storebrand

Solvency and Financial Condition Report 2016
Storebrand ASA

Content

Summary

Dear Storebrand customer

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

Solvency II sets requirements for the publication of information in the form of an annual "Solvency and Financial Condition Report". This is the first edition. The report provides information about the businesses operated by the Storebrand Group and the financial performance in 2016 (A. Business and Performance), how risk management and internal control function (B. System of Governance), Storebrand's risks (C. Risk Profile), the value of assets, liabilities and own funds as of 31 December 2016 (D. Valuation for Solvency Purposes) and lastly, the amount and composition of own funds in relation to the risks these have to cover in the form of capital requirements (E. Capital Management).

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 private companies in Norway no longer have defined benefit schemes or have closed these for new employees, but Storebrand has a large portfolio of fully paid-up pension schemes (paid-up policies). A large amount of capital is allocated to cover the uncertainty associated with future returns and longevity from the paid-up policies. This is vital for the guarantees to have real value.

The majority of new premiums for occupational pensions are linked to defined contribution pension schemes. For these products, you as an employee has the investment risk. The same applies to private pension savings within unit-linked contracts, for example the Extra Pension product. However, Storebrand still has an important role by offering a broad, high-quality range of funds and in providing advice. Storebrand also is responsible for managing the assets in a sustainable and prudent manner, including that expenses are reasonable. The life cycle portfolios Anbefalt Pensjon (Recommended Pension) in Norway and SparaSäkra (Safe Saving) in Sweden offers a simple and comprehensive solution. Defined contribution and unit-linked contracts usually involve temporary payments. The customer must ensure that the pension lasts for life. Storebrand's role is to provide you with a good, complete overview of all of your pension rights and provide advice about what you can do to satisfy your pension needs.

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 calculated, and the risk is covered by allocating capital.

TABLE 1 SOLVENCY II BALANCE SHEET FOR STOREBRAND ASA AS OF 31.12.2016

(NOK million)

Assets		**Liabilities**	
Investments (other than assets held for index-linked and unit-linked contracts)	321,064	Technical provisions including transitional	414,794
Assets held for index-linked and unit-linked contracts	139,760	-Life insurance	282,181
Other assets	15,331	-Non-life insurance	1,516
		-Index-linked or unit-linked contracts	131,097
		Subordinated liabilities	7,198
		Other liabilities	18,486
Total assets	**476,155**	**Total liabilities**	**440,478**
		Net assets	**35,677**

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

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

Under Solvency II, all assets and liabilities must be appraised at market value. The figures in this report are consolidated figures that include all of the companies in the Storebrand Group, including the subsidiaries that are not insurance companies. The total value of the assets in the Storebrand Group calculated using Solvency II rules is NOK 476.2 billion, while the total value of the liabilities is NOK 440.5 billion. See table 1. Storebrand therefore has assets valued at NOK 35.7 billion more than the liabilities these assets have to cover. In addition, Storebrand has subordinated loans of NOK 7.2 billion which is part of the own funds. Total own funds[2] amount to NOK 42.0 billion.

TABLE 2 SOLVENCY CAPITAL REQUIREMENT AS OF 31.12.2016

(NOK million)	
Market risk	24,175
Counterparty risk	529
Life risk	8,773
Non-life and health risk	1,027
Operational risk	1,449
Loss-absorbing capacity of deferred taxes	-5,363
Total solvency capital requirement for insurance companies	**24,248**
Capital requirements for subsidiaries regulated by CRD IV	2,537
Total capital requirement	**26,784**

TABLE 3 SOLVENCY POSITION AS OF 31.12.2016

(NOK million)	
Own funds	42,018
Solvency capital requirement	26,784
Solvency margin	**156.9%**

Solvency II sets requirements for own funds in a normal situation. This is known as the "solvency capital requirement" and is calculated as totalling NOK 24.2 billion for the insurance companies in the Group. See table 2. The amount of the solvency capital shall secure that you as a customer will receive the insurance claims or pension payments that you are entitled to with 99.5% certainty. In addition comes the capital requirements from the companies in the Group that are subject to capital requirements for banks and securities companies (CRD IV). The total capital requirement for the Group is NOK 26.8 billion. There are capital requirements for all major risks borne by Storebrand. 91% of the capital requirement is from the insurance business. 9% of the capital requirement is from other businesses, principally banking activities.

Within the insurance business, 67%[3] of the capital requirement relates to the financial markets, particularly with regard to interest rates, equities, property, credit spreads and foreign currency risk. 24% of the capital requirement relates to the life risk, including the risk that pension customers live longer than expected. The insurance business also has operational risk, risk from non-life insurance and risk associated with counterparties not fulfilling their obligations. Total capital requirement are reduced through diversification, i.e. it is unlikely all of these events will occur simultaneously. The capital requirement is also adjusted for the effect of reduced tax.

When own funds of NOK 42.0 billion are compared with the capital requirement of NOK 26.8 billion, Storebrand has a solvency margin of 157%[4]. The requirement in the regulations is that the solvency margin must be over 100% in a normal situation. Storebrand's own target is over 150%.

The Solvency II regulations include transitional rules. Storebrand Livsforsikring uses transitional for the valuation of the technical provisions. Storebrand Livsforsikring and SPP use transitional for calculating the capital requirement for equity. These transitional also apply at group level. Without transitional, own funds are NOK 39.7 billion, the solvency capital requirement is NOK 27.6 billion, and the solvency margin is 144%.

Storebrand Livsforsikring, Storebrand Forsikring and Storebrand Helseforsikring in Norway, SPP in Sweden and Euroben in Ireland, makes separate solvency calculations at company level (solo) and publicise a Solvency and Financial Condition Report.

Storebrand Bank, Storebrand Asset Management and other subsidiaries regulated according to CRD IV report in accordance with the requirements that apply for these companies. All subsidiaries satisfy the capital adequacy requirements in the relevant regulations and own capital adequacy targets.

[2] In Norway, Solvency II has been implemented through the Financial Institutions Act with regulations. [3] Before diversification between the risk modules.
[4] After provisions for dividends for 2016.

A. BUSINESS AND PERFORMANCE

A.1 BUSINESS

Storebrand ASA is the parent company in the Storebrand Group and has its head office at Lysaker in Bærum municipality. Storebrand's principal business activities are in Norway and Sweden and are subject to group supervision by the Financial Supervisory Authority of Norway[5]. The accounts of Storebrand ASA and the Group are audited by Deloitte AS[6].

Storebrand ASA is listed on the Oslo Stock Exchange. As of 31 December 2016, Storebrand was the 13th largest company in terms of market value. The company has a diverse ownership structure and is among the companies on the Oslo Stock Exchange that has the largest number of shareholders. 56% of the shareholders are foreign and from 52 different countries. Folketrygdfondet is the largest owner with 12.81% of the shares as of 31 December 2016. More detailed information about shareholder matters, including an overview of the 20 largest owners, can be found in the Shareholder Matters section of the 2016 directors' report for Storebrand ASA.

Due to the fact that Storebrand is an insurance dominated group, Storebrand ASA is governed by Solvency II due to being the ultimate holding company in the Group. The figure below is a simplified Group structure[7], including the regulations that apply for the most important Group companies.

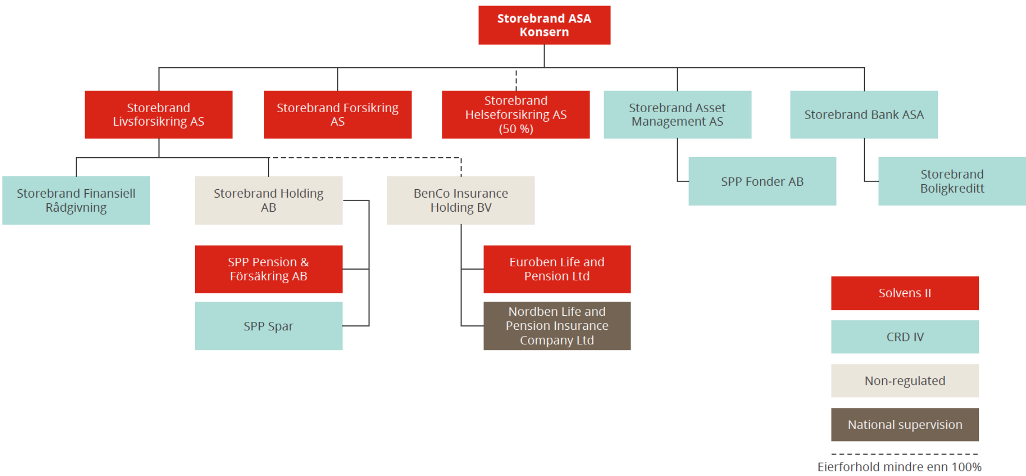


FIGURE 1 SIMPLIFIED GROUP STRUCTURE

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

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

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

Storebrand ASA owns 100% of Storebrand Asset Management AS, which offers asset management to the corporate and retail markets in Norway and Sweden. The business in Sweden is managed through the 100% owned subsidiary SPP Fonder AB. Storebrand Asset Management 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[8] have separate 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.

[5] The Financial Supervisory Authority of Norway: Revierstredet 3, 0151 Oslo; Postboks 1187 Sentrum, 0107 Oslo; Tel.: +47 22 93 98 00.
[6] Deloitte AS: Dronning Eufemias gate 14; Postboks 221 Sentrum, 0103 Oslo; Tel.: +47 23 27 90 00.
[7] A complete overview of the companies in the Storebrand Group can be found on the last page of the 2016 annual report for Storebrand ASA.
[8] Storebrand Livsforsikring AS, SPP Pension & Försäkring AB, Storebrand Forsikring AS, Storebrand Helseforsikring AS, Euroben Life & Pension Ltd.

Storebrand's core businesses are managed and reported in the Saving, Insurance and Guaranteed Pension segments[9].

- *Saving* includes long-term saving for pensions, without interest rate guarantees. The products include defined contribution pensions in Norway and Sweden, asset management and retail market banking product.
- *Insurance* includes the Group's non-life and risk coverage. The products include health insurance in the Norwegian and Swedish corporate and retail markets, P&C insurance and personal risk products in the Norwegian retail markets and employee-related and pension-related insurance in the Norwegian and Swedish corporate markets.
- *Guaranteed pension* includes long-term pension saving that give customers a guaranteed rate of return or a guaranteed benefit. The products include defined benefit pensions in Norway and Sweden, paid-up policies and individual capital and pension insurance.

Storebrand provides better pensions - simple and sustainable. Retirement is the sum total of many minor and major financial decisions and the Group therefore offers products within saving, insurance and banking to private individuals, companies and public sector entities. Saving and Insurance are the Group's focus areas, while Guaranteed Pension is in long-term decline.

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

A.2 UNDERWRITING PERFORMANCE

The results in this chapter correspond with technical accounts in the financial reporting for Storebrand, ref. note 14 in the 2016 annual report for the Storebrand Group, but are grouped in accordance with the segmentation used for Solvency II reporting. Information about the risk result is found in note 8 of the 2016 annual report for the Storebrand Group.

Life insurance

The majority of premiums, claims and expenses for Storebrand relate to life insurance products. For 2016, total net premiums from life insurance products were NOK 22,665 million, divided among health insurance (similar to life), guaranteed products with profit sharing, unit-linked contracts and other life insurance. Expenses relating to life insurance products were NOK 2,733 million. The result from life insurance products, divided according to main segment as administered by Storebrand, is also described in note 40 of the annual report for the Storebrand Group.

TABLE 4 PREMIUMS, CLAIMS AND EXPENSES PER SEGMENT FOR 2016 (LIFE INSURANCE)

(NOK million)	Health insurance	Guaranteed products with profit sharing	Index-linked and unit-linked contracts	Other life insurance	Total life insurance
Gross premiums	1,030	6,251	13,982	1,424	22,687
Reinsurers' share	17	3	-	2	22
Net premiums	**1,013**	**6,248**	**13,982**	**1,422**	**22,665**
Gross claims	797	13 407	4,330	330	18,864
Reinsurers' share	5	0	-	-	5
Net claims	**791**	**13,407**	**4,330**	**330**	**18,858**
Expenses	**217**	**1,304**	**958**	**199**	**2,733**

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

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

[9] The segments are described in more detail in note 5, Segments, in the 2016 annual report for Storebrand ASA.

The unit-linked contracts segment consists of collective occupational pension (defined contribution pension, hybrid pension and paid-up policies with investment choice) and individual pension schemes without guaranteed returns[10] or benefits. Premiums are significantly higher than the claims because few employees have reached retirement age, particularly for defined contribution pensions in Norway. The majority of the premium is therefore allocated 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 that are 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 2016, total net premiums for non-life insurance products were NOK 1,722 million. Expenses associated with non-life insurance products were NOK 376 million. The results of non-life insurance products, divided according to main segment as administered by Storebrand, are also described in note 41 of the annual report for the Storebrand Group.

TABLE 5 PREMIUMS, CLAIMS AND EXPENSES PER SEGMENT FOR 2016 (NON-LIFE INSURANCE)

(NOK million)	Health insurance	Income protection insurance	Occupational injury	Motor vehicle and other motor	Fire	Other	Total non-life insurance
Gross premiums written	314	278	78	618	370	90	1,748
Reinsurers' share	1	7	4	7	7	1	26
Net premiums written	**313**	**271**	**74**	**611**	**363**	**90**	**1,722**
Gross premiums earned	308	278	78	609	367	89	1,730
Reinsurers' share	1	7	4	7	7	1	26
Net premiums earned	**308**	**271**	**74**	**602**	**360**	**89**	**1,704**
Gross claims	190	183	59	462	293	61	1,248
Reinsurers' share	0	5	2	-3	32	0	36
Net claims	**190**	**179**	**57**	**465**	**260**	**61**	**1,212**
Expenses	**73**	**59**	**12**	**135**	**76**	**19**	**376**

In the table, the segments are grouped according to main category which principally corresponds to what is offered by the different insurance companies within the Storebrand Group. Appendix 2 contains a table with a more detailed division per sector (S.05.01.02).

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

The income protection and occupational injury segments are sold through both Storebrand Skadeforsikring AS and Storebrand Livsforsikring AS. These are types of insurance that provide lump-sum compensation if accidents occur[11] or provide compensation for occupational injuries.

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

The appendix to this report includes a table that provides more detailed information about how claims have accrued over time for the past 10 reference years (S.19.01.21).

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

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.

TABLE 6 PREMIUMS, CLAIMS AND EXPENSES BY COUNTRY FOR 2016 – LIFE INSURANCE

(NOK million)	Home Country	Top 5 countries (by amount of gross premiums written) - life obligations		Total
		Sweden	*Ireland*	
Gross premiums written	16,250	6,370	67	22,687
Reinsurers' share	19	3	0	22
Net premiums written	**16,231**	**6,367**	**67**	**22,665**
Gross premiums earned	16,250	6,370	67	22,687
Reinsurers' share	19	3	0	22
Net premiums earned	16231	6,367	67	22,665
Gross claims	10077	8,406	381	18,864
Reinsurers' share	**5**			**5**
Net claims	**10,072**	**8,406**	**381**	**18,858**
Gross changes in other technical provisions		7,197	603	7,800
Reinsurers' share				
Net changes in other technical provisions		**7,197**	**603**	**7,800**
Expenses	**1,712**	**939**	**25**	**2,733**

Approximately 90% of the non-life premiums, claims and expenses are in Norway (home country), with the reminder in Sweden, see table 7.

TABLE 7 PREMIUMS, CLAIMS AND EXPENSES BY COUNTRY FOR 2016 – NON-LIFE INSURANCE

(NOK million)	Home country	Sweden	Total non-life insurance
Gross premiums written	1,579	169	1,748
Reinsurers' share	26		26
Net premiums written	**1,553**	**169**	**1,722**
Gross premiums earned	1,567	163	1,730
Reinsurers' share	26		26
Net premiums earned	**1,541**	**163**	**1,704**
Gross claims	1,152	96	1,248
Reinsurers' share	33	-0	32
Net claims	1,119	96	1,215
Expenses	**330**	**42**	**376**

A.3 INVESTMENT PERFORMANCE

In this report, investment results are based on fair value accounting that apply for the solvency balance sheet. 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 2016, Storebrand realised income from investments of NOK 16,619 million. Of this, NOK 8,276 million was interest income, NOK 1,588 million was share dividends, NOK 1,015 million was rent and NOK 5,740 million was capital gains (net) from the sale of securities. Other changes in value was NOK 10,830 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 market risk has a varying degree of influence on Storebrand's income and financial performance for the different sub-portfolios. This is described in more detail in Chapter B.2. Market Risk.

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

(NOK million)	Dividends	Interest revenues	Rent	Net gains and losses	Value changes
Collective portfolio	700	7 469	931	3 719	3 059
Index-linked and unit-linked contracts portfolio	263	366	84	1 581	8 040
Company portfolio	624	441	-	440	-269
Total	**1 588**	**8 276**	**1 015**	**5 740**	**10 830**

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

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

Income from investments also appears in note 16, Net income, for different classes of financial instruments and note 17 Net income from properties, in the 2016 annual report for the Storebrand Group.

A.4 PERFORMANCE OF OTHER ACTIVITIES

For the insurance companies, most income and expenses relate to the insurance business or the investments. For the Group, there are also income and expenses associated with the asset management business and the bank. Income and expenses from Storebrand Asset Management and the retail market part of Storebrand Bank are reported as part of the Saving segment in the 2016 annual report for Storebrand ASA.

The Storebrand Group is financed by a combination of equity and subordinated loans. With the interest rate as of the end of 2016, interest expenses of approximately NOK 100 million are expected per quarter.

Other activities are specified in more detail in note 18 Other Income and note 27 Other Expenses in the 2016 annual report for the Storebrand Group.

A.5 ANY OTHER INFORMATION

The business and results for 2016 are described in detail in the 2016 annual report for Storebrand ASA.

B. SYSTEM OF GOVERNANCE

B.1 GENERAL INFORMATION ON THE SYSTEM OF GOVERNANCE

The Board and the Board's sub-committees

At the end of 2016, the Board of Storebrand ASA consisted of 10 members (six men and four women), of whom seven were elected by the shareholders and three were elected by the employees. None of the members elected by the general meeting have any employment, professional or consultancy relationship with Storebrand beyond their appointment to the Board. The day-to-day management is not represented on the Board.

The Board is responsible for the company being adequately organised and sets risk frameworks, strategies, plans and budgets for the business and also ensures that the business, accounts and asset management are subject to adequate controls, including that the company is managed in accordance with the applicable laws. The Board shall also supervise the day-to-day management and the company's activities in general. The work of the Board is regulated by special rules of procedure for the Board which are reviewed annually.

The Board has established three sub-committees in the form of a compensation committee, audit committee and risk committee. The committees consist of three to four board members, of whom two to three are shareholder-elected and one is elected by the employees. The committees are preparatory and advisory working committees and assist the Board with the preparation of items for consideration. Decisions are made, however, by the full Board. The committees may, at their own initiative, hold meetings and consider matters without the involvement of management.

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

The main task of the risk committee is to prepare matters to be considered by the Board 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 functions as the Group's joint remuneration committee in accordance with Norwegian and Swedish regulations. The compensation committee shall provide advice to the boards of the Group's companies in Norway and Sweden that are obligated to have remuneration committees. This applies to 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 company's 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 equity 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 for the provision of services that form the basis for the Board's analysis of the company's financial situation and risk situation if this will weaken the Board's ability to undertake an independent and critical assessment of the matter that has been presented.

In terms of the functional governance of the Group, the executive management constitute the highest level of management. There are areas of responsibility for customers in Norway, Sweden and asset management, as well as intragroup areas of responsibility for digital business development, customer service and products, finance and accounting, and HR and IT.

Independent control functions

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

Remuneration
Storebrand aims to base remuneration on competitive and stimulating principles that help to attract, develop and retain highly qualified employees. Storebrand shall have an incentive model that supports the strategy, with emphasis on the customers' interests and long-term perspective, an ambitious collaborative model, as well as transparency that enhances the Group's reputation. Therefore, the company will primarily emphasise a fixed salary as a means of overall financial compensation, and utilise variable remuneration to a limited extent. The Group's executive management team and executive personnel who have a significant influence on the company's risk receive only fixed salaries. Other employees may be awarded a discretionary bonus of 5-15% of fixed salary.

The company shall arrange and pay for ordinary group pension insurance for all employees in accordance with the applicable pension rules at any given time. Since 2015, the company has had defined contribution pension schemes for all employees in Norway that also include salaries above 12 G (G - National Insurance base amount). The pension plan for employees at SPP in Sweden follows the plan for bank employees in Sweden (Bankanställdas Tjänstepensionsplan - BTP).

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

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

Further details concerning pension schemes and remuneration, including the level of remuneration received by the Board and executive personnel, can be found in notes 24 and 25 of the 2016 annual report for the Storebrand Group.

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

Specific details are provided in note 49 of the 2016 annual report for the Storebrand Group.

B.2 FIT AND PROPER REQUIREMENTS
The Board of Storebrand ASA has established processes that ensure that the company's Board, CEO/actual management, and heads of independent control functions/key functions, satisfy the fit and proper requirements. People who hold management or key functions shall have adequate qualifications for the responsibilities and the duties that are assigned to the respective roles, sufficient experience and education required for performing the role, 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.

Work on implementing and documenting the assessment of fit and proper requirements is carried out in connection with the election of the Board, annual Board evaluations, recruitment including background checks, annual succession planning and successor processes, as well as employee appraisals.

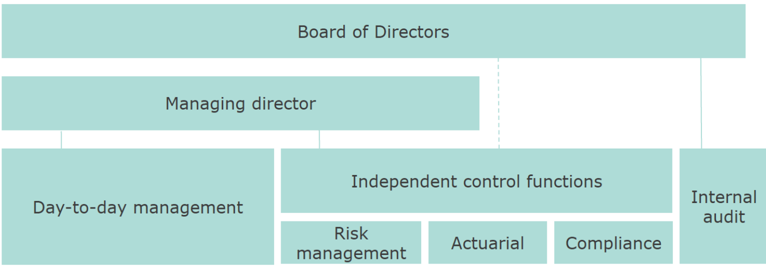
Management and key functions that are handled by external service providers shall be assessed in the same manner as equivalent roles in the company. The Storebrand Group has outsourced internal auditing to Ernst & Young (EY). An employee at Storebrand is responsible for the contract. The employee responsible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

The assessment of fit and proper requirements is made 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 the outsourcing of management or key functions. The Financial Supervisory Authority of Norway is continually informed of who is covered by the assessment of fit and proper requirements.

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

Risk management system.

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



The Board of Storebrand ASA and the boards of the subsidiaries have primary responsibility for limiting and following up the risks to the business. The boards set annual limits and guidelines for risk-taking in the business, receive reports on the actual risk levels, and perform a minimum of two annual, future-oriented reviews of the risk situation.

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

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

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

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

The internal audit function (third line of defence) is organised directly under the Board and shall provide the boards of the relevant consolidated companies with confirmation concerning the appropriateness and effectiveness of the company's risk management, including how well the various control functions are working.

The risk management process

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

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

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

The risk appetite is the overall risk level and the risk types that Storebrand accepts to achieve its commercial objectives. The risk strategy specifies guidelines from the risk appetite to targets and limits for risk taking, both as a whole and for different types of risk. The Board of Storebrand ASA discusses and approves the risk appetite and the risk strategy at least once a year. The Chief Risk Officer is responsible for preparing proposals. The risk appetite and risk strategy provide guidelines and establish limits for more detailed strategies relating to, among other things, market risk (investment strategy), insurance risk, credit risk and liquidity risk. The boards of the subsidiaries decide on their own risk appetite and risk strategy within limits set by the Group Board.

Each leader at all levels of the business is responsible for risk management within his/her own area of responsibility. The risk management shall ensure that the risk level is compatible at all times with the risk appetite and is within internal and regulatory limits. If the risk deviates from targets or breaches limits, the risk owner will immediately ensure that the necessary measures are initiated.

Risk owners continually monitor the development of risk exposure and shall have reporting procedures that ensure that information regarding significant risks is analysed and communicated. At an overarching level, the Board receives risk reporting through information about the business at board meetings and in the form of monthly reports on business activities. Routines and systems have been established that enable all employees to provide systematic and prompt reports to management if they discover deviations, new risks or that established control measures are not functioning.

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

Risk management is an integrated part of the business and is intended to support commercial decisions. The Board and management take the relevant risk information into consideration in all decision-making processes.

Own Risk and Solvency Assessment (ORSA)

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

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

Through the ORSA process, the Board shall assess whether risk taking is in line with the approved risk appetite and is within the applicable risk limits, including whether the risk taking contributes as desired in achieving the business' profitability targets, whether composition of risk and development in the risk picture correlate with guidelines from the risk appetite statement and whether the risk of fluctuations in the solvency position is within an acceptable level.

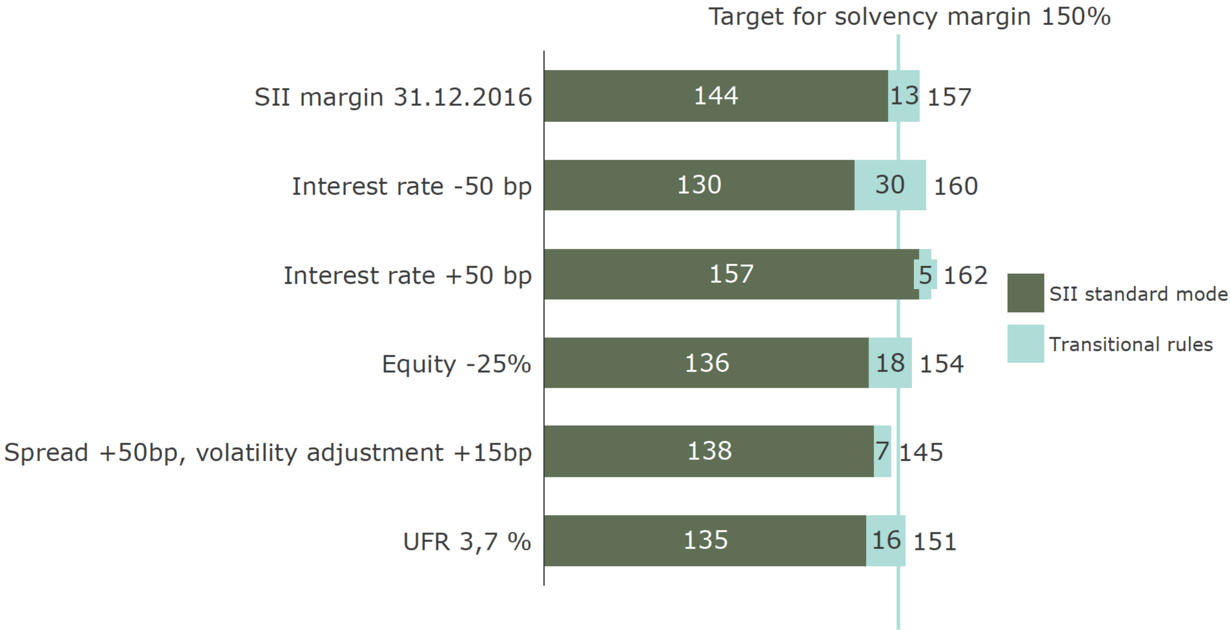


FIGURE 2 SENSITIVITIES FOR SOLVENCY MARGIN 31.12.2016

As part of the ORSA process, Storebrand calculates how sensitive the solvency margin is to changes in market conditions. This is updated and reported on a quarterly basis as part of the financial reporting.

Capital adequacy targets and link to capital plan
The Storebrand Group has overarching financial targets relating to capital adequacy, profitability and dividends. These are described in more detail in "Financial Targets" in the 2016 directors' report for Storebrand ASA.

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

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

In a normal situation, dividends to shareholders shall be over 35% of the profit[12]. Dividends shall be adapted such that the Group is ensured sufficient capital adequacy. If the solvency margin for Storebrand ASA falls below 150%, reduced dividends shall be considered. If the solvency margin falls below 130%, dividends will not be paid out. Dividends will also not be paid if the solvency margin without transitional is less than 110%. A dividend of NOK 695 million was paid for the 2016 financial year, equivalent to NOK 1.55 per share.

Storebrand ASA has a target of a net debt-equity ratio of close to zero. As a starting point, the Group's capital plan is based on surplus capital that exceeds the targeted solvency level for subsidiaries being held in Storebrand ASA. This ensures flexibility and is a contingency for strengthening the capital in 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
The basis for good risk management and internal control is a good control environment represented by the attitudes, integrity, values and ethics of the Board, management and employees, as well as the formal and operational organisation of the business.

The term "internal control" includes everything the company does to set targets and limit undesired events so that values are maintained and created for customers, owners, employees and for society as a whole. In other words, internal control involves more than just basic control measures. Among other things, this includes ensuring focused and cost-effective operation, reliable reporting and compliance with external and internal regulations. Internal control is a continual process performed by the Board, management and employees and integrated into the day-to-day management and operation of the business.

[12] After tax, but before amortisation costs.

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 must be 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, must 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 function is led by the Group Compliance Officer. The compliance functions for the companies are formally affiliated with the legal structure of the companies that require a license to operate, but are functionally combined under the Group Compliance Officer.

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

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

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

B.5 INTERNAL AUDIT FUNCTION

Storebrand has entered into an agreement with Ernst & Young (EY), valid from 1 January 2013, to act as the internal audit function for all of the companies in the Group. The partner in charge at EY reports directly to the Board of Storebrand ASA which issues instructions for the internal audit and approves the annual plan for the audit.

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

The internal audit function is organised directly under the Board and its work shall be independent of the areas and people who are being audited. The internal audit function must be able to conduct investigations at its own initiative, independently of the management. When requested by the business, or at its own initiative, the internal audit function may conduct investigations in the event of suspected breach.

B.6 ACTUARIAL FUNCTION

In order to have an efficient and consistent actuarial function for the Storebrand Group, a Group actuary is appointed who 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 the solvency balance sheet are reliable and suitable. The function shall provide a statement about the guidelines for underwriting insurance and the suitability and effectiveness for the company's reinsurance programme. The function shall also contribute to the work of the risk management function, particularly in relation to the underwriting risk.

The actuarial function submits a written report to the Board at least once a year which assesses the degree of reliability and suitability of the calculation of the technical provisions.

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

B.7 OUTSOURCING

Outsourcing is understood as being the instances in which Storebrand chooses to use contractors to perform work tasks that could alternatively been carried out by the company itself. The Board of Storebrand ASA has approved guidelines for outsourcing. The guidelines apply for both outsourcing internally within the Storebrand Group and when the activity is outsourced to external companies. Exceptions are purchase agreements and agreements for the provision of services that are of minor importance to the operational business of the company.

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

A risk assessment is always conducted before a decision is made to outsource an activity. The starting point for the assessment is that outsourcing must be justified based on commercial considerations and with regard to adequate operation and control, assurance of continual operation, effective supervision and the relationship to our customers.

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

Companies in the Storebrand Group have outsourced services relating to, among other things, business processes, operation and development of IT infrastructure and operation and development of core systems, see table 9. There is also intragroup outsourcing, including asset management and distribution. Each year, the Board of Storebrand ASA 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.

[14] Eid via Storebrand Holding AB

TABLE 9 OVERVIEW OF SIGNIFICANT OUTSOURCING[13]

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

B.8 ANY OTHER INFORMATION

The system for risk management and internal control is also described in the 2016 annual report for Storebrand ASA, particularly the chapter pertaining to Corporate Governance, and the paragraph on the capital situation and risk in the directors' report and note 6, Risk management and internal control.

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

C. RISK PROFILE

C.1 UNDERWRITING RISK

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

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

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

For disability and other risk products, the risk is limited by health information being obtained before agreements are entered into with individuals or companies with few employees. For larger companies, the price takes into consideration the industry and history of illness. The risk is managed by following the risk results and, if necessary, adjusting the price on an annual basis.

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

To limit the risk associated with major damage or disasters, Storebrand has entered into reinsurance agreements. Reinsurance covers the risk, exceeding a lower limit[14], associated with major single events and disasters that cause two or more deaths or instances of disability. The company's maximum risk amount at its own expense is relatively high and the reinsured risk is therefore modest in size.

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

C.2 MARKET RISK

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

Most of the market risk is with the life insurance companies. For the life insurance companies, the financial assets are invested in a variety of sub-portfolios. Market risk affects Storebrand's income and profit differently in the different 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. The most important factors are the size and flexibility of the customer buffers and level and duration of the guaranteed return. If the investment return is not sufficient to meet the guaranteed interest rate, the shortfall may be met by using customer buffers built up from previous years' profits. Storebrand is responsible for meeting any shortfall under the interest rate guarantee.

The market risk is managed by segmenting the portfolios in relation to risk-bearing capacity. For customers who have large customer buffers, investments are made with higher market risk that give increased expected returns. Equity risk is also managed by means of dynamic risk management, for which the objectives are to maintain good risk-bearing capacity and continually adjust the financial risk

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

to the buffer situation and the company's capital adequacy. By exercising this type of risk management, Storebrand expects to create good returns each year and over time. Investments in currencies other than the currency of the home country are essentially hedged.

The risk is influenced by changes in interest rates. Falling interest rates are positive for the investment return in the short term due to price appreciation for bonds, but negative in the long term because it reduces the probability of achieving a return higher than the guarantee. Paid-up policies have a particularly high risk in a low interest rate scenario, because there are very limited opportunities for changing the price or terms. In Norway, the effect of low interest rates will be dampened by a large proportion of amortised cost portfolios that will benefit from securities purchased at interest rate levels higher than the current levels. In the Swedish business, management of interest rate risk is based on the interest rate risk from the assets being the same as the interest rate risk from the technical provisions.

Customer portfolios without guarantees

For defined contribution pension and unit-linked contracts, the customers can select how the funds are invested. The greatest market risks are the equity market risk and foreign exchange risk.

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

Company portfolios

The market risk in the company portfolios has a direct impact on the profit. Storebrand aims to have low market risk for the company portfolios, and most of the funds are invested in short and medium-term fixed income securities with low credit risk. Storebrand Livsforsikring's stake in SPP[15] is partly currency hedged.

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 assessment.

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

The table shows the fall in value of Storebrand Livsforsikring and SPP's investments portfolios because of immediate changes from financial market risk. The stress tests were carried out for the company portfolio and guaranteed customer portfolios as of 31 December 2016.

TABLE 10

	Storebrand Livsforsikring		SPP Pension & Försäkring	
Profit risk	NOK million	Share of portfolio	SEK million	Share of portfolio
Interest rate risk	1,225	0.6 %	356	0.4 %
Equity risk	1,150	0.6 %	792	0.9 %
Property risk	1,507	0.8 %	474	0.5 %
Credit risk	981	0.5 %	763	0.8 %
Diversification	-735	-0.4 %	-357	-0.4 %
Result	4,128	2.1 %	2,028	2.2 %

Because the effect of immediate market changes are calculated, dynamic risk management will not have an effect on the outcome. If it is assumed that the market changes occur over a period of time, then dynamic risk management will reduce the effect of the negative outcomes somewhat. As a result of customer buffers, the effect of the stresses on the financial result will be lower than the combined change in value in the table. As of 31 December 2016, the customer buffers were of such a size that the effects on the result are significantly lower.

[15] Owned via Storebrand Holding AB.

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

Based on the stress test, SPP has an overall market risk of SEK 2.0 billion, which is equivalent to 2.2 per cent of the investment portfolio. The buffer situation for the individual contracts will determine if all or portions of the fall in value will affect the financial result. Only the portion of the fall in value that cannot be settled against the customer buffer will be charged to the result. In addition, the reduced profit sharing or loss of the indexing fees may affect the financial result.

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

Other companies in the Storebrand Group are not included in the sensitivity analysis, as there is limited market risk in these areas.

Prudent persons principle

Management of the guaranteed portfolios is viewed in connection with the obligation to deliver a minimum return. To ensure sound asset management, the portfolios are segmented based on, among other things, guarantee level, duration and size of customer buffers. The exposure to market risk is viewed in connection with 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 function as a liquidity buffer. The asset management should ensure sufficiently liquid portfolios with low correlation with the customer portfolios, combined with good returns in relation to the level of risk.

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

Assessment of credit risk irrespective of rating

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

Management of interest rate risk related to the yield curve

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

Storebrand follows up the risk associated with this both as a part of the ORSA process and as part of the ongoing risk management of the investment portfolio. Storebrand makes a calculation at least once a quarter of 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.

The limits for credit risk in relation to each counterparty and as a whole within rating categories are decided by the boards of each of the companies in the Group. Particular attention is paid to ensuring diversification of credit exposure in order to avoid concentration towards any individual debtor or sector. Changes in the credit quality of debtors are monitored and followed up. Storebrand uses published credit ratings whenever available, together with own assessments.

Counterparty risk from derivatives

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

Collateral pledged in connection with futures and options is regulated daily based on the change in margin for individual contracts. As of 31 December 2016, Storebrand had pledged collateral of NOK 2,179 million and received collateral of NOK 3,087 million. Net collateral received was NOK 908 million. Collateral was received and pledged in the form of both cash and securities.

Further information about collateral appears in note 44 Collateral and note 11 Credit risk in the 2016 annual report for the Storebrand Group.

Loans and mortgages

As a result of Group priorities regarding use of capital and a strategic assessment of the future direction of the Group, the corporate market segment at Storebrand Bank is no longer prioritised as a core activity for the bank, and will be run down and eventually wound up. Loans and mortgages are an asset class that will increase in the coming years for the life insurance companies because loans and mortgages make a good contribution towards achieving the guaranteed return. This means that loans to companies in the future will appear on the balance sheet of Storebrand Livsforsikring and SPP.

As of 31 December 2016, Storebrand had loans and mortgages to customers totalling NOK 46.3 billion after provisions for losses of NOK 73 million. Of this, NOK 10.9 billion was to the corporate market and NOK 35.5 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. Corporate loans at Storebrand Bank are being wound down, and therefore everything except NOK 1.5 billion of the corporate loans has been provided by Storebrand Livsforsikring.

In the retail market, most of the loans are secured by way of 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 9.7 billion. The housing loans are sold on market terms.

Loans and mortgages are described in more detail in note 34 of the 2016 annual report for the Storebrand Group.

C.4 LIQUIDITY RISK

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

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

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

Separate liquidity strategies have also been drawn up 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 mean 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, including an unused credit facility of EUR 240 million. 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 regular maturity structure for the loans, low costs, an adequate liquidity buffer and credit agreements with banks which the company can draw 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 amounts in 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 that rules and guidelines are not complied with.

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

Undesired operational risk is sought to be reduced with an effective system for internal control. Risks are followed up 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.

In the life insurance businesses, most of the risk is assumed on behalf of the customers. Much of the risk is borne by the customers in the form of customer buffers being reduced. This reduces the risk for Storebrand. For other companies, the entire risk will affect Storebrand's result.

For the life insurance businesses, the greatest risks are largely the same 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 geographical and industry-related diversification, while the bank is mostly exposed to direct loans for residential property in Norway. There is no significant concentration risk across bonds and loans.

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

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

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

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

C.7 ANY OTHER INFORMATION
Information about the risk picture can also be found in the 2016 annual report for Storebrand ASA, particularly the description of risk in the directors' report and notes 6-12 for the Storebrand Group.

D. VALUATION FOR SOLVENCY PURPOSES

D.1 ASSETS

Overview of assets in the solvency balance sheet.
Total assets in the solvency balance sheet are NOK 476.2 billion. NOK 321.1 billion are financial assets and loans relating to gua-ranteed customer portfolios or company portfolios. Assets forunit-linked contracts amount to NOK 139.8 billion, while other assets total NOK 15.3 billion.

TABLE 11 ASSETS IN THE SOLVENCY BALANCE SHEET (31.12.2016)

(NOK million)	
Deferred tax assets	102
Investments (other than assets held for index-linked and unit-linked contracts)	302,092
Property	*26,508*
Holdings in related undertakings, including participations	*3,409*
Equities	*9,560*
Equities - listed	*7,411*
Equities - unlisted	*2,149*
Bonds	*218,017*
Government bonds	*77,178*
Corporate bonds	*140,230*
Structured notes	*609*
Collective Investments Undertakings	*40,087*
Derivatives	*4,500*
Deposits other than cash equivalents	*10*
Assets held for index-linked and unit-linked contracts	139,760
Loans and mortgages	18,972
Reassurance recoverables	144
Cash and cash equivalents	6,900
Other assets	8,185
Total assets	**476,155**

Main principles for valuing assets
For Solvency II, assets shall be appraised at fair value. The valuation principles are largely the same as the principles for appraisal at fair value 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 lending and receivables are entered 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 13 Valuation of financial contracts and investment properties, in the 2016 annual report for the Storebrand Group.

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

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

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 IVcapital.
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 property-owning companies which are fully consolidated.

Another difference is that minority interests are fully included in the consolidation in the financial statements. Under Solvency II, minority interests in insurance companies corresponding to the relevant company's contribution to the group's solvency capital requirement are included.

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 being used for several subsidiaries in the solvency balance sheet. This will not impact the value of own funds, as opposed to valuation differences. Different valuations of subsidiaries in total give a NOK 0.9 billion lower value for the solvency balance sheet, ref. Table 20.

Bonds and lending

Financial assets that are valued at amortised cost in the financial statements, shall be appraised at fair value in the solvency balance sheet. Appraisal at fair value in the solvency balance sheet is NOK 8.8 billion higher than the valuation based on amortised cost. The difference also appears in the note information for the financial statements, ref. note 33 in the 2016 annual report for the Storebrand Group.

Intangible assets

In accordance with the Solvency II principles, intangible assets shall be valued at zero in the solvency balance sheet. The difference gives a NOK 5.0 billion lower valuation for the solvency balance sheet.

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 company's tax position. This applies to all changes in value, with the exception of changes in value for subsidiaries. The tax effect must be viewed in connection with changes in the valuation of liabilities described in Chapter D.2 Technical provisions and D.3. Other liabilities. The overall effect on tax is described in the "Deferred tax" paragraph in Chapter D.3. Other liabilities. It is not possible to offset a deferred tax asset of NOK 102 million from the Swedish business (Storebrand Holding) against any deferred tax liabilities at Group level.

Miscellaneous

Other differences between the valuation of assets for Solvency II and the financial statements must be viewed in connection with changes in the liability. The key difference is that Storebrand has assumed liabilities relating to non-paid-up capital, mainly linked to private equity funds. These shall be entered as a liability in the solvency balance sheet, with a corresponding item on the asset side. This increases the asset side of the solvency balance sheet by NOK 3.0 billion compared with the financial statements. This is included in the "Other assets" item in Table 11.

D.2 TECHNICAL PROVISIONS

Under Solvency II, technical provisions shall be appraised at fair value (market value). In principle, the technical provisions must be valued at what they realistically would be traded for in a free market. Since there is no active second hand market for the purchase and sale of technical provisions and therefore no observable market price, the fair value must be calculated in a model. This differs from the valuation in the financial statements described in note 1, point 2 of the 2016 annual report for the Storebrand Group.

The valuation in the solvency balance sheet 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 among guaranteed provisions and discretionary benefits. Due to the uncertainty, the provisions shall include a risk margin in addition to the best estimate.

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

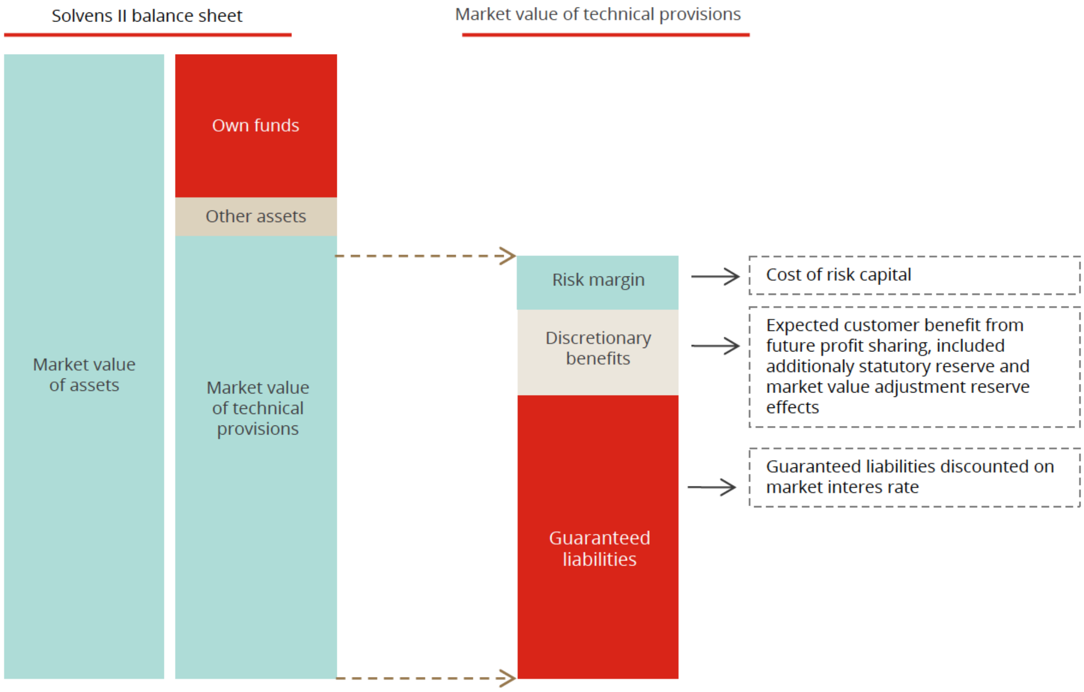


FIGURE 3 ELEMENTS IN THE SOLVENCY II BALANCE SHEET

Method for valuing technical provisions

Best estimate

In the model, the net cash flow from the insurance company to the customer is calculated. All ingoing and outgoing payments are estimated, including future premiums that are part of the contract, insurance events that have occurred, investment returns, pensions paid, lapses and transitions to other schemes. For the guaranteed portfolios with profit sharing, the uncertainty is modelled with the assistance of an ESG as described below. The probability weighted cash flow is discounted with risk-free market interest rate to establish the best estimate. For the calculation as of 31 December 2016, 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 return to the customer in addition to what is guaranteed. The cash flows have taken into account differences in profit sharing between the products and the different buffer elements that are permitted pursuant to regulation or are agreed with customers in the form of product terms.

Risk margin

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

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

Table 12 shows the value of technical provisions split among best estimate and risk margin for Storebrand's product areas, as of 31 December 2016.

TABLE 12 TECHNICAL PROVISIONS (31.12.2016)

(NOK million)		Technical provisions	Best estimate	Risk margin
Storebrand Livsforsikring	Traditional life insurance	187,159	184,932	2,227
	Unit-linked contracts	59,332	57,003	2,329
	Group life (health similar to life)	1,313	1,273	41
	Non-life (health similar to non-life)*	725	703	21
SPP Pension & Försäkring	Traditional life insurance	80,787	79,291	1,497
	Unit-linked contracts	70,424	69,372	1,052
	Risk (health similar to life)	858	806	53
Storebrand Helseforsikring	Health insurance	72	69	3
Storebrand Forsikring	Non-life insurance	720	693	28
Euroben	Life insurance	9,818	9,809	9
Nordben	Life insurance	5,318	5,318	
	Unit-linked contracts	1,341	1,341	
Total technical provisions prior to transitional rules		**417,868**	**410,609**	**7,259**

*Occupational injury, critical illness and income protection insurance.

The technical provisions for Storebrand amount to NOK 417.9 billion, split between NOK 410.6 billion in best estimate and NOK 7.3 billion in risk margin. Traditional life insurance is 69%, unit-linked contracts 31% and other products 1% of the provisions. Storebrand Livsforsikring makes up 59% of the provisions and SPP 36%.

Transitional on the valuation of technical provisions

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

TABLE 13 EFFECT OF TRANSITIONAL ON TECHNICAL PROVISIONS (31.12.2016)

(NOK million)	
Defined-benefit pension	-169
Paid-up policies	-6,978
Traditional individual capital and pension	-735
Floor effect	4,808
Total effect	**-3,073**

For the portfolios that are covered by the arrangement, the transitional on technical provision provides a valuation that is NOK 7.9 billion lower in total. The floor rule means that the transitional on technical provision is limited to NOK 3.1 billion. The effect on own funds and the solvency margin is quantified in Chapter E. 2. Solvency capital requirement and minimum capital requirement.

Phasing out of the transitional on technical provision

The transitional on technical provision will be phased out annually over 16 years, starting on 1 January 2017. This will have an effect on the reported solvency margin as of 31 March 2017. Due to the floor rule, downscaling by 1/16th will not have any effect on the

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

amount of the total transitional on technical provision if this should be calculated as of 1 January 2017. Table 13 shows the effect of the transitional on technical provision as of 1 January 2017 (pro forma calculation):

TABLE 14 PHASING OUT OF TRANSITIONAL ON TECHNICAL PROVISION

(NOK million)	Reported as of 31 December 2016.	Pro forma as of 1 January 2017
Effect for liabilities covered by transitional on technical provision	-7,882	-7,389
Maximum transitional on technical provision (floor limit)	-3,073	-3,073
Transitional on technical provision*	**-3,073**	**-3,073**

* Before tax

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

The effect of the transitional is also influenced by the development in the portfolio. The transition from guaranteed to unit-linked contracts will result in a natural reduction in the transitional on technical provision in the future because the increase in the non-guaranteed portfolio will increase the floor effect.

Difference between Solvency II and financial statements

Table 15 shows the value of the technical provisions in the financial statements and under Solvency II with and without transitional.

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

(NOK million)		Solvency II including transitional on technical provisions	Solvency II excluding transitional on technical provisions*	Financial statements
Storebrand Livsforsikring	Traditional life insurance	184,085	187,159	179,691
	Unit-linked contracts	59,332	59,332	65,144
	Group life (health similar to life)	1,313	1,313	1,341
	Non-life (health similar to non-life)	725	725	684
SPP	Traditional life insurance	80,787	80,787	81,906
	Unit-linked contracts	70,424	70,424	74,677
	Risk (health similar to life)	858	858	986
Storebrand Helseforsikring	Health insurance (health similar to non-life)*	72	72	150
Storebrand Forsikring	Non-life insurance	720	720	1,079
Euroben	Life insurance	9,818	9,818	9,808
Nordben	Life insurance	5,318	5,318	5,318
	Unit-linked contracts	1,341	1,341	1,341
Total		**414,794**	**417,868**	**422,125**

* Only relevant for Storebrand Livsforsikring.

Total technical provisions are valued at NOK 414.8 billion in the solvency balance sheet, which is NOK 7.3 billion less than in the financial statements. Without transitional, the technical provisions are valued at NOK 417.9 billion in the solvency balance sheet, which is NOK 4.3 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 in the solvency balance sheet without transitional on technical provisions is NOK 7.5 billion higher than in the financial statements. The greatest difference relates to paid-up policies. Important explanations are:

- The valuation in the solvency balance sheet is based on a risk-free market interest rate, while the valuation in the financial statements is based on the guaranteed rate.
- The valuation in the solvency balance sheet 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 in the solvency balance sheet includes the market value of the issued interest guarantee (option).
- The valuation in the solvency balance sheet includes the cost of capital tie-up in the form of the risk margin.

The transitional reduces the technical provisions for traditional life insurance by NOK 3.1 billion.

For index-linked and unit-linked contracts, the valuation in the solvency balance sheet is NOK 5.8 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 is lower than for the financial statements. The greatest difference is due to unit-linked contracts being valued at NOK 4.3 billion less. The principal explanation is that SPP's future margin reduces the provision in the solvency balance sheet.

Traditional life insurance is valued at NOK 1.1 billion less for the solvency balance sheet. The difference in valuation principles is significantly less than for traditional life insurance in Norway. For SPP, the discount rate that is used is almost equal for both the financial statements and solvency. Both guaranteed provisions and discretionary benefits are included for both purposes. The principal explanation for the deviation, is that SPP's future margin reduces the provision in the solvency balance sheet. This is partly counteracted by the risk margin and the time value of options being included in the valuation for solvency purposes, but not in the financial statements.

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

Future premiums shall not be 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, individual pension whereby the customer is able to pay future premiums without Storebrand being able to reprice or terminate the contract. The total annual premium for this part of the business is approximately NOK 300 million in Norway and approximately SEK 400 million in Sweden at the start of the projection. 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. Companies are required by law in Norway 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 correlate with revenues in the financial statements. Revenue is projected based on the price structure and expected development for the different products, normally as a proportion of the reserve or per contract, possibly with G-adjustment.

Expenses: The expense modelling is based on actual expenses per product area based on the expense distribution model that is used for the financial statements. A differentiation is made between portfolio expenses, acquisition expenses and one-off expenses. One-off expenses and the majority of the acquisition expenses are kept outside the modelling such that the expense picture is 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 with 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 correlate with the observed development of the portfolio. The assumptions are assessed annually and updated when required.

A dynamic model is used for longevity, i.e. that life expectancy is assumed to be longer the younger the person is. In Norway, the model is based on equivalent principles such as K2013. In Sweden, the Swedish mortality survey (DUS), is used as a basis.

The collective, guaranteed contracts in Norway are subject to an escalation plan for inadequate reserves in connection with the introduction of a new longevity tariff from 2014 (K2013). In the Solvency II calculation, the contracts are valued on the assumption that they are fully reserved based on the best estimate for future longevity. The cash flows take into account that parts of the requirement can be financed by customer returns exceeding guarantees until 2020, in accordance with the escalation plan. Due to the return being modelled based on a risk-free yield curve, Storebrand's calculated expenses for building up reserves will be higher in the solvency balance sheet than in the forecast that is used as a basis for the financial statements.

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

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

Financial assumptions: The risk free yield curve is used both to discount the cash flows and as a basis for future returns. The yield curve is published by the European Insurance and Occupational Pensions Authority (EIOPA). Storebrand uses the risk-free yield curve, including volatility adjustment (VA). As of 31 December 2016, the VA was 29 basis points in Norway and 3 basis points in Sweden.

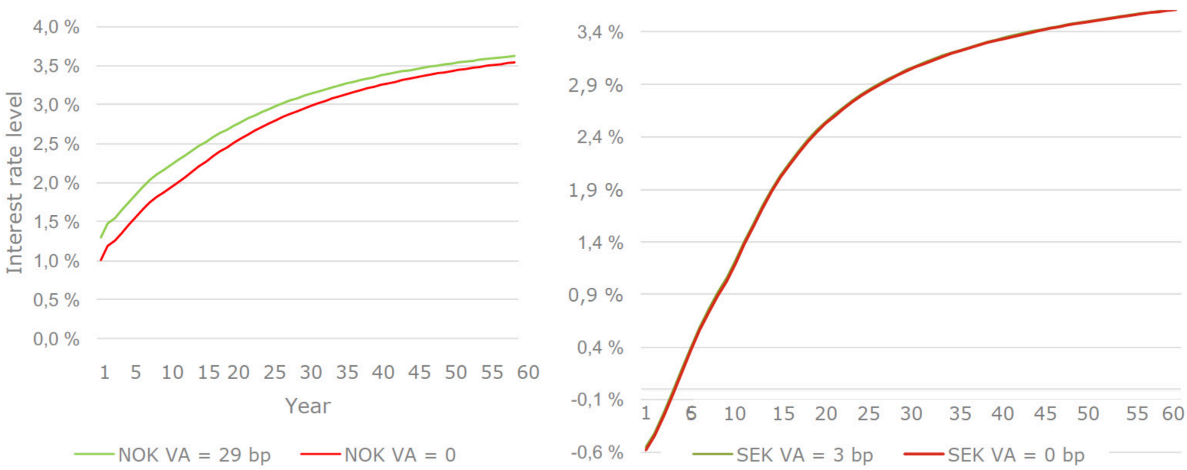


FIGURE 4 SPOT RATES WITH AND WITHOUT VA AS OF 31.12.2016

Without volatility adjustment, the value of the technical provisions increases by NOK 3.5 billion before effect of transitional. In Norway, the transitional fully compensates for the change in value of technical provisions. The volatility adjustment in Sweden is minimal, such that the value of technical provisions is essentially unchanged without volatility adjustment. 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 and an extrapolation is then used based on the same methodology as for the yield curve.

Economic Scenario Generator (ESG): In order to calculate the time value of future options and guarantees, a Monte-Carlo simulation is used that is 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 investment allocation is set to match the actual allocation on the calculation date and is for most products assumed constant through the projection.

Management actions: In order to provide as realistic picture as possible, in some areas it is necessary to implement management actions in the calculations. The management actions correspond with how the company actually acts and these are documented.

Uncertainty relating to the valuation of the technical provisions

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

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

As part of the ORSA process, sensitivity analyses are conducted for the value of own funds and the capital requirements for alternative levels of interest rate, customer behaviour, revenues and expenses. Among other things, the purpose is to improve the understanding of the sensitivity of the calculations.

D.3 OTHER LIABILITIES

Liabilities other than technical provisions amount to NOK 25.7 billion under Solvency II. The valuation of other liabilities is essentially the same for Solvency II as for the financial statements, but some discrepancies arise due to other differences in accounting principles. The most important differences are explained below.

TABLE 16 OTHER LIABILITIES

(NOK million)	
Contingent liabilities	4,540
Pension benefit obligations	262
Deferred tax liabilities	1,960
Derivatives	1,514
Insurance & intermediaries payables	6,375
Subordinated liabilities	7,198
Other liabilities	3,834
Total other liabilities	**25,684**

[19] Expected profit in future premiums

Contingent liabilities
Storebrand Livsforsikring has assumed liabilities relating to non-paid-in capital, principally linked to private equity funds. This is included as a liability on the Solvency II balance sheet with a corresponding entry on the asset side, ref. "Other differences" under Chapter D.1.

Discretionary benefits
Storebrand Livsforsikring has assumed liabilities relating to non-paid-in capital, principally linked to private equity funds. This is included as a liability on the Solvency II balance sheet with a corresponding entry on the asset side, ref. "Other differences" under Chapter D.1.

Pension benefit obligations
Pension benefit obligations are calculation in accordance with Norwegian IAS19, ref. note 1, point 13 in the 2016 annual report for the Storebrand Group. The valuation of pension benefit obligations on the solvency balance sheet 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 7 million higher in the solvency balance sheet. In addition, Storebrand Bank has a subordinated loan of NOK 277 million which is not included as own funds. In total, this gives a value for subordinated liabilities that is NOK 283 million lower in the solvency balance sheet. 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 595 million and deferred tax liabilities of NOK 175 million under IFRS to a deferred tax asset of NOK 102 million and deferred tax liabilities of NOK 1.960 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 13 of the 2016 annual report for the Storebrand Group.

D.5 ANY OTHER INFORMATION
Ring Fenced Funds in Euroben
Euroben's business is divided into two parts, Europlan and SAS Plan. SAS Plan accounts for almost 90 per cent of Euroben's assets and liabilities. For SAS Plan, it is the customer who bears all market risk and biometric risk, given that the risk is covered by surplus capital in the plan (buffer). The buffer in the plan is more than sufficient to cover loss equivalent to capital requirements for Solvency II and the risk management is based on securing these buffer levels.

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

E. CAPITAL MANAGEMENT

Storebrand manages the levels of equity and loans in the Group to secure an optimal structure. The level is adjusted 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 42.0 billion in own funds (solvency capital). The capital is divided into tiers depending on quality and availability. Table 17 shows the composition of own funds and distribution into tier 1 (restricted and unrestricted), group 2 and group 3 capital.

TABELL 17 OWN FUNDS

(NOK million)	Total	Tier 1 Unrestricted	Tier 1 Restricted	Tier 2	Tier 3
Ordinary share capital	2,250	2,250			
Share premium account related to ordinary share capital	9,485	9,485			
Reconciliation reserve	19,753	19,753			
Effect of transitional on technical provision	3,073	3,073			
Subordinated liabilities	7,198		2,575	4,623	
Deferred tax asset	102				102
Risk equalisation reserve	140			140	
Available minority interests	16				16
Own funds	**42,018**	34,561	2,575	4,764	118
Minimum capital	**36,717**	32,371	2,350	1,996	

Tier 1 capital represents capital of the best quality in terms of loss-bearing capability and must be available to cover any loss at any time. This consists of paid-in capital and reconciliation reserve, including the effect of the transitional on technical provision. Also included are perpetual subordinated loans with up to 20% of tier 1 capital. Storebrand has NOK 37.1 billion in tier 1 capital and this amounts to 88% of the total own funds. Of this, NOK 34.6 billion is unrestricted.

Other subordinated loans (non-perpetual) and risk equalisation reserve are categorised as tier 2 capital. Tier 2 capital can cover up to 50% of the solvency capital requirement. Storebrand has NOK 4.8 billion in tier 2 capital and this represents 11% of total own funds. The tier 2 capital covers 18% of the solvency capital requirement.

Storebrand has eligible own funds to meet the minimum capital requirement of NOK 36.7 billion. Of this, NOK 34.7 billion is tier 1 capital, equivalent to 95% of the total minimum capital. Own funds from the CRD IV companies in the Group are not included as part of the minimum capital. Tier 2 capital can cover up to 20% of the minimum capital requirement and is therefore limited to NOK 2.0 billion.

Own funds and minimum capital without volatility adjustment

Without volatility adjustment, own funds are reduced to NOK 39,399 million and minimum capital is reduced to NOK 34,098 million due to the increased value of technical provisions adjusted for tax. In Norway, the transitional on technical provision fully compensates for the change in own funds. The volatility adjustment in Sweden is minimal, such that own funds are essentially unchanged without volatility adjustment.

Expected profit in future premiums

The value of Expected Profits in Future Premiums (EPIFP) is NOK 5,715 million, split between NOK 5,693 million in the life insurance business and NOK 22 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 18 SUBORDINATED LOANS

Nominal value (NOK million)	Currency	Solvency II (NOK million)	Financial statements (NOK million)	Repurchase right	*Covered by transitional on technical provision*
1,100	NOK	1,066	1,098	2024	Yes
1,500	NOK	1,508	1,504	2018	Yes
1,000	NOK	1,003	999	2020	No
750	SEK	722	715	2021	No
300	EUR	2,898	3,027	2023	Yes

The subordinated loan capital amounts to NOK 7.2 billion under Solvency II. All loans are taken out by Storebrand Livsforsikring AS. Four of the loans have variable rate of interest, while the most recent is a fixed-interest loan that has been swapped to variable interest. This means that Storebrand's interest expense is influenced by the short term money market interest rates. Storebrand has one loan in Euro and one loan in Swedish kroner. Both are hedged against Norwegian kroner until the first repurchase date. The loans therefore have little exposure to currency fluctuations.

For all loans, with the exception of hybrid tier 1 capital of NOK 1,500 million (nominal value), interest payments will cease in the event of breach of the solvency capital requirement (SCR). Any unpaid interest will be accumulated, but compound interest will not accrue. Interest payments for hybrid tier 1 capital must be viewed in connection with this loan being issued before Solvency II was applicable.

Transitional rules (grandfathering) for subordinated loans

Subordinated loans issued prior to 17 January 2015 are subject to a transitional rule (often called grandfathering) that applies until 2026. In this period, eligible loans will not be limited despite the fact that they do not fully meet the requirements for eligible capital under Solvency II. Perpetual subordinated loans issued prior to 17 January 2015 qualify as Tier 1 capital, and non-perpetual subordinated liabilities qualify as Tier 2 capital. After 2026, these loans will cease to qualify as solvency capital. Grandfathering applies for three of the loans. All loans satisfied the requirements for Solvency I capital on the date of issue and were approved by the authorities. In line with Solvency II rules, loans that can cover up to 50% of the solvency capital requirement are classified as tier 1 and loans that can cover up to 25% of the solvency capital requirement are classified as tier 2. All loans covered by grandfathering have early right of repurchase prior to the expiry of the transitional. Following the first right of repurchase, all loans have a right of repurchase upon each interest payment. The plan is to replace loans that are repurchased with new loans that satisfy the requirements for eligible capital under Solvency II.

Difference between Solvency II and financial statements.

TABLE 19 SOLVENCY II OWN FUNDS VS IFRS OWN FUNDS

(NOK million)	Solvency II	Financial statements
Paid-in capital*	11,866	11,858
Retained earnings excluding deferred tax assets		14,896
Hybrid capital		226
Risk equalisation reserve	140	140
Deferred tax asset	102	595
Reconciliation reserve excluding transitional on technical provisions**	20,488	
Effect of transitional on technical provision	3,073	
Minority interests	46	54
Net assets	**35,677**	**27,769**

*included own shares

(NOK million)	Solvency II	Financial statements IFRS
Net assets	**35,677**	**27,769**
Subordinated loans, excluding OIF interest	7,198	7,192
Non-available minority interests	-30	
Deductions for participations in other financial undertakings	-2,690	
Deductions for own shares	-132	
Foreseeable dividends	-695	
Basic own funds	**39,328**	
Own funds in other CRD IV companies	2,690	
Total own funds	**42,018**	**35,390**
Total eligible own funds to meet the minimum capital requirement	**36,717**	

**Before expected dividends.

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

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

Net assets in the solvency balance sheet are NOK 8.0 billion higher than in the financial statements. Table 20 shows the transition from the financial statements to Solvency II. Deductions for intangible assets and lower valuation of subsidiaries reduce own funds. The added value of bonds at amortised cost and lower valuation of technical provisions increase own funds. Deferred tax liabilities increase as a result of the other changes in value.

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

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

(NOK million)	
Subsidiaries	-886
Intangible assets	-5,037
Added value of bonds at amortised cost	8,785
Technical provisions	4,256
Effect of transitionals	3,073
Net change in deferred tax liabilities	-2 396
Miscellaneous	112
Total change	**7,908**

E.2 SOLVENCY CAPITAL REQUIREMENT AND MINIMUM CAPITAL REQUIREMENT

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

Solvency capital requirement

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

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

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

TABLE 21 CAPITAL REQUIREMENTS, INCLUDING TRANSITIONAL RULE FOR EQUITIES AS OF 31.12.2016

(NOK million)	Net	Gross
Market risk	24,175	35,181
Counterparty risk	529	973
Life risk	8,773	13,946
Health risk	731	731
Non-life risk	297	297
Operational risk	1,449	
Loss-absorbing capacity of deferred taxes	-5,363	
Total capital requirement for insurance business	**24,248**	
Capital requirement for CRD IV companies	2,537	
Total capital requirement for the Group	**26,784**	

Storebrand ASA has a total net solvency capital requirement of NOK 26.8 billion. NOK 24.2 billion (91%) of the capital requirement is from the insurance business. NOK 2.5 billion (9%) of the capital requirement is from other activities, mainly the bank. Within the insurance business, 67% of the capital requirement (before diversification) is for financial market risk, particularly interest rates, equities, property, credit spreads and foreign currency. 24% 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 ordinary stress is 39/49% + symmetrical adjustment for equity type 1/2. The transitional reduces the total solvency capital requirement by NOK 827 million.

The transitional shall be phased out on a linear basis over 7 years, starting 1 January 2017. This will have an effect on the reported solvency margin as of 31 March 2017. In terms of pro forma amounts as of 1 January 2017, the capital requirement would have increased by NOK 118 million as a result of the transitional scaled down (effect of the transitional is reduced to NOK 709 million).

Minimum capital requirement

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

TABLE 22 MINIMUM CAPITAL REQUIREMENT AS OF 31.12.2016

(NOK million)	
Storebrand Livsforsikring	6,613
SPP Pension & Försäkring	3,196
Euroben	35
Storebrand Forsikring	119
Storebrand Helseforsikring (50 %)	18
Total minimum requirement	**9,979**

Solvency margin and minimum capital margin

When own funds of NOK 42.0 billion are compared to the solvency capital requirement of NOK 26.8 billion, Storebrand ASA has a solvency margin of 157%. Without transitional, own funds is NOK 39.7 billion, the solvency capital requirement is NOK 27.6 billion and the solvency margin is 144%. Table 23 shows the solvency position with and without transitional on technical provisions and capital requirements for equities.

TABLE 23 SOLVENCY POSITION AS OF 31.12.2016

(NOK million)	Including transitional	Excluding transitional
Own funds	42,018	39,713
Eligible own funds to meet the minimum capital requirement	36,717	34,412
Solvency capital requirement	26,784	27,611
Minimum requirement	9,979	9,979
Solvency margin excluding transitional on technical provision		143.8%
Solvency margin included transitional on technical provisions for technical provisions	152.2%	
Solvency margin including transitional on technical provisions and on equity capital requirements	**156.9%**	
Minimum margin excluding transitional on technical provision		344.8%
Minimum margin including transitional on technical provision for technical provisions	367.9%	
Minimum margin including transitional on technical provisions and on equity capital requirements	**367.9%**	

Storebrand ASA has a minimum capital requirement of NOK 9,979 million that gives a minimum capital margin of 368% with transitional and 345% without transitional.

Solvency margin and minimum capital margin excluding volatility adjustment

Solvency margin without volatility adjustment is 150%. Own funds are not changed because the transitional for technical provisions compensate the increase in the value of the technical provision, but the capital requirement increases. Without transitional the solvency margin without volatility adjustment is 128%.

TABELL 24 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	42 018	42 018	39 713	37 094
Solvency capital requirements	26 784	28 058	27 611	28 885
Solvency margin	157 %	150 %	144 %	128 %

Excluding volatility adjustment, the minimum margin is 360 % (312 % excluding transitional).

Pro forma solvency margin and minimum capital margin as of 1 January 2017.

Use of the transitional on technical provisions and equity stress shall be phased out on an annual basis, for the first time on 1 January 2017. The pro forma calculation shows the following solvency position as of 1 January 2017, including the scaling down of transitional:

TABLE 25 SOLVENCY POSITION AS OF 1.1.2017 (PROFORMA)

(NOK million)	
Own funds	42,018
Solvency capital requirement	26,902
Solvency margin	**156.2%**

The effect of scaling down the transitional is a slight reduction in solvency margin from 156.9% to 156.2%.

The scaling down of the transitional has no effect of the minimum capital margin because the capital is unchanged and the minimum capital requirement is not affected by the transitional for equity stress.

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 2016 annual report for Storebrand ASA.

Appendix 1 - Details of investment result

(NOK millions)	Dividends	Interest revenues	Rent	Net capital gains	Change in unrealised gains and losses
Government bonds		1 941.80		240.09	36.44
Corporate bonds		3 872.20		428.77	161.86
Shares	1 172.87	52.09		1 141.95	31.70
Collective Investments Undertakings	476.33	1 690.49		2 879.50	5 195.16
Structured notes		18.72		1.60	-1.00
Cash		-462.07			
Borrowings		320.47		1.72	-5.90
Property	-61.02	-56.69	1 014.81		3 784.03
Futures				272.57	
Swaps		898.66		175.33	814.30
Forwards				598.70	813.26
Total	**1 588.17**	**8 275.69**	**1 014.81**	**5 740.25**	**10 829.85**

(NOK mill.)	Dividends	Interest revenues	Rent	Net capital gains	Change in unrealised gains and losses
Investments in collective portfolio					
Government bonds		1 750.56		282.74	-52.48
Corporate bonds		3 699.21		415.22	38.92
Shares	286.14	52.09		1 101.01	-918.64
Collective Investments Undertakings	475.38	1 071.05		1 601.01	-701.19
Structured notes		18.72		1.60	-1.00
Cash		-253.73			
Borrowings		320.09		1.72	-5.90
Property	-61.02	-56.69	931.11		3 390.80
Futures				272.57	
Swaps		867.89		189.01	996.36
Forwards				-145.90	311.74
Total	**700.49**	**7 469.19**	**931.11**	**3 718.98**	**3 058.59**
Investments in unit-linked					
Government bonds		2.55		-0.40	10.83
Corporate bonds		1.32		0.13	-1.27
Shares	262.52			-14.12	1 570.72
Collective Investments Undertakings	0.95	619.44		1 279.43	5 836.06
Structured notes					
Cash		-257.58			
Borrowings		0.12			
Property			83.70		393.23
Futures					
Swaps					
Forwards				316.40	230.85
Total	**263.47**	**365.85**	**83.70**	**1 581.44**	**8 040.42**
Investments in company portfolio					
Government bonds		188.70		-42.25	78.09
Corporate bonds		171.68		13.42	124.22
Shares	624.20			55.06	-620.37
Collective Investments Undertakings				-0.94	60.29
Structured notes					
Cash		49.25			
Borrowings		0.26			
Property					
Futures					
Swaps		30.77		-13.68	-182.06
Forwards				428.21	270.67
Total	**624.20**	**440.66**		**439.83**	**-269.16**

Appendix 2 - Mandatory tables

S.02.01.02 – Balance sheet

(NOK million)		Solvency II value C0010
Goodwill	R0010	
Deferred acquisition costs	R0020	
Intangible assets	R0030	
Deferred tax assets	R0040	102.42
Pension benefit surplus	R0050	
Property, plant & equipment held for own use	R0060	41.32
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	302 091.84
Property (other than for own use)	R0080	26 508.43
Holdings in related undertakings, including participations	R0090	3 409.08
Equities	R0100	9 559.79
Equities – listed	R0110	*7 411.23*
Equities - unlisted	R0120	*2 148.56*
Bonds	R0130	*218 016.93*
Government Bonds	R0140	*77 178.05*
Corporate Bonds	R0150	*140 229.83*
Structured notes	R0160	*609.06*
Collateralised securities	R0170	
Collective Investments Undertakings	R0180	40 087.45
Derivatives	R0190	4 500.07
Deposits other than cash equivalents	R0200	10.08
Other investments	R0210	
Assets held for index-linked and unit-linked contracts	R0220	139 759.95
Loans and mortgages	R0230	18 971.79
Loans on policies	R0240	*1.03*
Loans and mortgages to individuals	R0250	*9 623.35*
Other loans and mortgages	R0260	*9 347.41*
Reinsurance recoverables from:	R0270	*143.94*
Non-life and health similar to non-life	R0280	*143.94*
Non-life excluding health	R0290	*39.32*
Health similar to non-life	R0300	*104.62*
Life and health similar to life, excluding index-linked and unit-linked	R0310	
Health similar to life	R0320	
Life excluding health and index-linked and unit-linked	R0330	
Life index-linked and unit-linked	R0340	
Deposits to cedants	R0350	0.02
Insurance and intermediaries receivables	R0360	577.69
Reinsurance receivables	R0370	9.15
Receivables (trade, not insurance)	R0380	1 853.18
Own shares (held directly)	R0390	132.29
Amounts due in respect of own fund items or initial fund called up but not yet paid	R0400	
Cash and cash equivalents	R0410	6 899.91
Any other assets, not elsewhere shown	R0420	5 571.53
Total assets	R0500	**476 155.02**

(NOK million)		Solvens II value
Liabilities		*C0010*
Technical provisions - non-life	*R0510*	1 516.47
Technical provisions - non-life (excluding health)	*R0520*	687.56
TP calculated as a whole	*R0530*	
Best Estimate	*R0540*	661.20
Risk margin	*R0550*	26.37
Technical provisions - health (similar to non-life)	*R0560*	828.91
TP calculated as a whole	*R0570*	
Best Estimate	*R0580*	803.35
Risk margin	*R0590*	25.56
Technical provisions - life (excluding index-linked and unit-linked)	*R0600*	282 180.85
Technical provisions - health (similar to life)	*R0610*	2 171.52
TP calculated as a whole	*R0620*	
Best Estimate	*R0630*	2 078.44
Risk margin	*R0640*	93.08
Technical provisions - life (excluding health and index-linked and unit-linked)	*R0650*	280 009.33
TP calculated as a whole	*R0660*	
Best Estimate	*R0670*	276 308.07
Risk margin	*R0680*	3 701.26
Technical provisions - index-linked and unit-linked	*R0690*	131 096.71
TP calculated as a whole	*R0700*	
Best Estimate	*R0710*	127 715.89
Risk margin	*R0720*	3 380.82
Contingent liabilities	*R0740*	4 540.04
Provisions other than technical provisions	*R0750*	
Pension benefit obligations	*R0760*	262.46
Deposits from reinsurers	*R0770*	0.00
Deferred tax liabilities	*R0780*	1 960.29
Derivatives	*R0790*	1 514.23
Debts owed to credit institutions	*R0800*	
Financial liabilities other than debts owed to credit institutions	*R0810*	
Insurance & intermediaries payables	*R0820*	1 305.50
Reinsurance payables	*R0830*	48.47
Payables (trade, not insurance)	*R0840*	5 020.75
Subordinated liabilities	*R0850*	7 198.19
Subordinated liabilities not in BOF	*R0860*	
Subordinated liabilities in BOF	*R0870*	7 198.19
Any other liabilities, not elsewhere shown	*R0880*	3 834.08
Total liabilities	*R0900*	440 478.05
Excess of assets over liabilities	*R1000*	**35 676.97**

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

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)					
(NOK million)		Medical expense insurance	Income protection insurance	Workers' compensati-on insurance	Motor ve-hicle liability insurance	Other motor insurance	Marine, aviation and transport insurance
Premiums written		*C0010*	*C0020*	*C0030*	*C0040*	*C0050*	*C0060*
Gross	*R0110*	314.30	277.74	78.22	231.55	386.02	
Gross - Proportional reinsurance accepted	*R0120*						
Gross - Non-proportional reinsurance accepted	*R0130*						
Reinsurers' share	*R0140*	0.83	6.64	3.96	1.76	5.25	
Net	*R0200*	**313.47**	**271.09**	**74.26**	**229.79**	**380.77**	
Premiums earned							
Gross	*R0210*	308.34	277.65	78.24	232.67	376.71	
Gross - Proportional reinsurance accepted	*R0220*						
Gross - Non-proportional reinsurance accepted	*R0230*						
Reinsurers' share	*R0240*	0.83	6.64	3.96	1.76	5.25	
Net	*R0300*	**307.51**	**271.01**	**74.28**	**230.91**	**371.46**	
Claims incurred							
Gross	*R0310*	189.88	183.24	59.02	196.36	265.72	
Gross - Proportional reinsurance accepted	*R0320*						
Gross - Non-proportional reinsurance accepted	*R0330*						
Reinsurers' share	*R0340*	0.17	4,63	2.39	-3.30		
Net	*R0400*	**189.71**	**178,61**	**56.63**	**199.66**	**265.72**	
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*	**72.53**	**58.66**	**11.80**	**57.39**	**77.14**	
Other expenses	*R1200*						
Total expenses	*R1300*						

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

(NOK million)		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)				
		Fire and other damage to property insurance	General liability insurance	Assistance	Miscellaneous financial loss	Total
Premiums written		*C0070*	*C0080*	*C0110*	*C0120*	*C0200*
Gross	*R0110*	370.18	0.00	74.89	15.35	1 748.24
Gross - Proportional reinsurance accepted	*R0120*					
Gross - Non-proportional reinsurance accepted	*R0130*					
Reinsurers' share	*R0140*	7.15	0.00	0.47	0.05	26.12
Net	*R0200*	**363.02**	**0.00**	**74.41**	**15.30**	**1 722.12**
Premiums earned						
Gross	*R0210*	367.39	0.00	74.64	14.75	1 730.40
Gross - Proportional reinsurance accepted	*R0220*					
Gross - Non-proportional reinsurance accepted	*R0230*					
Reinsurers' share	*R0240*	7.15	0.00	0.47	0.05	26.12
Net	*R0300*	**360.24**	**0.00**	**74.17**	**14.70**	**1 704.28**
Claims incurred						
Gross	*R0310*	292.73	-1.19	50.70	11.57	1 248.04
Gross - Proportional reinsurance accepted	*R0320*					
Gross - Non-proportional reinsurance accepted	*R0330*					
Reinsurers' share	*R0340*	32.43	0.00	0.00	0.00	32.72
Net	*R0400*	**260.31**	**-1.19**	**50.70**	**11.57**	**1 215.32**
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*	**76.02**	**-0.06**	**16.04**	**2.91**	**372.43**
Other expenses	*R1200*					**3.67**
Total expenses	*R1300*					**376.10**

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

(NOK million)		Livsforsikringsforpliktelse				
		Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Total
Premiums written		*C0220*	*C0230*	*C0240*		*C0300*
Gross	*R1410*	1 029.88	6 251.23	13 981.82	1 424.07	22 687.01
Reinsurers' share	*R1420*	16.85	3.10	-	1.94	21.88
Net	*R1500*	**1 013.04**	**6 248.13**	**13 981.82**	**1 422.13**	**22 665.12**
Premiums earned						
Gross	*R1510*	1 029.88	6 251.23	13 981.82	1 424.07	22 687.01
Reinsurers' share	*R1520*	16.85	3.10	-	1.94	21.88
Net	*R1600*	**1 013.04**	**6 248.13**	**13 981.82**	**1 422.13**	**22 665.12**
Claims incurred						
Gross	*R1610*	796.80	13 407.29	4 330.01	329.77	18 863.88
Reinsurers' share	*R1620*	5.31	0.10	-	-	5.41
Net	*R1700*	**791.49**	**13 407.19**	**4 330.01**	**329.77**	**18 858.47**
Changes in other technical provisions						
Gross	*R1710*	13.62	1 559.70	6 186.74	40.31	7 800.38
Reinsurers' share	*R1720*	-	-	-	-	-
Net	*R1800*	**13.62**	**1 559.70**	**6 186.74**	**40.31**	**7 800.38**
Expenses incurred	*R1900*	**216.72**	**1 303.59**	**957.72**	**198.71**	**2 676.74**
Other expenses	*R2500*					**56.17**
Total expenses	*R2600*					**2 732.91**

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

(NOK million)		Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations	Total
		C0010	*C0020*	*C0070*
	R0010		*SE*	
		C0080	*C0090*	*C0140*
Premiums written				
Gross	*R0110*	1 578.75	169.49	1 748.24
Gross - Proportional reinsurance accepted	*R0120*			
Gross - Non-proportional reinsurance accepted	*R0130*			
Reinsurers' share	*R0140*	25.87	0.24	26.12
Net	*R0200*	**1 552.88**	**169.24**	**1 722.12**
Premiums earned				
Gross	*R0210*	1 567.28	163.11	1 730.40
Gross - Proportional reinsurance accepted	*R0220*			
Gross - Non-proportional reinsurance accepted	*R0230*			
Reinsurers' share	*R0240*	25.87	0.24	26.12
Net	*R0300*	**1 541.41**	**162.87**	**1 704.28**
Claims incurred				
Gross	*R0310*	1 152.16	95.88	1 248.04
Gross - Proportional reinsurance accepted	*R0320*			
Gross - Non-proportional reinsurance accepted	*R0330*			
Reinsurers' share	*R0340*	32.72	-0.01	32.72
Net	*R0400*	**1 119.43**	**95.89**	**1 215.32**
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*	**330.04**	**42.39**	**372.43**
Other expenses	*R1200*			**3.67**
Total expenses	*R1300*			**376.10**

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

(NOK million)		Home Country	Top 5 countries (by amount of gross premiums written) - life obligations		Total
		C0150	C0160	C0170	C0210
	R1400		SE	IE	
		C0220	C0230	C0240	C0280
Premiums written					
Gross	R1410	16249.99	6370.00	67.02	22687.01
Reinsurers' share	R1420	19.18	2.69	0.01	21.88
Net	R1500	**16230.80**	**6367.31**	**67.01**	**22665.12**
Premiums earned					
Gross	R1510	**16249.99**	**6370.00**	**67.02**	**22687.01**
Reinsurers' share	R1520	**19.18**	**2.69**	**0.01**	**21.88**
Net	R1600	16230.80	6367.31	67.01	22665.12
Claims incurred					
Gross	R1610	10076.98	8406.10	380.80	18863.88
Reinsurers' share	R1620	5.41			5.41
Net	R1700	**10071.57**	**8406.10**	**380.80**	**18858.47**
Changes in other technical provisions					
Gross	R1710		7197.49	602.88	7800.38
Reinsurers' share	R1720				
Net	R1800		**7197.49**	**602.88**	**7800.38**
Expenses incurred	R1900	**1712.12**	**939.47**	**25.16**	**2676.74**
Other expenses	R2500				**56.17**
Total expenses	R2600				**2 732.91**

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	414 794.03	3 073.43		3 491.54	
Basic own funds	R0020	39 328.09	-2 305.07		-2 618.66	
Eligible own funds to meet Solvency Capital Requirement	R0050	42 017.77	-2 305.07		-2 618.66	
Solvency Capital Requirement	R0090	26 784.17			1 273.64	

S .23.01.22 – Own funds, page 1

(NOK million)		Total C0010	Tier 1 - unrestricted C0020	Tier 1 - restricted C0030	Tier 2 C0040	Tier 3 C0050
Basic own funds before deduction for participations in other financial sector						
Ordinary share capital (gross of own shares)	R0010	**2 249,57**	2 249,57			
Non-available called but not paid in ordinary share capital at group level	R0020					
Share premium account related to ordinary share capital	R0030	**9 484,53**	9 484,53			
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	**22 826,92**	22 826,92			
Subordinated liabilities	R0140	**7 198,19**		2 5754,92	4 623,27	
Non-available subordinated liabilities at group level	R0150					
An amount equal to the value of net deferred tax assets	R0160	**102,42**				102,42
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	**140,37**			140,37	
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	**46,03**				46,03
Non-available minority interests at group level	R0210	**30,27**				30,27
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220					
Deductions						
Deductions for participations in other financial undertakings, including non-regulated undertakings carrying out financial activities	R0230	**2 689,68**	2 189,72	225,00	274,95	
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	**30,27**				**30,27**
Total deductions	R0280	**2 719,95**	**2 189,72**	**225,00**	**274,95**	**30,27**
Total basic own funds after deductions	R0290	**39 328,09**	**32 371,30**	**2 349.92**	**4 488,69**	**118,18**

S.23.01.22 – Own funds, page 2

(NOK million)		Total C0010	Tier 1 - unrestricted C0020	Tier 1 - restricted C0030	Tier 2 C0040	Tier 3 C0050
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	*R0300*					
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	*R0310*					
Unpaid and uncalled preference shares callable on demand	*R0320*					
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	*R0330*					
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	*R0340*					
	R0350					
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	*R0360*					
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	*R0370*					
Non available ancillary own funds at group level	*R0380*					
Other ancillary own funds	*R0390*					
Total ancillary own funds	*R0400*					
Own funds of other financial sectors						
Reconciliation reserve	*R0410*	**2 689.68**	2 189.72	225.00	274.95	
Institutions for occupational retirement provision	*R0420*					
Non regulated entities carrying out financial activities	*R0430*					
Total own funds of other financial sectors	*R0440*	**2 689.68**	2 189.72	225.00	274.95	
Own funds when using the D&A, exclusively or in combination of method 1						
Own funds aggregated when using the D&A and combination of method	*R0450*					
Own funds aggregated when using the D&A and a combination of method net of IGT	*R0460*					
	R0520	**39 328.09**	32 371.30	2 349.92	4 488.69	118,18
Total available own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	*R0530*	**39 209.91**	32 371.30	2 349.92	4 488.69	
Total available own funds to meet the minimum consolidated group SCR	*R0560*	**39 328.09**	32 371.30	2 349.92	4 488.69	118,18
Total eligible own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	*R0570*	**36 717.07**	32 371.30	2 349.92	1 995.86	
Total eligible own funds to meet the minimum consolidated group SCR	*R0590*	**26 784.17**				
Minimum consolidated Group SCR	*R0610*	**9 979.51**				
Ratio of Eligible own funds to Minimum Consolidated Group SCR	*R0630*	**162,19%**				

Ratio of Eligible own funds to Minimum Consolidated Group SCR	*R0650*	367,92%				
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*	42 017.77	34 561.02	2 574.92	4 763.65	118.18
SCR for entities included with D&A method	*R0670*	0				
Group SCR	*R0680*	26 784.17				
Ratio of Eligible own funds to group SCR including other financial sectors and the undertakings included via D&A	*R0690*	156,88%				

		C0060
Reconciliation reserve		
Excess of assets over liabilities	*R0700*	35 676.97
Own shares (included as assets on the balance sheet)	*R0710*	132.29
Forseeable dividends, distributions and charges	*R0720*	694.83
Other basic own fund items	*R0730*	12 022.93
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*	22 826.92
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	*R0770*	5 692.50
Expected profits included in future premiums (EPIFP) - Non- life business	*R0780*	22.18
Total EPIFP	*R0790*	5 714.68

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

		Gross solvency capital requirement	USP	Simplifications
		C0010	C0020	C0030
Market risk	R0010	35 181.10		
Counterparty default risk	R0020	972.83		
Life underwriting risk	R0030	13 946.21		
Health underwriting risk	R0040	730.99		
Non-life underwriting risk	R0050	296.51		
Diversification	R0060	-9 572.75		
Intangible asset risk	R0070			
Basic Solvency Capital Requirement	R0100			

		C0100
Calculation of Solvency Capital Requirement		
Operational risk	R0130	1 449.20
Loss-absorbing capacity of technical provisions	R0140	-13 393.76
Loss-absorbing capacity of deferred taxes	R0150	-5 362.65
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	
Solvency capital requirement excluding capital add-on	R0200	
Capital add-on already set	R0210	
Solvency capital requirement	R0220	**26 784.17**
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	9 979.28

Information on other entities		
Capital requirement for other financial sectors (Non-insurance capital requirements)	R0500	2 536.50
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	2 536.50
Capital requirement for other financial sectors (Non-insurance capital requirements) - Institutions for occupational retirement provisions	R0520	
Capital requirement for other financial sectors (Non-insurance capital requirements) - Capital requirement for non- regulated entities carrying out financial activities	R0530	
Capital requirement for non-controlled participation requirements	R0540	
Capital requirement for residual undertakings	R0550	
Overall SCR		
SCR for undertakings included via D and A	R0560	
Solvency capital requirement	R0570	26 784.17

S.32.01.22 - Foretak som inngår i gruppen

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

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

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

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

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