebrand Annual report 2018.

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 2018, there has not been material changes in the measures to assess the liquidity risk.

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

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

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

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

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

C.5 OPERATIONAL RISK

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

During 2018, there has not been material changes in the measures to assess the operational risk.

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

Storebrand seeks to reduce undesired operational risk through an effective system for internal control. Risks are handled through the management's risk reviews, with documentation of risks, risk-reducing measures and the follow-up of incidents. Storebrand's control functions also include employees with 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 diversification based on geography and industry, while the banks main exposure is direct loans for residential property in Norway. There is no significant concentration risk across bonds and loans.

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

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

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

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

C.7 ANY OTHER INFORMATION

Information related to the risk profile can also be found in Storebrand Annual report 2018, particularly the description of risk in the directors' report and notes 5-11.

D. Valuation for solvency purposes

D.1 ASSETS

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

Overview of assets in the solvency balance sheet.

Total assets for Solvency II amount to NOK 518 billion (NOK 515 million). NOK 318 billion are financial assets and loans relating to guaranteed customer portfolios or company portfolios. Assets for unit-linked contracts amount to NOK 180 billion, while other assets total NOK 20 billion.

TABLE 11 ASSETS IN THE SOLVENCY BALANCE SHEET

(NOK million)	31.12.2018	31.12.2017
Deferred tax assets	873	71
Investments (other than assets held for index-linked and unit-linked contracts)	287,669	301,825
Property	*30,012*	*28,410*
Holdings in related undertakings, including participations	*3,668*	*3,730*
Equities	*11,873*	*13,155*
Equities – listed	*10,523*	*10,983*
Equities – unlisted	*1,350*	*2,171*
Bonds	*217,262*	*233,701*
Government bonds	*64,682*	*78,660*
Corporate bonds	*151,602*	*153,972*
Structured notes	*978*	*1,069*
Collective Investments Undertakings	*20,253*	*18,943*
Derivatives	*4,443*	*3,852*
Deposits other than cash equivalents	*159*	*35*
Assets held for index-linked and unit-linked contracts	180,452	169,039
Loans and mortgages	30,416	26,349
Reassurance recoverable	68	92
Cash and cash equivalents	6,583	6,629
Other assets	12,393	10,981
Total assets	**518,455**	**514,985**

During 2018, total assets increased by NOK 3 billion, while assets for unit-linked increased by NOK 11 billion.

Main principles for valuation of assets

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

Storebrand conducts a comprehensive process to ensure that financial instruments are valued as closely as possible to their market value. This is described in detail in Note 1 Company information and accounting principles and Note 12 Valuation of financial instruments and investment properties, in the Storebrand Annual report 2018.

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, but based on IFRS amounts that are close to what Solvency II amounts would have been for this company.
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 1.0 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 5.0 billion higher than the valuation based on amortised cost. The difference also appears in the note information for the financial statements, ref. Note 31 in the Storebrand Annual report 2018.

Intangible assets
In accordance with the Solvency II principles, intangible assets shall be valued at zero for Solvency II. The difference gives a NOK 4.8 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 Storebrand Group goes from having a deferred tax asset of NOK 1,972 million and a deferred tax of NOK 258 million under IFRS to a deferred tax asset of NOK 873 million and a deferred tax of NOK 82 million under Solvency II.

Miscellaneous
Other differences between the valuation of assets for Solvency II and the financial statements must be seen in relation to corresponding changes in the liability. Storebrand has assumed liabilities relating to non-paid-up capital, mainly linked to private equity funds and property. These are entered as a liability for Solvency II, with a corresponding item on the asset side. This increases the asset side of the solvency balance sheet by NOK 5.6 billion compared with the financial statements. This is included in the “Other assets” item in Table 11.

D.2 TECHNICAL PROVISIONS

The methodology for assumption setting and calculation is not materially changed during 2018.

Under Solvency II, technical provisions are appraised at fair value (market value). In principle, the technical provisions are valued at what they realistically could be traded for in a free market. Since there is no active secondary market for the purchase and sale of technical provisions and hence no observable market price, the fair value is calculated based on a model. This deviates from the valuation in the financial statements described in Note 1, point 2 of the Storebrand Annual report 2018.

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

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

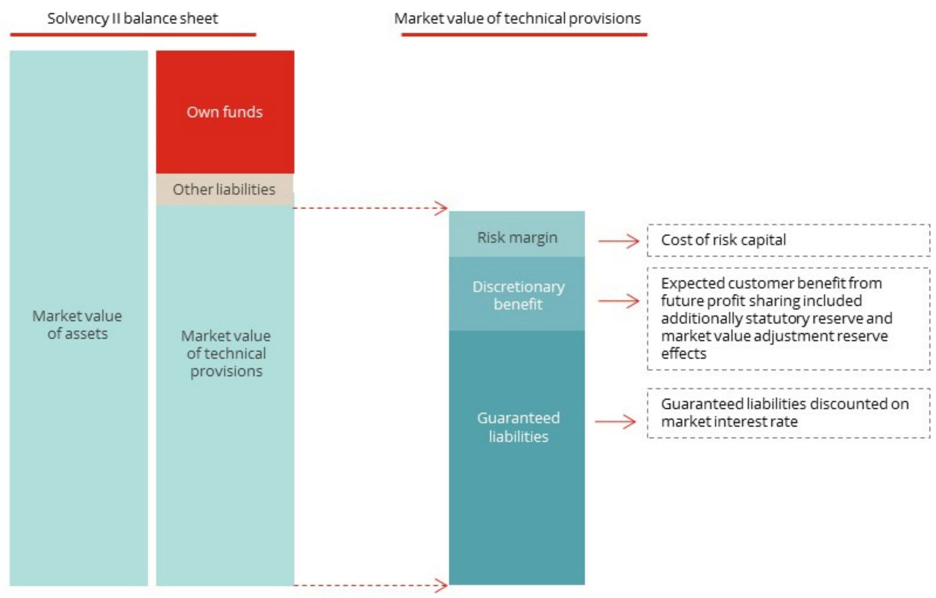

FIGURE 4 ELEMENTS IN THE SOLVENCY II BALANCE SHEET

Method for valuing technical provisions

Best estimate
The net cash flow from the insurance company to the customer is calculated. All ingoing and outgoing payments are estimated, including future premiums that are part of the contract, insurance events that have occurred, investment returns, pensions paid, lapses and transitions to other schemes. For the guaranteed portfolios with profit sharing, the uncertainty is modelled with the assistance of an ESG as described below. The probability-weighted cash flow is discounted using risk-free market interest rate to establish the best estimate. For the calculation at year end 2018, 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. added returns to the customer beyond the guaranteed amount. 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. 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 31.12.18	Technical Provisions 31.12.17
Storebrand Livsforsikring	Traditional life insurance	184,804	3,379	188,183	187,606
	Unit-linked contracts	86,002	2,564	88,565	74,029
	Group life (health similar to life)	1,261	17	1,278	1,388
	Non-life (health similar to non-life)[14]	597	10	607	627
SPP Pension & Försäkring	Traditional life insurance	77,703	1,372	79,075	83,456
	Unit-linked contracts	80,193	1,234	81,427	82,712
	Risk (health similar to life)	987	44	1,031	858
Storebrand Helseforsikring	Health insurance	78	4	83	74
Storebrand Forsikring	Non-life insurance	590	26	616	723
Euroben	Life insurance	9,715	42	9,757	10,462
Nordben	Life insurance	4,644		4,644	4,907
	Unit-linked contracts	1,113		1,113	1,104
Total technical provisions prior to transitional rules		**447,685**	**8,693**	**456,378**	**447,945**

The technical provisions for Storebrand amount to NOK 456 billion, split between NOK 448 billion in best estimate and NOK 8.7 billion in risk margin. That is an increase of 8 billion during 2018, mainly due to an increase of NOK 13 billion in unit-linked contracts. Traditional life insurance is 62% (64%), unit-linked contracts 37 % (35%) and other products 1 % (1%) of the provisions. Storebrand Livsforsikring makes up 61 % (59%) of the provisions and SPP 35 % (37%).

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

TABLE 13 EFFECT OF TRANSITIONAL ON TECHNICAL PROVISIONS

(NOK million)	31.12.18	31.12.2018 before phasing out	31.12.17
Defined-benefit pension	1,054	1,205	-73
Paid-up policies	-5,227	-5,973	-8,527
Traditional individual capital and pension	-272	-311	-873
Floor effect	4,445	5,080	4,960
Total effect	**0**	**0**	**-4,513**

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

For the portfolios that are part of the scheme, the transitional on technical provision provides a valuation that is NOK 5.1 billion lower in total. The transitional is phased out over 16 year, starting from 2017, so the effect is decreased by 2/16 to NOK 4.4 billion at year end 2018. The limitation from the floor rule means that the transitional on technical provision is zero at year end 2018.

The size of the transitional rule, including the floor effect, depends on the interest rate level. Even though the transitional on technical provisions is zero at year end 2018, a future decrease in the interest rate level might result in a positive effect. Storebrand Livsforsikring has received permission by the Financial Supervisory Authority in Norway to recalculate the transitional on a quarterly basis.

Difference between Solvency II and the financial statements
Table 14 shows the value of the technical provisions in the financial statements and under Solvency II.

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

(NOK million)		*Solvency II*	*Financial statements*
Storebrand Livsforsikring	Traditional life insurance	188,183	183,427
	Unit-linked contracts	88,565	93,441
	Group life (health similar to life)	1,278	1,397
	Non-life (health similar to non-life)	607	622
SPP	Traditional life insurance	79,075	80,775
	Unit-linked contracts	81,427	85,852
	Risk (health similar to life)	1,031	1,176
Storebrand Helseforsikring	Health insurance (health similar to non-life)	83	174
Storebrand Forsikring	Non-life insurance	616	1,051
Euroben	Life insurance	9,757	9,827
Nordben	Life insurance	4,644	4,644
	Unit-linked contracts	1,113	1,113
Total		**456,378**	**463,498**

Total technical provisions are valued at NOK 456.4 billion for Solvency II, which is NOK 7.1 billion lower than in the financial statements. Most of the difference is from the valuation of life insurance liabilities in Storebrand Livsforsikring and SPP.

Storebrand Livsforsikring
For traditional life insurance, the valuation for Solvency II without transitional on technical provisions is NOK 4.8 billion higher than in the financial statements. The greatest difference relates to paid-up policies. Important explanations are:

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

For index-linked and unit-linked contracts, the valuation for Solvency II is NOK 4.9 billion lower than for the financial statements. The principal reason is that Storebrand's future margin reduces the provisions.

SPP
For SPP, the valuation of the technical provisions for Solvency II is lower than for the financial statements. The greatest difference is due to unit-linked contracts being valued at NOK 4.4 billion less. The principal explanation is that future margins reduces the provision for Solvency II.

Traditional life insurance is valued NOK 1.7 billion lower for Solvency II. The main explanation is that future margin reduces the provision for Solvency II. This is partly counteracted by the risk margin and the time value of options being included in the valuation for Solvency II, but not for the financial statements. Other than that, the valuation principles used for SPP is broadly consistent for Solvency II and for the financial statements. The discount rate is almost equal and both guaranteed provisions and discretionary benefits are included for both purposes.

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

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

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

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

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

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

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

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

Financial assumptions: The risk free yield curve is used both to discount the cash flows and for estimating future returns. The European Insurance and Occupational Pensions Authority (EIOPA) publish the yield curve. Storebrand uses the risk-free yield curve, including volatility adjustment (VA). At year end 2018, the VA was 42 basis points in Norway and 12 basis points in Sweden.

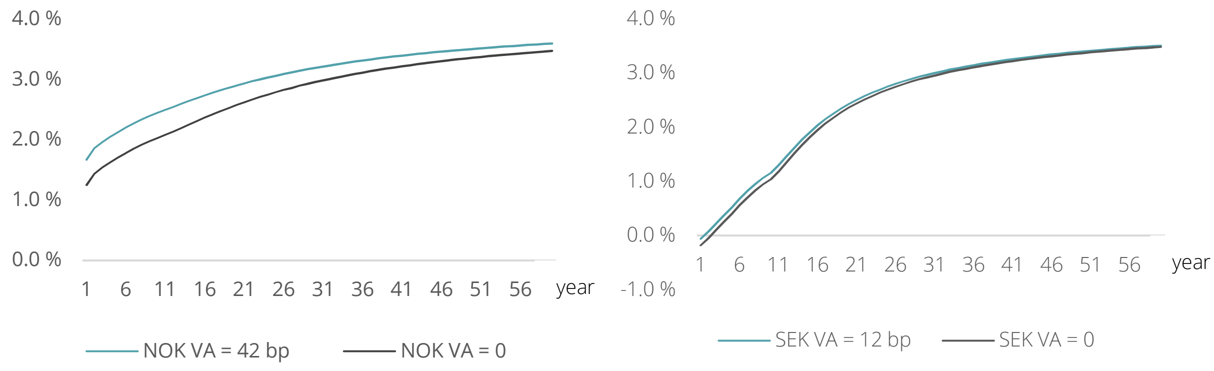

FIGURE 5 SPOT RATES WITH AND WITHOUT VA

Measured with the interest rate curve without volatility adjustment, the value of the technical provisions increases by NOK 1.7 billion before effect of transitional. In Norway, the transitional would have compensated for most of the change in value of technical provisions. The effect on own funds and solvency margin is described in Chapter E.2 Solvency Capital Requirement and Minimum Capital Requirement.

Storebrand does not use matching adjustment of the yield curve.

In Norway, there is no active market for inflation-linked bonds and the inflation assumption is set at 50% of the risk-free interest rate. Wage growth (G-adjustment) is set at inflation plus 1.9%. In Sweden, the inflation rate that is priced in the market for inflation-linked bonds is used for the first 10 years. After 10 years, inflation is extrapolated based on the same methodology as for the yield curve.

Economic Scenario Generator (ESG): In order to calculate the time value of options and guarantees, Storebrand use a Monte-Carlo simulation based on 1,000 risk-neutral, stochastic scenarios generated in an Economic Scenario Generator (ESG). The scenarios are created based on the risk-free yield curve and take into account market pricing of the volatility of interest rates, equities and property. The asset allocation is set to match the actual allocation on the calculation date and is changed during the projection based on the way Storebrand adjust the investment portfolios to risk bearing capacity.

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

Uncertainty relating to the valuation of the technical provisions

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

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

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

D.3 OTHER LIABILITIES

During 2018, there has not been any material changes to the recognition and valuation bases used.

Liabilities other than technical provisions amount to NOK 24.6 billion (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 15 OTHER LIABILITIES

(NOK million)	31.12.2018	31.12.2017
Contingent liabilities	5,575	6,121
Pension benefit obligations	309	320
Deferred tax liabilities	82	1,856
Derivatives	2,867	1,578
Insurance & intermediaries payables	4,402	6,952
Subordinated liabilities	7,780	8,547
Other liabilities	3,561	2,764
Total other liabilities	**24,575**	**28,137**

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

Pension benefit obligations
Pension benefit obligations are calculated in accordance with Norwegian IAS19, ref. Note 1, point 15 in the Storebrand Annual report 2018. 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 8 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 1,972 million and a deferred tax of NOK 258 million under IFRS to a deferred tax asset of NOK 873 million and a deferred tax of NOK 82 million under Solvency II.

D.4 ALTERNATIVE METHODS FOR VALUATION

Storebrand's valuation principles for assets that cannot be appraised based on listed prices are described in detail in Note 12 of the Storebrand Annual report 2018.

D.5 ANY OTHER INFORMATION

Ring Fenced Funds in Euroben
Euroben's business is divided into two parts, Europlan and SAS Plan. SAS Plan accounts for almost 90 per cent of Euroben's assets and liabilities. For SAS Plan, the customer bears all market risk and biometric risk, given that the risk is covered by surplus capital in the plan (buffer). The buffer in the plan is more than 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 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 43.8 billion in own funds (solvency capital), a decrease of NOK 2.4 billion from 2017. The capital is divided into tiers depending on quality and availability. Table 16 shows the composition of own funds and distribution into tier 1 (restricted and unrestricted), tier 2 and tier 3 capital.

TABELL 16a OWN FUNDS as per 31.12.2018

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

TABELL 16b 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**	

Tier 1 capital represents capital of the best quality in terms of loss-bearing capability and must be available to cover any loss at any time. Tier 1 consists of paid-in capital and reconciliation reserve. Also included are perpetual subordinated loans with up to 20% of tier 1 capital. Storebrand has NOK 35.6 billion in tier 1 capital and this amounts to 82% of the total own funds. Of this, NOK 34.9 billion is unrestricted.

Other subordinated loans (non-perpetual) and risk equalisation reserve are categorised as tier 2 capital. Deferred tax assets is categorised as Tier 3 capital. Tier 2 and tier 3 capital combined can cover up to 50% of the solvency capital requirement. Storebrand has NOK 6.9 billion in tier 2 capital and this represents 16% of total own funds. The tier 2 and tier 3 capital covers 31% of the solvency capital requirement.

Storebrand has eligible own funds to meet the minimum capital requirement of NOK 34.6 billion. Of this, NOK 32.7 billion is tier 1 capital, equivalent to 94% 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 41,025 million and minimum capital to NOK 31,922 million due to the increased value of technical provisions adjusted for tax. In Norway, the transitional on technical provision would have compensated for most of the changes both in technical provisions, own funds and minimum capital.

Expected profit in future premiums

The value of Expected Profits in Future Premiums (EPIFP) amounts to NOK 3,623 million, split between NOK 3,548 million in the life insurance business and NOK 75 million from the non-life insurance business. This is part of the reconciliation reserve and is included as tier 1 capital. Only margins from future premiums that are within the contract boundary are included. This is described in more detail in the paragraph concerning contract boundary in chapter D.2 Technical Provisions.

Subordinated loan capital

TABLE 17 SUBORDINATED LOANS

Nominal value (NOK million)	Currency	Solvency II (NOK million)	Financial statements (NOK million)	*Repurchase right*	*Covered by transitional rules (grandfathering)*
300	EUR	3,085	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*
900	SEK	861	877	2025	*No*

The subordinated loan capital amounts to NOK 7.8 billion under Solvency II. Storebrand Livsforsikring issues all loans. During 2018, a loan with nominal value NOK 1.5 billion was called and a new loan with nominal value of SEK 900 million was issued.

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 three loans in Swedish kroner. The Euro loan is hedged against Norwegian Kroner until the first date for right of repurchase and hence has limited exposure towards currency fluctuations. The loans in Swedish kroner are not hedged, but works as a partial currency hedge against the exposure towards Storebrand Holding AB.

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

Transitional rules (grandfathering) for subordinated loans

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

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

Difference between Solvency II and financial statements

TABLE 18 SOLVENCY II OWN FUNDS VS IFRS OWN FUNDS

(NOK million)	Solvency II	Financial statements
Paid-in capital[15]	12,860	12,858
Retained earnings excluding deferred tax assets		17,577
Hybrid capital		176
Risk equalisation reserve	234	234
Deferred tax asset	873	1,972
Reconciliation reserve excluding transitional on technical provisions[16]	23,479	
Effect of transitional on technical provision	0	
Minority interests	56	57
Net assets	**37,502**	**32,873**
Subordinated loans, excluding OIF interest	7,780	7,788
Non-available minority interests	-37	
Deductions for participations in other financial undertakings	-3,311	
Deductions for own shares	-35	
Foreseeable dividends	-1,402	
Basic own funds	**40,498**	
Own funds in other CRD IV companies	3,311	
Total own funds	**43,808**	**40,660**
Total eligible own funds to meet the minimum capital requirement	**34,623**	

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[17]. 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

[15] included own shares
[16] Before expected dividends.
[17] This occurs in the form of a reduction in the reconciliation reserve.

includes profit earned, but based on the valuation of assets and liabilities in the solvency balance sheet. The reconciliation reserve will also include the present value of future profits. The value of future profits is implicitly included because of the valuation of the technical provisions.

Table 19 shows the transition from the financial statements to Solvency II. Net assets for Solvency II are NOK 4.6 billion higher than in the financial statements. Deductions for intangible assets and lower valuation of subsidiaries reduce own funds. The added value of bonds at amortised cost and lower valuation of technical provisions increase own funds. Deferred tax liabilities increase because of the other changes in value.

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

(NOK million)	
Subsidiaries	-1,008
Intangible assets	-4,771
Added value of bonds at amortised cost	5,009
Technical provisions	7,119
Net change in deferred tax liabilities	-1,163
Miscellaneous	-558
Total change	**4,629**

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

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

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

TABLE 20 CAPITAL REQUIREMENTS[18]

(NOK million)	31.12.2018 Net	Gross	31.12.2017 Net	Gross
Market risk	20,917	33,481	22,936	39,310
Counterparty risk	625	1,199	565	1,075
Life risk	10,412	16,543	10,453	18,753
Health risk	713	713	744	744
Non-life risk	278	278	283	283
Operational risk	1,485		1,496	
Loss-absorbing capacity of deferred taxes	-4,764		-5,002	
Total capital requirement for insurance business	**22,827**		**24,452**	
Capital requirement for CRD IV companies	2,482		2,458	
Total capital requirement for the Group	**25,309**		**26,910**	

Storebrand ASA has a total net solvency capital requirement of NOK 25.3 billion (NOK 26.9 billion). NOK 22.8 billion (90%) of the capital requirement is from the insurance business. NOK 2.5 billion (10%) of the capital requirement is from other activities, mainly the bank. Within the insurance business, 63% of the capital requirement (before diversification) is for financial market risk, particularly interest rates, equities, property, credit spreads and foreign currency. 32% of the capital requirement is for life insurance risk.

Transitional rule for equities

Storebrand Livsforsikring and SPP apply the transitional for equity stress. The transitional entails that equities owned as of 1 January 2016 are stressed by 22%. The transitional reduces the total solvency capital requirement by NOK 234 million. The transitional shall be phased out on a linear basis over 7 years, starting 1 January 2017. For the calculation at year end 2018, the effect is reduced by 2/7.

The ordinary stress is 39/49% + symmetrical adjustment for equity type 1/2. At year end 2018, the adjustment factor is -6.3 percentage points, giving an ordinary stress of 32.7/42.7%.

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)	31.12.2018	31.12.2017
Storebrand Livsforsikring	6,465	6,240
SPP Pension & Försäkring	3,038	3,188
Euroben	77	36
Storebrand Forsikring	111	113
Storebrand Helseforsikring (50 %)	20	19
Total minimum requirement	**9,711**	**9,596**

At year end 2018, the minimum capital requirement is NOK 9.7 billion (NOK 9.6 billion).

Solvency margin and minimum capital margin

When own funds of NOK 43.8 billion are compared against the solvency capital requirement of NOK 25.3 billion, Storebrand ASA has a solvency margin of 173% (172%). Without transitional, the solvency margin is 172%. Table 22 shows the solvency position with and without transitional on technical provisions and capital requirements for equities.

[18] Including transitional rule for equities

TABLE 22 SOLVENCY POSITION

(NOK million)	Including transitional 31.12.2018	*Excluding transitional 31.12.2018*	Including transitional 31.12.2017	*Excluding transitional 31.12.2017*
Own funds	43,808	43,808	46,164	42,779
Eligible own funds to meet the minimum capital requirement	34,623	34,623	39,294	35,909
Solvency capital requirement	25,309	25,543	26,910	27,568
Minimum requirement	9,711	9,711	9,596	9,596
Solvency margin excluding transitional on technical provision		171.5%		155.2 %
Solvency margin included transitional on technical provisions for technical provisions	171.5%		167.5 %	
Solvency margin including transitional on technical provisions and on equity capital requirements	**173.1 %**		**171.6 %**	
Minimum margin excluding transitional on technical provision		356,5%		374.32%
Minimum margin including transitional on technical provision for technical provisions	356.5%		409.5 %	
Minimum margin including transitional on technical provisions and on equity capital requirements	**356.5%**		**409.5 %**	

Storebrand ASA has a minimum capital requirement of NOK 9,711 million and minimum capital of NOK 34,623 million that give a minimum capital margin of 357%.

Solvency margin and minimum capital margin excluding volatility adjustment

Solvency margin without volatility adjustment is 161%. Increase of technical provisions reduces own funds by NOK 2.8 billion and the capital requirement increases by NOK 1.7 billion. The transitional for technical provisions compensates for most of the increase in the value of the technical provision and limits the effect on own funds. Without transitional, the solvency margin excluding volatility adjustment is 150%. See table 23 for details.

TABLE 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	43,808	43,463	43,808	41,025
Solvency capital requirements	25,309	27,033	25,543	27,267
Solvency margin	173.1 %	160.8 %	171.5 %	150.5 %

Excluding volatility adjustment, the minimum margin is 339 % (315 % excluding transitional).

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

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

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

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

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

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

E.6 ANY OTHER INFORMATION

Capital management is also described in the Storebrand Annual report 2018.

Appendix 1 – details of investment result

(NOK millions)	Dividends	Interest revenues	Rent	Net capital gains	Change in unrealised gains and losses
Total					
Government bonds		1,648.20		54.09	-418.18
Corporate bonds		4,098.70		-49.12	-554.44
Shares	5,705.83	3.17		407.47	-5,533.21
Collective Investments Undertakings	70.33	640.55		1,756.02	-3,055.06
Structured notes		32.54		-0.35	-0.84
Cash	0.00	-264.91		1.17	-32.71
Borrowings	0.00	812.00		6.74	74.84
Property	0.00	-85.30	763.17	0.00	1 718.65
Futures	0.00	0.00		-181.51	0.00
Swaps	0.00	1,237.06		-3.22	653.29
Forwards	0.00	0.00		-1,416.95	-2,030.84
Total	**5,776.16**	**8,122.01**	**763.17**	**574.34**	**-9,178.49**

	Dividends	Interest revenues	Rent	Net capital gains	Change in unrealised gains and losses
Investments in collective portfolio					
Government bonds		1,529.88		-47.46	-368.23
Corporate bonds		3,791.41		-104.50	-479.50
Shares	355.20			276.71	-1,586.68
Collective Investments Undertakings	70.37	5.20		555.61	255.11
Structured notes		32.54		-0.35	-0.84
Cash		125.32		1.18	-42.71
Borrowings		811.50		6.76	55.60
Property		-85.30	633.19		1,424.25
Futures				-181.51	
Swaps		1,194.38		47.11	640.69
Forwards				-1,296.68	-789.23
Total	**425.57**	**7,404.92**	**633.19**	**-743.14**	**-891.54**

	Dividends	Interest revenues	Rent	Net capital gains	Change in unrealised gains and losses
Investments in unit-linked					
Government bonds		5.04		85.46	-16.87
Corporate bonds		12.76		9.82	-0.85
Shares	307.08	0.00		110.68	-3,937.48
Collective Investments Undertakings	-0.04	635.35		1,194.17	-3,291.46
Structured notes		0.00		0.00	-0.00
Cash	0.00	-411.73		0.00	
Borrowings	0.00	0.45		-0.02	19.24
Property	0.00	0.00	129.98	0.00	294.41
Futures	0.00	0.00			0.00
Swaps	0.00	0.20		-3.63	3.01
Forwards	0.00	0.00		-418.31	-1,022.18
Total	**307.04**	**242.07**	**129.98**	**978.17**	**-7 952.18**

	Dividends	Interest revenues	Rent	Net capital gains	Change in unrealised gains and losses
Investments in company portfolio					
Government bonds		113.27		16.09	-33.08
Corporate bonds		294.53		45.56	-74.09
Shares	5,043.55	3.17		20.08	-9.05
Collective Investments Undertakings				6.23	-18.71
Structured notes				-0.00	
Cash		21.50		-0.01	10.01
Borrowings		0.06			
Property					
Futures					
Swaps		42.49		-46.69	9.59
Forwards				298.05	-219.44
Total	**5,043.55**	**475.02**		**339.31**	**-334.76**

Appendix 2 - mandatory tables

S.02.01.02 – Balance sheet – assets, page 1

(NOK million)		C0010
Goodwill	R0010	
Deferred acquisition costs	R0020	
Intangible assets	R0030	
Deferred tax assets	R0040	873.18
Pension benefit surplus	R0050	1.81
Property, plant & equipment held for own use	R0060	31.15
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	287,669.32
Property (other than for own use)	R0080	30,011.67
Holdings in related undertakings, including participations	R0090	3,667.68
Equities	R0100	11,873.02
Equities – listed	R0110	10,523.08
Equities - unlisted	R0120	1,349.93
Bonds	R0130	217,262.31
Government Bonds	R0140	64,681.58
Corporate Bonds	R0150	151,602.48
Structured notes	R0160	978.25
Collateralised securities	R0170	
Collective Investments Undertakings	R0180	20,253.13
Derivatives	R0190	4,442.87
Deposits other than cash equivalents	R0200	158.65
Other investments	R0210	
Assets held for index-linked and unit-linked contracts	R0220	180,322.46
Loans and mortgages	R0230	30,415.55
Loans on policies	R0240	0.69
Loans and mortgages to individuals	R0250	18,272.48
Other loans and mortgages	R0260	12,142.38
Reinsurance recoverables from:	R0270	68.39
Non-life and health similar to non-life	R0280	68.01
Non-life excluding health	R0290	19.88
Health similar to non-life	R0300	48.12
Life and health similar to life, excluding index-linked and unit-linked	R0310	0.38
Health similar to life	R0320	0.38
Life excluding health and index-linked and unit-linked	R0330	
Life index-linked and unit-linked	R0340	

S.02.01.02 – Balance sheet – assets, page 2

(NOK million)		*C0010*
Deposits to cedants	*R0350*	0.02
Insurance and intermediaries receivables	*R0360*	627.27
Reinsurance receivables	*R0370*	9.45
Receivables (trade, not insurance)	*R0380*	5,538.43
Own shares (held directly)	*R0390*	34.58
Amounts due in respect of own fund items or initial fund called up but not yet paid	*R0400*	
Cash and cash equivalents	*R0410*	6,713.27
Any other assets, not elsewhere shown	*R0420*	6,150.60
Total assets	***R0500***	**518,455.46**

S.02.01.02 – Balance sheet, liabilities

(NOK million)		C0010
Technical provisions - non-life	R0510	1,306.17
Technical provisions - non-life (excluding health)	R0520	576.21
TP calculated as a whole	R0530	
Best Estimate	R0540	554.00
Risk margin	R0550	22.20
Technical provisions - health (similar to non-life)	R0560	729.96
TP calculated as a whole	R0570	
Best Estimate	R0580	711.81
Risk margin	R0590	18.15
Technical provisions - life (excluding index-linked and unit-linked)	R0600	283,966.90
Technical provisions - health (similar to life)	R0610	2,308.46
TP calculated as a whole	R0620	
Best Estimate	R0630	2,247.58
Risk margin	R0640	60.88
Technical provisions - life (excluding health and index-linked and unit-linked)	R0650	281,658.43
TP calculated as a whole	R0660	
Best Estimate	R0670	276,864.96
Risk margin	R0680	4,793.47
Technical provisions - index-linked and unit-linked	R0690	171,105.25
TP calculated as a whole	R0700	
Best Estimate	R0710	167,307.08
Risk margin	R0720	3,798.17
Other technical provisions	R0730	
Contingent liabilities	R0740	5,574.81
Provisions other than technical provisions	R0750	
Pension benefit obligations	R0760	308.65
Deposits from reinsurers	R0770	
Deferred tax liabilities	R0780	81.94
Derivatives	R0790	2,866.75
Debts owed to credit institutions	R0800	
Financial liabilities other than debts owed to credit institutions	R0810	
Insurance & intermediaries payables	R0820	1,477.26
Reinsurance payables	R0830	20.82
Payables (trade, not insurance)	R0840	2,903.94
Subordinated liabilities	R0850	7,780.07
Subordinated liabilities not in BOF	R0860	
Subordinated liabilities in BOF	R0870	7,780.07
Any other liabilities, not elsewhere shown	R0880	3,560.97
Total liabilities	**R0900**	**480,953.53**
Excess of assets over liabilities	**R1000**	**37,501.93**

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

(NOK million)		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance
		C0010	*C0020*	*C0030*	*C0040*	*C0050*	*C0060*
Premiums written							
Gross	*R0110*	351.64	276.87	70.80	210.51	381.74	
Gross - Proportional reinsurance accepted	*R0120*						
Gross - Non-proportional reinsurance accepted	*R0130*						
Reinsurers' share	*R0140*	0.88	2.98	2.86	1.52	5.34	
Net	*R0200*	350.76	273.90	67.94	208.99	376.40	
Premiums earned							
Gross	*R0210*	342.79	276.64	70.82	214.21	378.23	
Gross - Proportional reinsurance accepted	*R0220*						
Gross - Non-proportional reinsurance accepted	*R0230*						
Reinsurers' share	*R0240*	0.88	2.98	2.86	1.52	5.34	
Net	*R0300*	341.91	273.66	67.96	212.69	372.89	
Claims incurred							
Gross	*R0310*	218.08	109.85	76.19	105.13	266.81	
Gross - Proportional reinsurance accepted	*R0320*						
Gross - Non-proportional reinsurance accepted	*R0330*						
Reinsurers' share	*R0340*	0.15	5.70	6.05	1.02		
Net	*R0400*	217.93	104.15	70.14	104.10	266.81	
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*	83.83	21.06	53.43	49.22	95.41	
Other expenses	*R1200*						
Total expenses	*R1300*						

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

(NOK million)		Fire and other damage to property insurance	General liability insurance	Assistance	Miscellaneous financial loss	Total
		C0070	*C0080*	*C0110*	*C0120*	*C0200*
Premiums written						
Gross	*R0110*	359.65		82.36	18.11	1,751.68
Gross - Proportional reinsurance accepted	*R0120*					
Gross - Non-proportional reinsurance accepted	*R0130*					
Reinsurers' share	*R0140*	6.25		0.64	0.10	20.56
Net	*R0200*	353.41		81.72	18.01	**1,731.12**
Premiums earned						
Gross	*R0210*	356.00		80.92	13.29	1,732.90
Gross - Proportional reinsurance accepted	*R0220*					
Gross - Non-proportional reinsurance accepted	*R0230*					
Reinsurers' share	*R0240*	6.25		0.64	0.10	20.56
Net	*R0300*	349.76		80.29	13.19	**1,712.35**
Claims incurred						
Gross	*R0310*	216.66	(0.03)	51.80	20.06	1,064.54
Gross - Proportional reinsurance accepted	*R0320*					
Gross - Non-proportional reinsurance accepted	*R0330*					
Reinsurers' share	*R0340*	0.95				13.87
Net	*R0400*	215.71	(0.03)	51.80	20.06	**1,050.67**
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*	83.02	(0.02)	21.06	3.59	410.60
Other expenses	*R1200*					3.00
Total expenses	*R1300*					**413.60**

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

(NOK million)		Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Total
		C0210	*C0220*	*C0230*	*C0240*	*C0300*
Premiums written						
Gross	*R1410*	971.77	5,466.73	16,241.14	1,384.82	24,064.45
Reinsurers' share	*R1420*	8.99	8.01		29.84	46.84
Net	*R1500*	962.78	5,458.72	16,241.14	1,354.98	**24,017.61**
Premiums earned						
Gross	*R1510*	971.77	5,466.73	16,241.14	1,384.82	24,064.45
Reinsurers' share	*R1520*	8.99	8.01		29.84	46.84
Net	*R1600*	962.78	5,458.72	16,241.14	1,354.98	**24,017.61**
Claims incurred						
Gross	*R1610*	800.84	14,088.58	4,326.41	161.52	19,377.35
Reinsurers' share	*R1620*	52.55	(0.89)		9.91	61.57
Net	*R1700*	748.29	14,089.46	4,326.41	151.61	**19,315.78**
Changes in other technical provisions						
Gross	*R1710*	-10.98	-893.29	-2,448.48	26.69	-3,326.05
Reinsurers' share	*R1720*					
Net	*R1800*	-10.98	-893.29	-2,448.48	26.69	**-3,326.05**
Expenses incurred	*R1900*	233.06	1,208.90	1,488.97	195.42	3,126.35
Other expenses	*R2500*					84.66
Total expenses	*R2600*					**3,211.02**

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

		Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations	Total Top 5 and home country
		C0010	*C0020*	*C0070*
	R0010		SE	
		C0080	*C0090*	*C0140*
Premiums written				
Gross	*R0110*	1,559.80	191.88	1,751.68
Gross - Proportional reinsurance accepted	*R0120*			
Gross - Non-proportional reinsurance accepted	*R0130*			
Reinsurers' share	*R0140*	20.28	0.28	20.56
Net	*R0200*	1,539.52	191.60	**1,731.12**
Premiums earned				
Gross	*R0210*	1,548.49	184.42	1,732.90
Gross - Proportional reinsurance accepted	*R0220*			
Gross - Non-proportional reinsurance accepted	*R0230*			
Reinsurers' share	*R0240*	20.28	0.28	20.56
Net	*R0300*	1,528.21	184.14	**1,712.35**
Claims incurred				
Gross	*R0310*	954.01	110.53	1,064.54
Gross - Proportional reinsurance accepted	*R0320*			
Gross - Non-proportional reinsurance accepted	*R0330*			
Reinsurers' share	*R0340*	13.84	0.03	13.87
Net	*R0400*	940.17	110.50	**1,050.67**
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*	361.84	48.76	410.60
Other expenses	*R1200*			3.00
Total expenses	*R1300*			**413.60**

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

(NOK millions)		Home Country	Top 5 countries (by amount of gross premiums written) - life obligations		Total Top 5 and home country
		C0150	*C0160*	*C0170*	*C0210*
	R1400		*SE*	*IE*	
		C0220	*C0230*	*C0240*	*C0280*
Premiums written					
Gross	*R1410*	16 416.29	7,577.10		23,993,39
Reinsurers' share	*R1420*	11.87	0.02		11,89
Net	*R1500*	16,404.42	7,577.08		**23,981,50**
Premiums earned					
Gross	*R1510*	16 416.29	7,577.10		23,993,39
Reinsurers' share	*R1520*	11.87	0.02		11,89
Net	*R1600*	16,404.42	7,577.08		**23,981,50**
Claims incurred					
Gross	*R1610*	10 846.07	7,710.12		18,556,19
Reinsurers' share	*R1620*	52.55			52,55
Net	*R1700*	10,793.52	7,710.12		**18,503,64**
Changes in other technical provisions					
Gross	*R1710*		-4,022.92		-4,022,92
Reinsurers' share	*R1720*				
Net	*R1800*		-4,022.92		**-4,022,92**
Expenses incurred	*R1900*	1,545.71	1,556.29	11.28	**3,113,27**
Other expenses	*R2500*				84.66
Total expenses	*R2600*				**3,197.94**

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

		Amount with Long Term Guarantee measures and transitionals	Impact of transitional on technical provisions	Impact of transitional on interest rate	Impact of volatility adjustment set to zero	Impact of matching adjustment set to zero
		C0010	*C0030*	*C0050*	*C0070*	*C0090*
Technical provisions	*R0010*	456,378.31			3,711.23	
Basic own funds	*R0020*	40,497.55			-2,783.43	
Eligible own funds to meet Solvency Capital Requirement	*R0050*	43,808.23			-2,783.43	
Solvency Capital Requirement	*R0090*	25,308.86			1,724.58	

S.23.01.22 – Own funds, page 1

(NOK million)		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	*C0020*	*C0030*	*C0040*	*C0050*
Basic own funds before deduction for participations in other financial sector						
Ordinary share capital (gross of own shares)	*R0010*	**2,339.07**	2,339.07			
Non-available called but not paid in ordinary share capital at group level	*R0020*					
Share premium account related to ordinary share capital	*R0030*	**10,521.18**	10,521.18			
Iinitial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	*R0040*					
Subordinated mutual member accounts	*R0050*					
Non-available subordinated mutual member accounts at group level	*R0060*					
Surplus funds	*R0070*					
Non-available surplus funds at group level	*R0080*					
Preference shares	*R0090*					
Non-available preference shares at group level	*R0100*					
Share premium account related to preference shares	*R0110*					
Non-available share premium account related to preference shares at group level	*R0120*					
Reconciliation reserve	*R0130*	**22,041.88**	22,041.88			
Subordinated liabilities	*R0140*	**7,780.07**		1,089.00	6,691.07	
Non-available subordinated liabilities at group level	*R0150*					
An amount equal to the value of net deferred tax assets	*R0160*	**873.18**				873.18
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*	**233.57**			233.57	
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*	**56.33**				56.33
Non-available minority interests at group level	*R0210*	**37.05**				37.05

S.23.01.22 – Own funds, page 2

(NOK million)		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	*C0020*	*C0030*	*C0040*	*C0050*
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	*R0220*					
Deductions						
Deductions for participations in other financial undertakings, including non-regulated undertakings carrying out financial activities	*R0230*	**3,310.68**	3,310.68			
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*	**37.05**				37.05
Total deductions	*R0280*	**3,347.73**	3,310.68			37.05
Total basic own funds after deductions	*R0290*	**40,497.55**	31,591.45	1,089.00	6,924.64	892.46
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	*R0300*					
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	*R0310*					
Unpaid and uncalled preference shares callable on demand	*R0320*					
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	*R0330*					
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	*R0340*					
	R0350					
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	*R0360*					
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	*R0370*					
Non available ancillary own funds at group level	*R0380*					
Other ancillary own funds	*R0390*					
Total ancillary own funds	*R0400*					

S.23.01.22 – Own funds, page 3

(NOK million)		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	*C0020*	*C0030*	*C0040*	*C0050*
Own funds of other financial sectors						
Reconciliation reserve	*R0410*	**3,310.68**	3,310.68			
Institutions for occupational retirement provision	*R0420*					
Non regulated entities carrying out financial activities	*R0430*					
Total own funds of other financial sectors	*R0440*	**3,310.68**	3,310.68			
Own funds when using the D&A, exclusively or in combination of method 1						
Own funds aggregated when using the D&A and combination of method	*R0450*					
Own funds aggregated when using the D&A and a combination of method net of IGT	*R0460*					
Total available own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	*R0520*	**40,497.55**	31,591.45	1,089.00	6,924.64	892.46
Total available own funds to meet the minimum consolidated group SCR	*R0530*	**39,605.09**	31,591.45	1,089.00	6 924.64	
Total eligible own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	*R0560*	**40,497.55**	31,591.45	1,089.00	6,924.64	892.46
Total-eligible own funds to meet the minimum consolidated group SCR	*R0570*	**34,622.63**	31,591.45	1,089.00	1,942.17	
Consolidated Group SCR	*R0590*	**25,308.86**				
Minimum consolidated Group SCR	*R0610*	**9,710.87**				
Ratio of Eligible own funds to Minimum Consolidated Group SCR	*R0630*	**177.41 %**				

S.23.01.22 – Own funds, page 4

		C0010	C0020	C0030	C0040	C0050
Ratio of Eligible own funds to Minimum Consolidated Group SCR	*R0650*	**356.53 %**				
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*	**43,808.23**	34,902.13	1,089.00	6,924.64	892,46
SCR for entities included with D&A method	*R0670*					
Group SCR	*R0680*	**25,308.86**				
Ratio of Eligible own funds to group SCR including other financial sectors and the undertakings included via D&A	*R0690*	**173.09 %**				

		C0060
Reconciliation reserve		
Excess of assets over liabilities	*R0700*	37,501.93
Own shares (included as assets on the balance sheet)	*R0710*	34.58
Forseeable dividends, distributions and charges	*R0720*	1,402.15
Other basic own fund items	*R0730*	14,023.33
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*	**22,041.88**
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	*R0770*	3,547.63
Expected profits included in future premiums (EPIFP) - Non- life business	*R0780*	75.28
Total EPIFP	*R0790*	**3,622.91**

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*	33,501.50		
Counterparty default risk	*R0020*	1,200.03		
Life underwriting risk	*R0030*	16,552.73		
Health underwriting risk	*R0040*	713.34		
Non-life underwriting risk	*R0050*	278.12		
Diversification	*R0060*	-10,665.08		
Intangible asset risk	*R0070*			
Basic Solvency Capital Requirement	*R0100*	**41,580.33**		

Calculation of Solvency Capital Requirement		*C0100*
Operational risk	*R0130*	1,484.65
Loss-absorbing capacity of technical provisions	*R0140*	-15,473.72
Loss-absorbing capacity of deferred taxes	*R0150*	-4,764.04
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	*R0160*	0.00
Solvency capital requirement excluding capital add-on	*R0200*	**22,827.22**
Capital add-on already set	*R0210*	
Solvency capital requirement	*R0220*	**22,827.22**
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*	**9,710.87**
Information on other entities		
Capital requirement for other financial sectors (Non-insurance capital requirements)	*R0500*	2,481.64
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*	2 481.64
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*	**25,308.86**

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

Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal Name of the undertaking	Type of undertaking	Legal form	Category (mutual/non mutual)	Supervisory Authority
C0010	*C0020*	*C0030*	*C0040*	*C0050*	*C0060*	*C0070*	*C0080*
NO	958995369	2	Storebrand Livsforsikring AS	Life insurance undertaking	Company limited by shares or by guarantee or unlimited	2	Finanstilsynet
NO	930553506	2	Storebrand Forsikring AS	Non life insurance undertaking	Company limited by shares or by guarantee or unlimited	2	Finanstilsynet
NO	980126196	2	Storebrand Helseforsikring AS	Non life insurance undertaking	Company limited by shares or by guarantee or unlimited	2	Finanstilsynet
NO	NO0003005001	2	Storebrand Bank ASA	Credit institution, investment firm and financial institution	Company limited by shares or by guarantee or unlimited	2	Finanstilsynet
NO	529900ZTCGG5XNFGB694	1	Storebrand Asset Management AS	Credit institution, investment firm and financial institution	Company limited by shares or by guarantee or unlimited	2	Finanstilsynet
NO	916300484	2	Storebrand ASA	Insurance holding company as defined in Article 212(1) (f) of Directive 2009/138/EC	Company limited by shares or by guarantee or unlimited	2	Finanstilsynet
NO	NO0010301401	2	Værdalsbruket AS	Other	Company limited by shares or by guarantee or unlimited	2	0
NO	94842	2	Storebrand Finansiell Rådgivning AS	Credit institution, investment firm and financial institution	Company limited by shares or by guarantee or unlimited	2	Finanstilsynet
NO	30460	2	Storebrand Pensjonstjenester AS	Other	Company limited by shares or by guarantee or unlimited	2	0
NO	94506	2	Norsk Pensjon AS	Other	Company limited by shares or by guarantee or unlimited	2	0
NO	98995	2	Storebrand Eiendom Trygg AS	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Company limited by shares or by guarantee or unlimited	2	0
NO	98997	2	Storebrand Eiendom Utvikling AS	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Company limited by shares or by guarantee or unlimited	2	0
NO	98996	2	Storebrand Eiendom vekst AS	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Company limited by shares or by guarantee or unlimited	2	0

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

Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal Name of the undertaking	Type of undertaking	Legal form	Category (mutual/non mutual)	Supervisory Authority
C0010	*C0020*	*C0030*	*C0040*	*C0050*	*C0060*	*C0070*	*C0080*
NO	99003	2	STB Eiendomsfond Invest	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Company limited by shares or by guarantee or unlimited	2	0
BE	95416	2	Benco Insurance Holding B.V.	Insurance holding company as defined in Article 212(1) (f) of Directive 2009/138/EC	Company limited by shares or by guarantee or unlimited	2	0
GG	14861	2	Nordben Life & Pension LTD	Life insurance undertaking	Company limited by shares or by guarantee or unlimited	2	Guernsey Financial Services Commission
IE	529900WDJ1Z5QH42H269	1	Euroben Life & Pension LTD	Life insurance undertaking	Company limited by shares or by guarantee or unlimited	2	Central Bank of Ireland
GG	18022	2	Interben Trustees Limited	Credit institution, investment firm and financial institution	Company limited by shares or by guarantee or unlimited	2	Guernsey Financial Services Commission
SE	529900GS6OZTM1HYL611	1	SPP Pension & Försäkring AB	Life insurance undertaking	Company limited by shares or by guarantee or unlimited	2	Finansinspektionen
SE	556045-7581	2	SPP Konsult AB	Other	Company limited by shares or by guarantee or unlimited	2	0
SE	556892-4830	2	SPP Spar AB	Other	Company limited by shares or by guarantee or unlimited	2	0
SE	556883-1340	2	SPP Hyresförvaltning AB	Other	Company limited by shares or by guarantee or unlimited	2	0
SE	556594-9517	2	Storebrand & SPP Business Services AB	Other	Company limited by shares or by guarantee or unlimited	2	0
SE	556482-4471	2	Försäkringsgirot AB	Other	Company limited by shares or by guarantee or unlimited	2	0
SE	556743-9815	2	Storebrand Holding AB	Other	Company limited by shares or by guarantee or unlimited	2	0
SE	556745-7428	2	SPP Fastigheter AB	Other	Company limited by shares or by guarantee or unlimited	2	0
SE	559051-7735	2	SPP Fastigheter Komplementär AB	Other	Company limited by shares or by guarantee or unlimited	2	0

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

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

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

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